American Express Payment Services Limited

Registered number 06301718

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

American Express Payment Services Limited

Report and Financial Statements for the year ended 31 December 2023

Contents

American Express Payment Services Limited

Officers & Advisors

DIRECTORS

D Edelman - Chair
D Bailey - Chief Financial Officer
H Coventry
A Holmes
S Maheshwari
K McDonald
L Moseley
V Raynaud
C Rivera
S Shomstein
N Paris

COMPANY SECRETARY

G Gill

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Directors' Report for the year ended 31 December 2023

The Directors present their Directors' Report and the audited financial statements of American Express Payment Services Limited ("the Company" or "AEPSL") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is registered in England and Wales, domiciled in the United Kingdom and is part of the American Express group of companies ("American Express", "the Group" or "the Enterprise"). The Company's immediate parent is American Express International Inc. and the Company's ultimate parent and controlling entity is American Express Company, both incorporated in the United States of America.

The principal activity of the Company is the provision of merchant acquirer services. The Company also provides services to other companies within the American Express Group.

The Company transferred its passport reliant merchant acquiring operations ("Business Transfer") to its wholly owned Spanish subsidiary, American Express Payments Europe S.L. ("AEPE") back in 2019. At the reporting date the Company has a single remaining branch in Germany which will continue to service employee related obligations which are not reliant on passporting. All other branches have been deregistered, the last of which was AEPSL Italy in December 2023.

Supervision and Regulation

The Company is licensed by the Financial Conduct Authority (FCA) as an authorised payment institution under the Payment Services Regulations 2017. The Company uses this licence to perform regulated payment services in the UK. The Company is also authorised by the FCA to conduct Payment Initiation Services (PIS) and Account Information Services (AIS). The Company uses its PIS license to offer Pay with Bank Transfer services.

The financial services industry in the UK, including the Company, is subject to rigorous scrutiny, high regulatory expectations, and a range of regulations. In addition to the FCA, the Company's activities are subject to regulation and supervision by the Payments Systems Regulator (PSR) and the Information Commissioner's Office (ICO). Regulators have focused, and we believe will continue to focus, considerable attention on reviewing compliance by financial services firms with laws and regulations, and as a result, we continually work to evolve and improve our risk management framework, governance structures, practices and procedures.

Reviews to assess compliance with laws and regulations by regulators, as well as our own internal reviews, have resulted in, and are likely to continue to result in, changes to our products, practices and procedures and increased costs related to regulatory oversight, supervision and examination. We have also been subject to regulatory actions and may continue to be the subject of such actions, including governmental inquiries, investigations, enforcement proceedings and the imposition of fines or civil money penalties, in the event of non-compliance or alleged non-compliance with laws or regulations. However no such actions have had a material impact on the financial statements.

Key regulations and developments

Payments Regulation

In 2015, the EU adopted legislation in two parts, covering a wide range of topics across the payments industry. The first part was an EU-wide regulation on interchange fees (the Interchange Fee Regulation); the second consisted of the Revised Payment Services Directive (the PSD2). The Group engages with the regulatory authorities responsible for overseeing and enforcing this legislation in the UK, the FCA and the PSR, as required.

Directors' Report for the year ended 31 December 2023 (Continued)

Key regulations and developments (Continued)

Payments Regulation (Continued)
The PSD2 makes revisions to the original Payment Services Directive adopted in 2007 (PSD) and prescribes common rules across the EU for licensing and supervision of payment service providers. It also contains regulatory requirements on strong customer authentication, open access to customer data and payment capabilities, and measures to prevent security incidents. AEPSL and the Group have taken steps to comply with the legislation, which was transposed into the UK legislative framework by the Payment Services Regulations 2017. The Payment Services Regulations 2017, is currently under review by HM Treasury.

Consumer Protection
The Company's consumer credit activities are subject to regulation and supervision by the FCA, with the regulator increasing focus on customer outcomes rather than just ensuring compliance with the rules and regulations. The Consumer Duty ('the Duty') came into force on 31 July 2023 for new and existing products or services that are open to sale and renewal. The Duty introduced a new "Principle" to the handbook, further raising standards in how firms assess and evidence that they are acting to deliver good outcomes for retail customers – throughout the lifecycle of the product. In particular, the Duty focuses on four outcomes: (i) Consumer Understanding; (ii) Products & Services; (iii) Customer Support and (iv) Price & Value.

Significant effort was made throughout 2023, and continues, to ensure full compliance with the Duty. The Company remains focused on ensuring that its products and services continue to meet both regulatory and customer expectations. The implementation of the Duty for closed products and services comes into force on 31 July 2024 and the Company remains focused on ensuring full compliance by that time, along with the continued embedding of the Duty requirements throughout the Company.

Anti-Money Laundering, Countering the Financing of Terrorism and Economic Sanctions
The Company is subject to regulation and supervision with respect to compliance with anti-money laundering ("AML"), countering financing of terrorism ("CFT"), and economic sanctions. Among other things, these laws and regulations require us to establish AML/CFT programmes that meet certain standards, including, in some instances, expanded reporting, particularly in the area of suspicious transactions, and enhanced information gathering and recordkeeping requirements. In 2021 the Company engaged in a large scale review of its AML framework – resulting in strengthened controls. The focus is now on addressing any residual activities and ensuring continuous improvement activities.

Other regulation

Operational Resilience
New Rules relating to Operational Resilience were published in March 2021. These Rules required the Company, by March 2022, (i) to identify its Important Business Services (IBS); (ii) set impact tolerances for the IBS; (iii) perform mapping and testing; (iv) conduct lessons learned exercises; (v) develop communications plans and (vi) prepare annual self-assessment documentation. The Company has until March 2025 to ensure that it can stay within these impact tolerances. The Company continues to work towards the March 2025 deadline, and continues to look for ways to enhance its processes in this area, particularly in light of recent industry wide feedback on the implementation of these new Rules.

Directors' Report for the year ended 31 December 2023 (Continued)

Other regulation (Continued)

Climate Related Financial Disclosures

In January 2022 the UK announced new requirements for a range of entities to prepare annual climate-related financial disclosures in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The requirement is applicable to large private companies, such as the Company, and applies to accounting periods beginning on or after 6 April 2022. The Company is therefore required to prepare climate-related financial disclosure for its 2023 accounting period and annually thereafter.

The Company has implemented procedures to gather the information and data needed to facilitate clear and accurate climate-related financial disclosures. The 2023 disclosure is included within the Strategic Report of these financial statements.

Governance

The Directors are responsible for managing the Company's affairs and for ensuring that the operations of the Company, including those of its branches, are carried out effectively and with due regard to the reputation of the Group and the requirements imposed upon it by law, regulation and relevant regulatory bodies.

To fulfil these responsibilities, the Company maintains a governance framework including the following management committees ("the Committees"), each reporting regularly to the Board:

• The Audit and Finance Committee; and
• The Risk Committee.

The Audit and Finance Committee focuses principally on the Company's financial accounting, internal control and integrity of it's financial statements. It is chaired by the Chief Financial Officer and membership is made up of representatives from all relevant departments, including Tax, Treasury, Finance, Regulatory Compliance, and Controllership. The Audit and Finance Committee meets in advance of every Board meeting, to monitor key issues and changes within the Committee's remit, make non-critical decisions and to conclude upon items and/ or risks which should be raised for the Board's consideration.

The Risk Committee (RC) supports the Board by giving oversight to the key operational risks identified for the Company. It is chaired by a Board Director who is a Senior Leader within the GMNS Payment Facilitation & Merchants Partnerships business with its membership being made up of various representatives including, Global Merchant Services, Compliance, Technologies, Global Services Group, General Counsel's Organisation and the Outsourcing Governance team.

The RC has oversight of significant operational and compliance changes and issues arising within the Company. The RC is also responsible for ensuring that clear, effective and compliant processes are in place for managing third party and affiliate outsourcing arrangements. The RC meets in advance of every board meeting in order to consider items and/or risks which should be raised for the Board's consideration. The Board has implemented an escalation framework to ensure the effective reporting of risks, issues and changes within the Company to relevant key internal and external stakeholders. Additionally, the Group has established clearly defined communication processes and protocols between its international legal entities (including the Company) and Enterprise-level committees to enable more timely, relevant communication between teams, providing greater clarity in change management, better decision-making and communication.

As an authorised payment institution, the Company is required to maintain capital levels which exceed a prescribed level of minimum capital, as required by the Payment Services Regulations 2017. The Company currently has an FCA minimum capital requirement of £14.7m. Capital monitoring processes are in place to ensure the Company exceeds the minimum capital requirements at all times. The Company performs Company-level capital and liquidity stress testing for both base and severe scenarios, refreshed annually.

Disclosures on future strategies and risk management are included within the Strategic Report.

Directors' Report for the year ended 31 December 2023 (Continued)

RESULTS AND DIVIDENDS

The results for the full year are set out on page 44 and show the profit before taxation for the year ended 31 December 2023 of £74m (2022: £88m). The profit after taxation for the financial year was £57m (2022: £71m) and has been transferred to reserves. The Directors do not propose the payment of a dividend (2022: £nil). Total Shareholders' Funds at 31 December 2023 stood at £273m (2022: £215m). The Financial Performance section of the Strategic Report gives a more detailed review of the Company's performance indicators.

OPERATIONS OUTSIDE THE UK

The Company has a wholly owned subsidiary in Spain, American Express Payments Europe S.L. and a branch in Germany.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. An overview of these risks and how they are managed by the Company is included in the Financial Risk Management section of the Strategic Report.

FUTURE DEVELOPMENTS

In line with Group strategy, the Company is focused on maintaining growth in an uncertain economic, political and regulatory environment, whilst managing costs and upholding service quality. The Strategic Report includes an Outlook, Principal Risks and Uncertainties section which considers how future developments may impact the Company.

DIRECTORS

The Directors of the Company who served during the year and up to the date of signing the financial statements were:

D Edelman	Chairman
D Bailey	Chief Financial Officer
H Coventry	(appointed 28 April, 2023)
A Holmes	
S Maheshwari	(appointed 15 March, 2024)
K McDonald	
L Moseley	
S Shomstein	
V Raynaud	
C Rivera	(appointed 15 March, 2024)
N Paris	(appointed 16 June, 2024)

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in S.234 of the Companies Act 2006, and as outlined in the Company's Articles of Association. Such qualifying third-party indemnity provision was in force during the financial year and remains in force as at the date of approving the Directors' Report.

Directors’ Report for the year ended 31 December 2023 (Continued)

EMPLOYEE ENGAGEMENT STATEMENT

The American Express workforce within the UK, including, but not limited to, the Company’s colleagues, is split among multiple UK based legal entities. Consequently, many of the Company’s interactions with its colleagues, being cross functional in nature, are managed at a centralised level.

In order to foster a deeper sense of belonging and community across the company, we strive to listen to our colleagues across a variety of touchpoints, while simultaneously offering opportunities for learning and growth.

In 2022, American Express' UK offices fully reopened after temporary closure and reduced occupancy during the Covid-19 pandemic. Colleagues were able to take full advantage of Amex Flex – the new way of working for American Express. Today most colleagues are working under a hybrid model, working at home and in the office and are typically required to come into the office three days per week.

This year, American Express was voted one of the Top 25 Employers in the UK by Linkedin and was named as one of the Top Employers of 2023 by Working Families, the UK’s leading work-life balance organisation.

American Express' vision is to support a diverse, equitable, and inclusive workforce, marketplace, and society. As well as signing the Women in Finance Charter, the Race and Work Charter and being part of the Valuable 500, this pledge is focused on elevating the conversation on disability to ignite systemic change in the UK by unlocking the business, social, and economic value of people living with disabilities.

The Company has committed to:

- Getting a 50:50 gender balance (with 10% tolerance) of senior management roles in the UK by 2024;
- Continue boosting awareness of gender diversity across the organisation; and
- Continue reviewing our employee development programmes to ensure a diverse and fair workforce and foster a culture of inclusion.

To help enhance our colleague experience strategy and meet our commitments, colleagues are invited to voluntarily self-identify across four key categories including gender identity, sexual orientation, ethnicity, and disability status.

We are committed to supporting our colleagues’ personal and professional growth and holistic well-being as well as fostering an inclusive culture built on integrity and trust. We back our colleagues by offering a range of relevant learning and development opportunities with resources, feedback, and support so colleagues can build meaningful careers and leverage their talents and strengths. This includes reasonable accommodations (e.g. assistive aids, accessible training materials) to ensure that the opportunities are available to all, including those colleagues living with disabilities, or those who develop a disability during their work tenure. Where a colleague develops a disability during their work tenure the Company seeks to make necessary and appropriate adjustments to ensure they can continue to grow both personally and professionally within American Express.

Colleague physical and mental health and well-being remains a priority for American Express and a number of initiatives and resources exist to support colleagues.

The Company has a team dedicated to health and wellbeing, led by a Medical Director, which oversees the Healthy Living Hub (a wellness concierge primary health care service) including Occupational Health services, with integrated referral and clinical care pathways. These include links to the Company Healthy Minds and Employee Assistance Programmes, that have licensed counsellors offering virtual and in-person sessions. As part of the Benefits provision, there are health services included in the health care plan (AXA Health). There are two Emotional Wellbeing Therapists onsite who offer supportive psychological therapy, education and training, plus an online emotional wellbeing support platform. The Company also offers a GP-led primary care service, Virtual GP and physiotherapy services for fast and easy access to healthcare for all colleagues. Onsite provision of healthcare services has been modified whilst building refurbishment works are carried out in some locations.

Directors' Report for the year ended 31 December 2023 (Continued)

EMPLOYEE ENGAGEMENT STATEMENT (Continued)

The primary care service and Healthy Living team also provide regular theme-led health webinars and virtual wellbeing sessions covering lifestyle related topics such as stress management, resiliency, mindfulness and health risk related factors like nutrition, smoking, diet, physical activity, sleep and work-life balance. The Company holds a Menopause Friendly Organisation Accreditation and facilitates ongoing colleague-led initiatives in the women's health space covering both menstrual health and the menopause. Colleague feedback remains key to the evaluation of all the health and well-being service provisions and health & wellbeing delivery framework which are both aligned to the Colleague Experience Group (CEG) strategy.

Consultation with colleagues and their representatives, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests; and ensuring they are aware of the financial and economic performance of their business units and of the Company as a whole, is well established.

Communication continues through regular internal communications, newsletters and briefing groups. The Group carries out an annual Colleague Experience Survey with a strong record of favourable results which are communicated to all colleagues, discussed by the Board and acted upon if necessary.

The Company aims to achieve a balance between delivering market competitive remuneration in order to attract and retain talent; and optimising shareholder return. American Express has continued to reward and recognise the performance and dedication of colleagues with a focus on bolstering its competitive positioning through enhancements to the global short and long-term incentive programmes.

Eligible colleagues participate in equity awards with pay-outs that are linked to seniority and performance driven. A description of the plans and performance measures are available in the American Express Company's financial statements. See Note 4 for a summary description of the plans and the awards granted and outstanding during the year.

STAKEHOLDER ENGAGEMENT STATEMENT

The Board recognises that the fostering of good business relationships is crucial to the long-term success of the Company and Group as a whole. To this end, the Company has implemented an escalation framework (via the Committees) so that issues impacting the business and/or key stakeholders (including, but not limited to, the Company's suppliers and customers) are escalated to the Board for its consideration. This helps ensure that the Board has visibility of issues impacting our key stakeholders and that such issues are dealt with and resolved in an effective, timely and appropriate manner.

In addition, American Express has a number of policies in place which require that, prior to the Board taking decisions deemed critical to the Company, the impact on a wide group of stakeholders be identified and considered. This better enables the Board to make informed decisions while acting in the best interests of the Company and its key stakeholders.

As Directors of a regulated entity, the Board must also adhere to the FCA's Conduct Rules which, in addition to acting with integrity, due skill, care and diligence, include an obligation to pay due regard to the interests of customers and treat them fairly.

Directors' Report for the year ended 31 December 2023 (Continued)

STAKEHOLDER ENGAGEMENT STATEMENT (Continued)

The Company's principal decisions during the financial year ended 31 December 2023 were centred around the macro environment. Specifically, the Board received updates in relation to the economic and political landscape in the UK and updates on the Company's liquidity following turmoil seen in the US banking sector. The Board also ensured they were kept apprised on the regulatory developments in the UK. The Company implemented the new FCA Consumer Duty ahead of the deadline of 31 July 2023 to ensure it was setting high and clear standards of consumer protection and ensuring it was set up to continue to monitor this as it evolved. Other key decisions throughout 2023 included implementation of a new Enterprise-wide conduct risk policy and uplifts to the Company's Anti Money Laundering Controls. The Board were also focused on supporting the well-being of UK colleagues through a number of Health & Safety initiatives.

Directors’ Report for the year ended 31 December 2023 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors’ Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors’ Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

CREDITOR PAYMENT POLICY

It is Company policy to pay vendors 60 days after receipt of a correct, undisputed, timely provided and properly due VAT invoice unless specific payment terms dictate otherwise. The Company has a range of payment tool options that can allow suppliers to be paid faster than the standard 60 days. The Company's average creditor period for 2023 was 40 days (2022: 39 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made no donations to advance the causes of charitable organisations (2022: £nil), as all charitable contributions are made by American Express Corporate Social Responsibility on behalf of the Group. No donations were made by the Company for political purposes (2022: £nil).

The Company partners with local and national charities, forging impactful partnerships and providing volunteer opportunities for employees. Through our philanthropic and civic participation, the Company serves and empowers the people and organisations that are confronting some of society's most complex issues.

Directors' Report for the year ended 31 December 2023 (Continued)

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are deemed to be reappointed as independent auditors under section 487(2) of the Companies Act 2006.

The Directors' Report and the financial statements on pages 44 to 74 were approved by the Board of Directors on 3 July 2024 and signed on its behalf by:

DocuSigned by:
Daniel Edelman
7F319C78BBA9498...
D Edelman
Chairman
3 July 2024

DocuSigned by:
David Bailey
EBCDF257355E4BD...
D Bailey
Chief Financial Officer

Strategic Report for the year ended 31 December 2023

The Directors present their Strategic Report of American Express Payment Services Limited ("the Company") for the year ended 31 December 2023.

BUSINESS REVIEW

Objectives of the Company
The key objective of the Company is to generate business through its core activity of merchant acquiring services.

Business Strategy
Integral to this objective are activities to maintain and enhance existing merchant relationships, established through card acceptance agreements, and to expand the number of locations at which the American Express card is accepted. The Company continually seeks to improve the quality of service and value delivered to merchants.

The core elements of the Company's strategy are:

- Acquiring new merchants for the acceptance of American Express card transactions with a view to making significant progress on our coverage footprint;
- Continuing to monitor the performance of its merchant acquirer offering against key competitors and ensuring good customer outcomes.
- Building and maintaining relationships with merchant, both directly and through third party partnerships such as payment facilitators and processors to manage aspects of its merchant business;
- Maintaining and enhancing the relationship with entities that issue cards on the American Express network, to drive increased usage of the American Express card at the Company's acquired merchants;
- Continuing to grow our open banking payments business - Pay with Bank Transfer - growing volumes with our existing merchants and acquiring new merchants;
- Attracting and retaining talented colleagues; and
- Focusing on increasing payment service revenues while managing costs, maintaining a strong control environment and improving efficiency.

The Company continues to invest to strengthen its data management, business insights and marketing capabilities. In addition, the Company offers a Pay with Bank transfer service, allowing consumers to pay for purchases made online directly from their bank account. These developments enhance the broad range of premium value services delivered to merchants and are under-pinned by its core competence in advanced payment services continuing the strategy of providing a premium service experience and operational excellence.

Employee Strategy
To support business objectives, key colleague-related strategies include:

- Embedding the new Career Growth model and developing innovative learning experiences and the leaders of the future;
- Engaging colleagues to strengthen and champion our culture, focusing on diversity, equity & inclusion, conduct risk and Amex Flex;
- Delivering an end-to-end internal and external recruiting experience; and
- Promoting holistic well-being for all colleagues across the moments that matter to them.

FINANCIAL PERFORMANCE

A number of performance indicators are used to monitor the Company's progress against our strategies and objectives. As part of the monitoring of the Company's financial performance, the Company reviews turnover, profitability, business volumes by industry sector, and key balance sheet metrics including capital adequacy and merchant payables. In addition, the Company also reviews further financial indicators including merchant credit risk and average discount rates. The following information (subject to commercial sensitivity) provides further detail as to how these have impacted the performance and position of the Company's business for the year.

Strategic Report for the year ended 31 December 2023 (Continued)

FINANCIAL PERFORMANCE (Continued)

Total reported business volumes, upon which discount revenue (turnover) is earned, for the year 31 December 2023 increased by 17% as compared to the prior year. The main driver of the growth was incremental spend from newly acquired American Express card members; increased coverage and continued rebound in travel and entertainment related spend, against a back-drop of lower than normal billings in early 2022 due to the impacts of the Omicron Covid-19 variant. Turnover, net of customer rebates, for the year ended 31 December 2023 correspondingly increased by 17% compared to the prior year, reflecting the recovery in the business volumes compared to the prior year. The Company saw a decrease in entrepreneurial and strategic service fee revenue, which is linked to the profitability of AEPE's merchant acquiring business. During 2023 the Company continued to invest in marketing and promotional activities and merchant acquisition programmes to increase coverage, support merchant engagement and drive future growth. Regulatory capital at 31 December 2023 stood at £247m (2022: £183m), against a regulatory minimum of £14.7m.

The results for the full year are set out on page 44 and show that despite the increase in volumes year on year along with the increase in interest receivable and similar income, the decrease in entrepreneurial and strategic service fee revenue have resulted in the Company recording a profit before taxation for the year ended 31 December 2023 of £74m (2022: £88m). The profit after taxation for the financial year was £57m (2022: £71m) and has been transferred to reserves.

Trade Creditors' amounts due to the Company's merchants at 31 December 2023 stood at £1,057m (2022: £860m). The increase is driven by higher volumes.

The net asset position of the Company at 31 December 2023 was £273m (2022: £215m).

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks. The Company places great significance on ensuring sound management of credit, funding and liquidity, capital and market risk.

The Company primarily adopts the American Express Group's Enterprise-wide Risk Management ("ERM") programme policies and strategies. The objective of the ERM is to identify, aggregate, monitor and manage risks in order to maintain and continuously improve risk management controls and processes that will enable profitable growth, while delivering outstanding customer service.

Institutional Credit Risk

The Company defines institutional credit risk as the risk of loss to the Company due to the non-payment of an amount contractually owed to the Company by a business or organisation. Institutional credit risk arises within the Company's merchant business, when the Company has a receivable from a merchant as a result of credit transactions, disputes, or discount revenue being settled on a gross basis. Institutional credit risk is affected by both general economic conditions and by merchant specific events.

The Company adheres to the American Express Institutional Credit Risk Management Policy which details its approach to managing institutional credit risk and assigns key governance responsibilities, prescribes rules for escalating risks, and sets forth American Express guidelines for measuring, assessing, and reporting institutional credit risk.

The Company is supported by a dedicated risk management team and enterprise wide Chief Credit Officers. These officers are guided by the Institutional Risk Management Committee (IRMC), which is responsible for implementation and enforcement of the Institutional Credit Risk Management Policy and for providing guidance to the credit officers of each business unit with substantial institutional credit risk exposures. The IMRC, along with the business unit Chief Credit Officers, makes investment decisions in core risk capabilities, ensures proper implementation of the underwriting standards and contractual rights for risk mitigation, monitors risk exposures, and determines risk mitigation actions.

Strategic Report for the year ended 31 December 2023 (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Institutional Credit Risk (Continued)
The IRMC formally reviews large institutional risk exposures to ensure compliance with ERM guidelines and procedures and escalates them to the ERM Committee as appropriate. At the same time, the IRMC provides guidance to the business unit risk management teams to optimise risk-adjusted returns on capital. A centralised risk rating unit provides risk assessment of institutional obligors.

Exposure to the Airline and Travel Industry
The Company has multiple card acceptance arrangements with airlines. The ERM programme evaluates the risks posed by its airline partners and the overall airline strategy across the Group through comprehensive business analysis of global airlines, and the travel industry more broadly, including cruise lines, travel agencies, and tour operators. The Company is exposed to credit risk in these industries where payment has been remitted to the merchant for a card member purchase of tickets, but they have not yet been used or “flown”.

To mitigate this risk, the Company includes protective actions within its card acceptance agreements, which include modifying the merchant’s speed of pay and permitting a reserve to be created upon the occurrence of certain trigger events.

The Company has a reserve of £5m (2022: £3m) related to merchant receivable exposures as of 31 December 2023. Merchant receivable positions continue to be monitored closely and protective actions will be taken wherever possible.

The Group operates a funding arrangement under which amounts owed by group undertakings are cash settled on a monthly basis, with any resulting cash surplus being loaned to affiliate entities through short-term interest-bearing loans. As a result of the strong credit position and ongoing support provided by the Group, the level of credit risk attached to intercompany positions is limited.

Funding and Liquidity Risk
Funding and liquidity risk is defined as the inability of the Company to meet its ongoing financial and business obligations as they become due at a reasonable cost.

The Company primarily adopts the enterprise-wide Funding and Liquidity Risk Policy, which aims to ensure diversified funding during business as usual periods by source, maturity and instrument and that the Group can continuously meet all of its liquidity needs throughout scenarios in which it cannot access the capital or money markets for up to 12 months.

The Group manages funding and liquidity risk by maintaining access to a diverse set of cash, readily-marketable securities and contingent sources of liquidity, such that each American Express operating company can continuously meet its business requirements and expected future finance obligations for at least a 12 month period, even in the event it is unable to raise new funds under its regular funding programmes. The Group balances the trade-offs between maintaining too much liquidity, which can be costly and limit financial flexibility, and having inadequate liquidity, which may result in financial distress during a liquidity event.

The Audit and Finance Committee and the Board are informed of any changes in Group funding policy or practices that would materially affect the Company and its ability to continuously fund its business requirements. This includes an annual overview of the Company’s access to existing internal lines of credit from Group entities.

Strategic Report for the year ended 31 December 2023 (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Funding and Liquidity Risk (Continued)

In accordance with Group funding arrangements, cash is loaned by the Company to other Group entities through short-term loan arrangements. In accordance with the Primary Acquiring Operating Agreement, TRSCo will remit to AEPSL the amount due for charges incurred by cards issued on the American Express network, on the day on which AEPSL is due to make payment for those charges to the merchant. Accordingly, through this contractual relationship with TRSCo and the ongoing support of the Group, sufficient liquidity exists to pay merchants and settle other liabilities as they fall due.

A letter has been secured from American Express Company confirming its intention to provide sufficient support to maintain the Company's safe and sound operations for a period of thirteen months from the date of signing the financial statements.

Capital Risk

The Company manages its capital within the guidelines set by the Board of Directors and Audit and Finance Committee.

As an authorised payment institution, the Company is required to maintain capital levels which exceed a prescribed level of minimum capital, as required by the Payment Services Regulations 2017. The Company currently has an FCA minimum capital requirement of £14.7m, against capital resources of £247m at 31 December 2023. Capital monitoring processes are in place to ensure the Company exceeds the FCA minimum capital requirements at all times.

The Company’s capital is managed to ensure adherence to its minimum capital requirement as a payment institution, in addition to ensuring that it will be able to support its business objectives and continue as a going concern. The capital structure of the Company consists of the borrowings disclosed in Note 15 and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity and Note 17.

Market Risk

Market risk is the risk to earnings or asset and liabilities values resulting from movements in market prices. The Company’s market risk exposure includes:

- Interest rate risk driven by changes in the relationship between the interest rates on the Company’s assets and the interest rates on the Company’s liabilities; and
- Foreign exchange risk arising from earnings, funding, transactions and investments in currencies other than the functional currency.

The Company adopts the Market Risk Policy within the ERM programme, which establishes processes and criteria to minimise earnings volatility while supporting sustainable profit growth in relation to interest rate risk management.

(i) Interest Rate Risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets are primarily cash or intercompany loans that receive and pay interest at floating short-term rates. The Company manages its exposure through having a mix of external and intercompany debt at both fixed and short-term rates consistent with its business operations and enterprise-wide Market and Liquidity Risk Policies.

For the purposes of interest rate risk management, the Company does not enter into any contract that gives rise to the recognition of derivative financial instruments for trading purposes.

Strategic Report for the year ended 31 December 2023 (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Market Risk (Continued)

(ii) Foreign Currency Risk

Foreign exchange exposures arise due to cross-currency transactions and balances from its funding activities, cross-currency investing activities, such as in the equity of foreign subsidiaries, and revenues generated and expenses incurred in foreign currencies, which impact earnings.

The Company's foreign exchange risk is managed primarily by entering into foreign exchange spot transactions or hedges using foreign exchange forward contracts. These contracts are only entered into when the hedge costs are economically justified and are in notional amounts designed to offset pre-tax impacts from currency movements in the period in which they occur. The Company continues to enter into derivative forward foreign exchange contracts designated as net investment hedges to manage the Company's exposure to foreign exchange translation of the investment of its wholly owned Spanish subsidiary AEPE. Any translation gain movements caused by changes in foreign exchange rates impacting the Company's under hedged position are considered to be of limited risk.

The Company is not ultimately exposed to any transactional foreign exchange gains or losses as they are borne by a related Group entity. The Company's branches remit their profits (if any) to the UK parent on a monthly basis. As a result, there is no foreign exchange sensitivity from translation of European branches into the functional currency.

Strategic Report for the year ended 31 December 2023 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES

American Express recognises that advancing climate solutions starts within its own operations and continues to take action to minimise American Express' Group carbon footprint. Since 2018, the American Express Group has maintained CarbonNeutral® certified operations including offices, field sites, and data centres in accordance with the CarbonNeutral® Protocol and operations have been powered by 100% renewable electricity globally[1]. Enhancements are also being made to the management of climate-related risks and opportunities across the business.

These TCFD aligned climate-related financial disclosures provide information for stakeholders about how the Company handles priority climate-related risks and opportunities and how these link to the wider Enterprise-level structures where applicable. Where reference is made to the Company's activities and processes this does not include activities conducted by its branch in Germany ("AEPSL Germany"). This branch is covered by the Enterprise-level climate risk processes outlined in these disclosures. Further work will be undertaken in due course to include relevant branch-related activities and processes.

American Express prioritises Environment, Social and Governance ("ESG") issues based on relative importance to business and stakeholders. This is periodically updated by completing an ESG priority analysis. Extracts of Group-level disclosures are included where relevant, and a full version of the American Express ESG Report can be accessed through the link below. This information has not been audited by PricewaterhouseCoopers LLP but the environmental performance data included within it is covered by a limited level of assurance verification opinion provided by an external third party.
https://www.americanexpress.com/en-us/company/corporate-sustainability/ESG/

These TCFD-aligned climate-related financial disclosures include forward-looking statements, which are subject to risks and uncertainties. The forward-looking statements, including American Express' aspirational ESG objectives and goals, contain words such as "expect", "plan", "aim", "will", "may", "could", "potential", "commit", "continue", or other similar expressions. Actual results may differ from those set forth in the forward-looking statements due to a variety of factors, including those set forth in American Express' 2022-2023 Environmental, Social and Governance Report, the Group's Annual Report on Form 10-K for the year ended 31 December 2023 and other Group filings with the U.S. Securities and Exchange Commission available at ir.americanexpress.com. Users of the TCFD-aligned climate-related financial disclosures included within these financial statements are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. American Express undertakes no obligation to update or revise any forward-looking statements and statements regarding American Express' future direction and intent are subject to change or withdrawal without notice.

At 31 December 2023, the Company considered its present financial exposure to climate-related risk to be low and accordingly no references to the impacts of climate-related risk are included in the notes to these financial statements.

1. Governance

American Express operates a local and Enterprise-wide governance operating model. The operating structure has been established to enable the American Express Board of Directors ("American Express Board"), the Company Board, Enterprise Executive Committee and Company Operating Risk Committee to make decisions, manage risk and provide appropriate oversight of climate-related risks and opportunities. Further details on each governance element are given below, referenced numerically back to the structure outlined in "Table 1: Governance overview".

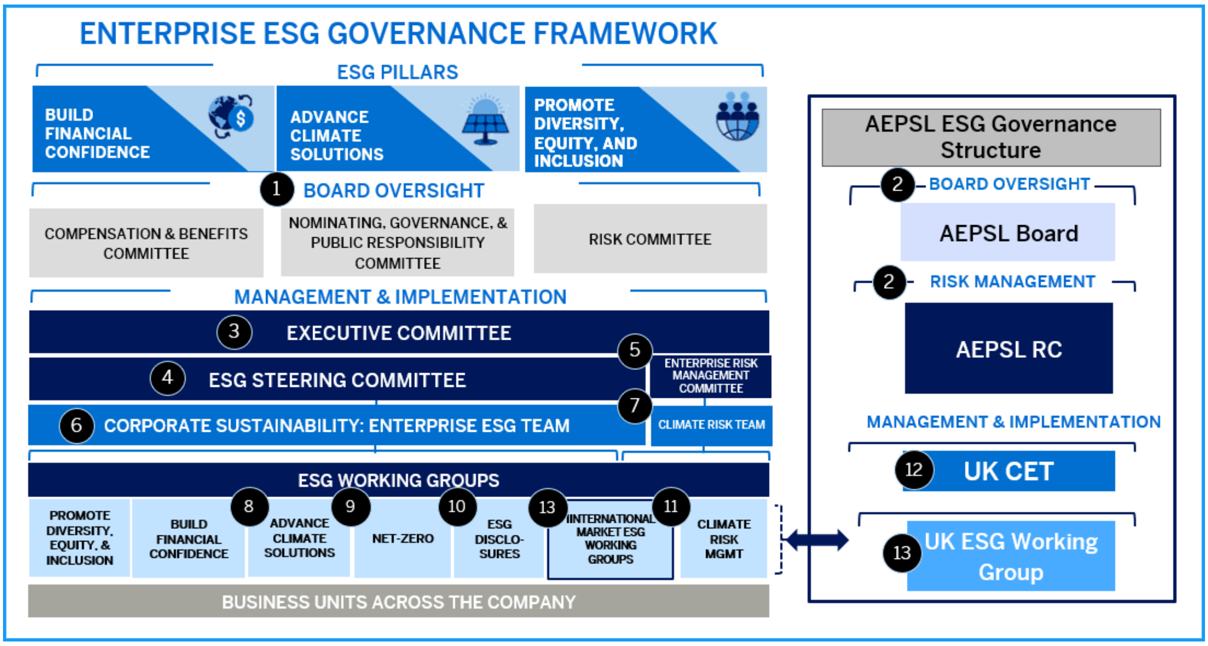
[1] Operations include all American Express managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express. American Express' goal to remain CarbonNeutral® covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel) through renewable energy credits, carbon offsets, and reduced GHG emissions.

Strategic Report for the year ended 31 December 2023 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. Governance (continued)

Table 1: Governance Overview



Board Oversight

The American Express Board is responsible for the long-term success of American Express and ESG strategy for the benefit of shareholders and wider stakeholders. At the Enterprise-level, responsibilities are primarily overseen by the American Express Board through three Committees: the Compensation and Benefits Committee, the Nominating, Governance & Public Responsibility Committee and the American Express Risk Committee. The American Express Board monitors the “tone at the top,” risk culture, and oversees emerging and strategic risks, including climate-related risks, which are included in the Enterprise Risk Management framework. Members of the American Express Board possess a range of diverse skills, background, experience and viewpoints that are considered to be integral to an effective and well-functioning board.

Compensation & Benefits Committee (1)

The Compensation and Benefits Committee of the American Express Board includes directors who oversee performance goals and certify performance outcomes on key talent metrics. Executive compensation is linked to ESG goals, including key ESG initiatives.

Nominating, Governance & Public Responsibility Committee (NGPRC) (1)

The American Express Board’s NGPRC reviews the ESG strategy and Corporate Sustainability programme, monitors progress on ESG goals, including efforts across the Advance Climate Solutions pillar and provides guidance on business efforts. The Chief Corporate Affairs Officer and the Head of Corporate Sustainability update the NGPRC on ESG-related issues, progress and performance at least twice annually.

American Express Board Risk Committee (1)

The Risk Committee of the American Express Board provides oversight of the Enterprise Risk Management (ERM) framework and approves the Group ERM Policy covering risk governance, risk oversight and risk appetite.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. Governance (continued)
American Express Board Risk Committee (1) (continued)

The ERM framework includes processes, methodologies and other risk management policies and procedures established by management to identify, assess, measure, and manage key risks facing American Express. ESG risks, including climate-related risks are included in the ERM framework and climate-related risks are currently managed as part of the ERM process. The Enterprise Chief Risk Officer heads the implementation and execution of the ERM programme.

Company Board Oversight (2)

The Company Board (the "Board") has management oversight of UK climate risk. The Board manage local climate risk through relevant management committees, including the Risk Committee (RC) which is chaired by a Board Director with relevant experience. The UK business relies on the strategic direction, support and systems of the Board to provide the required oversight, escalation routes and connectivity with the American Express Board. Members of the RC are responsible for providing oversight of identification and measurement of the risks the Company is exposed to, including operational and climate-related risks.

The Board Members successfully completed two trainings in 2023 that provided a foundational understanding of ESG and Climate Risk. Subsequent training has focused on outlining the expectations of the Board and delineating their pivotal roles and responsibilities in effective climate risk management. Further Board-specific mandatory climate modules are in development for 2024.

Management & Implementation

Enterprise Executive Committee (3)

The Enterprise Executive Committee reviews and evaluates business wide ESG performance against American Express' long-term goals (inclusive of the UK). This includes oversight of the Advance Climate Solutions ("ACS") strategic pillar which aims to enhance our operations and capabilities to meet customer and community needs in the transition to a low-carbon future and includes a specific goal to enhance the management of climate-related risks and opportunities across the business. The Chief Corporate Affairs Officer oversees the Corporate Affairs and Communications Department and is responsible for leading ESG and Corporate Sustainability initiatives, supported by the Corporate Sustainability Enterprise ESG Team.

Enterprise ESG Steering Committee (4)

The Enterprise ESG Steering Committee supports the Executive Committee to guide ESG strategy, related policies and programmes. The cross-functional team includes senior executives from across the organisation such as Corporate Affairs and Communications, Treasury, Controllership, Investor Relations, General Counsel's Organisation, Government Affairs, American Express National Bank, Global Real Estate and Workplace Experience, and Global Risk and Compliance, with representation from the UK Country Manager. The committee meets at least quarterly and assists the American Express Board with the performance of its duties related to sustainability. The Enterprise ESG Steering Committee empowers and equips each of the established ESG Working Groups (including the UK ESG Working Group) with the tools, processes, and governance to execute on the ESG strategy, goals and initiatives. A representative from the UK ESG Working Group is also part of the Enterprise ESG Steering Committee to provide consistency and enhance communication throughout the governance structure.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. Governance (continued)

Enterprise Risk Management Committee (5)

The Enterprise Risk Management Committee ("ERMC") is the highest-level management committee that oversees all Enterprise-wide risks and is responsible for risk governance, risk oversight, and risk appetite, including the management of ESG and climate-related risks.

Corporate Sustainability Enterprise ESG team (6)

The Corporate Sustainability Enterprise ESG team within Corporate Affairs & Communications, led by the Head of Corporate Sustainability, is responsible for coordinating climate-related issues across American Express. The team works closely with business units to monitor climate-related issues and opportunities, emissions reduction efforts, energy efficiency initiatives, low-carbon product innovations, colleague engagement, and other initiatives aligned to the American Express ESG Strategy.

Climate Risk Team (7)

The Climate Risk Team works closely with other risk specialists, business areas and functions to facilitate knowledge sharing and provide subject matter expertise to the ERMC and the ESG Steering Committee. The Climate Risk Team is an Enterprise-wide second line function, providing oversight for the UK and is responsible for identification and assessment of climate risk.

Advance Climate Solutions ("ACS") Working Group (8)

The ACS Working Group develops strategies to achieve advance climate solutions goals and is comprised of representatives from business units across the Group, which includes the UK business. Members of the ACS Working Group contribute to progress on each of the ACS goals, including enhancing the management of climate-related risks and opportunities across the business, and other goals within the pillar.

Net-Zero Working Group (9)

American Express established the Net-Zero Working Group to support the Group Net-Zero Programme which is comprised of relevant business unit leads to support the implementation of the Group's net-zero strategy.

ESG Disclosures Working Group (10)

The ESG Disclosures Working Group is led by the General Counsel's Organisation and reviews ESG disclosures. The ESG Disclosures Working Group is comprised of representatives from across the business, including Global Risk & Compliance, Controllership, Investor Relations, Corporate Sustainability, Corporate Secretary's Office, and others that review American Express ESG disclosures (including the ESG Report).

Climate Risk Management Working Group (11)

The Climate Risk Management Working Group is comprised of senior leaders that provide centralised expertise on climate risks to local teams, including the AEPSL Board. The Climate Risk Working Group is accountable to the ERMC and oversees climate risks, as well as designing, developing, and implementing the enterprise Climate Risk Management roadmap that is executed by the Climate Risk Team.

Strategic Report for the year ended 31 December 2023 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

1. Governance (continued)
UK Country Executive Team (CET) (12)

The UK Country Executive Team is a management committee supporting the UK business, providing strategic oversight/direction, updates and input on UK changes and initiatives that may have a significant impact on the UK business, customers and colleagues. This includes ESG and climate risk management at a country or business unit level.

UK ESG Working Group (13)

The UK ESG Working Group supports the UK CET and is responsible for overseeing the development of the UK's ESG strategy, governance and establishment of related goals and activities. The Board delegates climate risk to the RC who manage the risk through the UK ESG Working Group. A representative from the Enterprise ESG Steering Committee / Corporate Sustainability Enterprise ESG team co-chairs the UK ESG Working Group with a Board Director to further enhance the link between the UK and Enterprise on ESG matters, including climate risk. The UK ESG Working Group is a cross-functional group that represents and shares global ESG initiatives at a UK-level with the following aims:

- Promote effective ESG governance
- Provide guidance on ESG strategy
- Review data/reporting
- Advocate implementation throughout key business functions/units; and
- Monitor internal and external ESG trends.

Members of relevant working groups are selected based on expertise and knowledge of business goals or sustainability topics that are relevant to ESG.

2. Strategy
At American Express, climate-related risks and opportunities inform business, strategy, and financial planning across direct operations, products and services, funding, and supply chain. Advance Climate Solutions ("ACS") is one of the core pillars of the Group ESG strategy, demonstrating the integration of climate-related risks and opportunities and American Express' focus on the management and response to these issues. Actions by the UK business help the Group to make progress on the goals and targets that the Group has set across its ACS pillar and its 2025 Operational Environmental Goals.

American Express' ESG Strategy: Advance Climate Solutions ("ACS")

The ACS Pillar was established to enhance operations and capabilities to meet customer and community needs in the transition to a low-carbon future, specifically across three objectives:
- Minimise climate impact and manage climate-related risks and opportunities;
- Enable customers and partners to transition to a low-carbon economy through the development of new capabilities; and
- Support community programmes and initiatives to help build more climate resilient and equitable communities

In 2022, American Express released the Sustainability Financing Framework (the Framework) and issued $1 billion principal amount of 4.050% notes due May 3 2029 (the Sustainability Notes) to invest in eligible projects in support of its ESG Strategy.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

2. Strategy (continued)
Group Operational Environmental Goals

In 2019 American Express established a number of 2025 Operational Environmental Goals with the aim of reducing energy, emissions, water and waste globally in recognition of the impact American Express has as a business, including remaining CarbonNeutral® and continuing to power operations with 100% renewable electricity. Progress against set goals contributes to the mitigation of climate-related risks and supports opportunities found in the transition to a low carbon economy. The goals are supported by a dedicated budget for energy efficiency measures, renewable electricity procurement and purchase of carbon offsets.

In 2022, American Express initiated a phased re-opening of offices that were closed in 2021 due to the COVID-19 pandemic. As a result, reporting performance against the following three goals: reduce waste generated from managed facilities by 10% per colleague compared to 2019, reduce water use from managed facilities by 10% per colleague compared to 2019, and eliminate single-use plastics across operations continued to be suspended in 2023. Methodologies in relation to these changes are being reviewed in light of adapting to the new operating environment.

Net-Zero

In 2021, American Express committed to net-zero emissions in alignment with the Science Based Targets initiative (SBTi). The Group has submitted near- and long-term emissions reduction targets to the SBTi for validation and continues to engage with the SBTi throughout the validation process. Additionally, new governance was established to support the Net-Zero Programme across the Group (including the UK), which includes a Net-Zero Working Group comprised of business unit leads to support the implementation of American Express' net-zero strategy across relevant countries. Since American Express' operations are already CarbonNeutral®, countries such as the UK will primarily focus on supply chain and work with vendors, encouraging them to establish their own science-based emissions reduction targets and track, reduce, and eventually neutralise their operational GHG emissions.

Management of Climate-related risks

American Express has integrated ESG risk (including climate-related risks) into its ERM framework and the newly formed Climate Risk Team has developed a roadmap to support the climate risk management programme. The Climate Risk Team is responsible for key global activities (including those impacting the Company), such as:

- Identification, quantification, and monitoring of climate risk;
- Integration of climate risk into the risk management framework; and
- Risk frameworks and processes.

The Enterprise Risk Committee provides oversight of the ERM framework, processes and methodologies, including risk oversight and risk appetite (as further detailed in the Governance section).

Members of the UK management team regularly report to the American Express and Company Boards as well as its committees to discuss short-term, intermediate-term, and long-term risks. This encompasses credit risk, market risk, funding and liquidity risk, compliance risk, operational risk (including, but not limited to, conduct risk), reputational risk, country risk, model risk, strategic and business risk, and emerging risks (e.g. climate risk).

2. Strategy (continued)
Management of Climate-related risks (continued)

As part of the annual refresh of American Express Enterprise Risk Management Policy, an exercise is conducted to determine whether updates are needed to the defined priority risk types. The Key Emerging Risk programme feeds into this exercise with the aim of identifying and monitoring risks that could have significant financial, strategic, or reputational impact on the business. ESG risks, including climate risk (which may manifest as credit, operational or other risk types), were identified as an emerging risk in 2022 and remain part of this emerging risk inventory.

The American Express Climate Risk Management Standard was released in March 2024. The objective is to establish an enterprise-wide framework, with applicability to the Company, to effectively identify, assess, measure, manage, monitor and report climate-related financial risks. The framework intends to support a better understanding of how climate risk may affect American Express' operations, business (customer / product) strategy planning, and financial performance.

Throughout 2024, American Express will continue to enhance its climate risk management programme and seek to further understand and align with emerging guidance, including conducting quantitative climate risk assessments and establishing supporting metrics and thresholds.

Climate Risk Training

In accordance with the TCFD-aligned climate-related financial disclosure requirements in the UK, the business recognises the importance of climate risk trainings. These trainings play a pivotal role in fostering a comprehensive understanding of ESG principles and climate risk management. In addition to the Board training mentioned previously, the Climate Risk and Corporate Sustainability teams also conducted training for a selection of first- and second-line risk management colleagues delivering a foundational understanding of ESG and climate risk. These initiatives underscore the Company's dedication to cultivating a Board and colleague base that is well-equipped to navigate the complexities of climate-related risks and contribute meaningfully to long-term organisational sustainability. Further climate risk training are expected to be rolled out in 2024, initially covering first- and second-line risk management colleagues. Future plans include the creation of global enterprise-wide training on this topic.

3. Climate Risk: identification and assessment

Risk events driven by climate change can have broad impacts on customers, operations, suppliers, partners, merchants and business. The UK business continues to enhance its focus on climate-related risk within the risk governance framework. ESG risks, including climate-related risk, are currently identified as "emerging risks" within the Group risk governance framework. The risk identification exercise is refreshed annually with climate risks and opportunities globally considered across the short-term (0–3 years), medium-term (3–6 years), and long-term (6–10+ years).

Climate-related risks are defined as:

- Transition Risks: Risks related to the transition to a low-carbon economy, which may include extensive changes pertaining to policy, legal, technology, market, and reputational risks.
- Physical Risks: Risks related to the physical impacts of climate change, typically driven by acute physical risk such as increased severity of extreme weather events (e.g. cyclones, hurricanes, floods) and chronic physical risks which are longer-term shifts in climate patterns (e.g. sea level rise, chronic heat waves).

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. Climate Risk: identification and assessment (continued)

The TCFD recommends the use of scenario analysis to analyse how future physical and transition risks and opportunities from climate change could impact American Express, including the Company. A scenario is a narrative that describes a path leading to a particular future outcome. This helps the business assess implications of climate-related risks and opportunities to inform stakeholders about how the organisation is impacted by physical and transition risks.

American Express leverages science-based frameworks, including the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA), to inform the climate-related risk identification process across short-, medium-, and long-term time horizons, including analysing the potential impact on the Company as part of the wider UK business.

Transition Risk identification and assessment

In 2021, American Express conducted qualitative analyses of current and potential climate-related transition risks and opportunities for operations, supply chain, and business activities across regulatory and legal, reputational, market and technology risks.

Transition risks and opportunities associated with current and emerging regulations, technology advances, policy changes, and public demand shifts were assessed as well as associated reputational risks. American Express identified climate-related opportunities in the short-, medium-, and long-term that may have financial or strategic impacts on the global business.

TCFD guidance recommends analysing climate scenarios that encompass a range of futures. As such, scenarios developed by the IEA (which include scenarios in which global warming is held to less than 2°C above pre-industrial (1850-1900) temperatures through 2100) were also selected for American Express' assessment. For the qualitative climate-related transition risk assessment, the impact of three future scenarios from the IEA were evaluated, compatible with a 1.5°C, 2-3°C, 6°C pathway on countries essential to American Express' business operations against 2025- and 2040-time horizons. The assessment evaluated the impact of transition risks to potential future revenues and costs associated with capital expenditures and capital allocation strategies over short- and long-term time horizons.

Legal and Compliance

The impact of climate change on Legal and Compliance Risk relates to how climate-related financial risks and risk mitigation measures affect the legal and regulatory landscape in which the Company operates. This includes, but is not limited to, considering possible changes to legal requirements for, or underwriting considerations related to, flood or disaster-related insurance, and ensuring that fair lending monitoring programmes review whether and how the financial institution's risk mitigation measures potentially discriminate against consumers on a prohibited basis, such as race, color, or national origin.

The Company seeks to manage and mitigate compliance risk by assessing, controlling, monitoring, measuring, and reporting the legal and regulatory risks to which the business is exposed. American Express' UK operations (The Company and other UK legal entities) are subject to regulations related to climate change, including GHG emissions. The regulatory change management monitoring programme ("RCM") supports regulatory and legal transition risks through horizon scanning activity used to identify, record and communicate new laws and regulations or changes to existing laws and regulations. This includes changing reporting requirements such as the Streamlined Energy Carbon and Reporting Framework ("SECR") in the UK, the Energy Efficiency Directive Article 8 in the EU and its equivalent in the UK (Energy Savings Opportunity Scheme ("ESOS")). RCM assesses the impact of new regulations to the Company and other legal entities. The scope of RCM incorporates ESG, which included environmental matters, greenhouse gas emissions and climate risk.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. Climate Risk: identification and assessment (continued)
Transition Risk identification and assessment (continued)
Legal and Compliance (continued)

In the UK the General Counsel's Organisation and the Chief Compliance Officer for the Company are responsible for advising on regulatory risk including requirements for current and emerging regulatory and legal requirements where applicable, including established and emerging regulations related to climate change.

Reputational

Reputational risk is defined as the risk that negative stakeholder reaction to products, services, client, supplier and partner relationships, business activities and policies, management and workplace culture, or American Express' response to unexpected events, could cause sustained critical media coverage, a decline in revenue or investment, talent attrition, litigation, an enforcement action or other government or regulatory scrutiny.

The protection of the Company's reputation for providing excellent customer service, trust, security and high integrity is core to the business' vision of providing the world's best customer experience and is fundamental to long-term success. Business leaders are responsible for considering the reputational risk implications of business activities and strategies and ensuring the relevant subject matter experts are engaged as needed. The ERMC is responsible for ensuring reputational risk considerations are included in the scope of appropriate subordinate risk policies and committees and properly reflected in all decisions escalated to the ERMC. Communication controls are in place, such as a formal marketing review and approval governance process which assists with mitigating the risk of publishing materials that could violate anti-greenwashing rules. The General Counsel's Organisation and Corporate Affairs and Communications supports all business lines and the Company's operating committees in making informed commercial and reputational risk management decisions.

The Enterprise has multiple cobrand, rewards, merchant acceptance and corporate payments arrangements with airlines which represent a significant portion of its business. The ERM programme evaluates the risks posed by exposure to certain industries which includes airline partners. The Company may be exposed to the risks associated with relevant business partners, including reputational issues, changes in consumer spending patterns and business slowdowns.

Market

There is customer demand for access to low carbon products and services, across Europe, including the UK. The Company may be exposed to the risk of losing customers if competitors introduce products and services to address this demand before American Express does. American Express corporate and consumer business groups consider the risks associated with customer demand and work to identify new low-carbon product innovation opportunities. The Commercial Rating and Underwriting ("CRU") team acquired an enhanced ESG risk rating scorecard in Q2 2023 provided by a third party, to evaluate the documentation of creditworthiness of institutional obligors in the Company. The scorecard allows the integration of ESG credit factors into the final internal rating and associated probability of default, which has an impact on credit limit decisions performed by the CRU team.

Climate risk – both physical and transition risk – are key factors embedded within the Environmental component of the ESG score. During the fundamental rating process, CRU analysts use qualitative and quantitative assessments to assign a score to each ESG factor based on a 1-5 scale where "1" is positive, "2" neutral, "3" moderately negative, "4" negative, and "5" very negative."

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. Climate Risk: identification and assessment (continued)
Transition Risk identification and assessment (continued)
Market (continued)

These ESG scores express a Global Ratings' default opinion and ultimately the CRU's final view determines if scores are overridden, and whether climate risk, and ESG overall, has a neutral, positive, or negative impact on an institution's final credit rating. Since the launch of this ESG Scorecard in May 2023, CRU has completed ratings using this tool on over 80% of large UK institutions and over 1000 clients across the Enterprise. The Company intends to increase the percentage of large institutions with completed ESG assessments in 2024.

Technology

Risks relating to Technology are managed and evaluated by the Company's Technology team. This is integrated within the relevant risk management and due diligence processes. American Express continues to implement energy efficiency initiatives including lighting retrofits, HVAC (heating, ventilation and air conditioning) equipment upgrades, new building control systems and other emissions reduction projects including electric vehicle charging stations and utilisation of onsite photovoltaic solar array system within facilities. Further information on these initiatives is provided in Table 4 within the Streamlined Energy and Carbon Reporting section of the Strategic Report. Prior to implementing any of these new technologies, the UK team investigates the costs and risks associated with these opportunities.

Physical Risk identification and assessment

A qualitative physical risk assessment was conducted in 2020 and a quantitative physical risk assessment was conducted in 2023, to evaluate potential risks (acute and chronic) and opportunities associated with the physical impacts of climate change on key operations, supply chains and business activities in global and local markets across several time horizons.

For qualitative climate-related physical risk assessments, American Express evaluates potential threats and mitigation opportunities to critical business sites across global operations, supply chain, and revenue sources both under historic conditions and applied to future climate projections from the IPCC's Representative Concentration Pathway (RCP) 8.5 scenario. Each site is examined for seven potential acute and chronic risks from the physical impacts of climate change: 1) increasing temperatures, 2) sea level rise, 3) precipitation changes, 4) flooding, 5) cyclonic events, 6) extended drought, and 7) extreme temperatures.

Acute and Chronic Risks

Physical risks and opportunities, including extreme weather events and natural disasters, are identified and measured for severity as part of standard business continuity planning across the business. This is primarily overseen by the Global Real Estate and Workplace Experience and Technology Teams. Disaster Recovery and Business Continuity Plans are developed and updated regularly to ensure steps are in place to identify and respond before, during, and after a service continuity event. The facility and data centre teams review these established procedures and controls, test them annually, and certify key equipment and systems operations to ensure uninterrupted operation of data centres during localised weather events. The Company's facility infrastructure is continuously monitored and test results are tracked and reported.

Physical risk, acute and chronic climate hazards may pose physical damage to American Express operations and facilities, colleagues and card members, and they may also cause disruption to partners, suppliers, third parties and merchants.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. Climate Risk: identification and assessment (continued)
Physical Risk identification and assessment (continued)
Acute and Chronic Risks (continued)

Examples could include:

- Enrollment in Financial Relief Programmes (where balances and performance post-exit are monitored through credit risk oversight) - if American Express card members are impacted by climate events which could result in higher delinquency or write-off rates due to reduced ability of making timely payments for American Express payment products. This is captured through the credit risk appetite metrics for individual customers;

- Exposures to several large obligors (airlines, cruise lines) which might be disproportionately impacted due to climate risks are also measured and can be actioned upon under the guidelines provided in the risk appetite framework; and

- Evaluation of climate risk as a component of American Express' institutional credit risk assessment.

Disruptions to operations and processes are captured through disaster recovery plans and operational risk events. Depending on the customers and financial impact involved, these are escalated to the appropriate management and Board committees. Third Parties are monitored through the Third-party Lifecycle Management ("TLM") programme and also through relevant risk appetite framework metrics. Similarly, legal and regulatory risks, reputational risks and technology risks are separately monitored through the risk-specific programmes related to those areas.

In 2023, American Express conducted a quantitative physical risk assessment across six UK facilities (which included the data and operating centre in Brighton and offices in London and Burgess Hill) over eight decades (2020-2100), under 3 RCP scenarios: RCP 2.6 (Sustainable and Green Pathway), RCP4.5 (Middle of the Road) and RCP8.5 (Business as usual or Fossil Fuel Development Scenario). In RCP 8.5, emissions continue to rise throughout the 21st century and it is generally taken as the basis for worst-case climate change scenario. RCP 4.5 is described as an intermediate scenario where emissions peak around 2040, then decline. RCP 2.6 is a "very stringent" pathway, it requires emissions to start declining by 2020 and go to zero by 2100. To complete the assessment American Express used physical climate hazard data provided from a third-party vendor. The methodology followed a climate risk management and measurement approach as a function of Hazard, Vulnerability, and Exposure. The perils assessed in the UK physical risks assessment included drought, wind, cold, wildfire and flood. The findings indicated there are potential losses stemming from physical climate hazards impacting the facilities across the time horizons, however losses are not significant enough to breach the UK legal entity and enterprise governance thresholds for escalation. In addition to the quantitative assessment there is an Enterprise Resilience qualitative assessment overlay to estimate the concentration of each of the business functions operating from the UK.

The Company considers current and emerging climate regulations, technology, legal, and reputational risks and qualitative factors such as disruptions to operations, impacts to colleagues, and damage to the brand when developing its future plans and following the assessments outlined above has identified the risks in "Table 2: Identification of UK risks". The UK business will continue to uplift scenario analysis and seek to enhance quantitative climate risk assessments with supporting data.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

3. Climate Risk: identification and assessment (continued)

Table 2: Identification of UK risks

Risk	Description	Horizon
Transition Risks (Regulatory & Legal)	The business may be impacted by emerging regulations in the transition to a low carbon economy and mandated reporting on climate-related impacts. There is also growing regulation and increased regulatory scrutiny in relation to green claims. Non-compliance may result in the business being subjected to fines and other regulatory consequences.	Short-Term, Medium-Term, Long-Term
Transition Risk (Reputational)	Changes in consumer preferences, travel patterns, and legal requirements could adversely impact business, customers, and partners. American Express' business includes significant travel benefits and travel-related cobrands. This may attract public scrutiny and mean there is a need to innovate and evolve products if travel preferences change. Reputational harm could also occur due to responses to climate change and efforts relating to the ACS pillar of the Group ESG strategy that are viewed as inadequate. ESG initiatives are publicly shared which results in facing increased scrutiny related to these activities. Failure to achieve progress in these areas on a timely basis, if at all, could impact reputation, colleague retention, and public perception of the business.	Short-Term, Medium-Term, Long-Term
Transition Risk (Market)	American Express' corporate and consumer business groups consider the risks associated with market demand and identify new low carbon product innovation opportunities. There may be potential risks to not offering sustainable products or travel options through the consumer travel network.	Short-Term and Medium-Term
Transition Risk (Technology)	Trends to invest in new technologies can help reduce emissions and mitigate risks associated with business interruption from natural disasters. Many of these investments are costly and uncertain, exposing the Company to risk if these technologies fail or are unsuccessful.	Short-Term, Medium-Term, and Long Term
Physical Risk (Acute and Chronic)	American Express operates facilities globally, including offices, data centres, and field sites that may be exposed to potential acute physical risks related to climate change.	Short-Term, Medium-Term, and Long-

4. Identification of Climate-related opportunities

Climate-related opportunities across Group operations include reducing operating costs and environmental impacts at global facilities by improving energy, water, and resource efficiency and leveraging climate policies and tax incentives to expand on-site renewable energy. Throughout 2024, oversight of climate-related opportunities will be provided by the Enterprise ESG Steering Committee and the UK ESG Working Group.

Climate-related opportunities that may have financial or strategic impacts on the business were identified in the short-, medium-, and long-term. Across the value chain, climate-related opportunities exist through innovation and investments in research and development for low-carbon products and services. To respond to changes in consumer preferences, American Express invests in research and development to build and enhance relevant products and services.

American Express has been working to support a circular economy by reducing its consumption of virgin plastic. In 2019, American Express introduced the first American Express Card manufactured primarily from reclaimed plastic collected from beaches and coastal communities and have been working to expand this programme to include issuing plastic cards made out of recycled polyvinyl chloride (rPVC). In April 2023, the programme was expanded to the UK. Since the April 2023 launch, over 25% of total plastic cards issued have been made from recycled plastic, and this is expected to grow through this year in support of American Express'goal for the vast majority of the plastic cards issued to be made from at least 70% recycled or reclaimed plastic by the end of 2024.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

4. Identification of Climate-related opportunities (continued)

As part of the Group's goal to maintain CarbonNeutral® operations in accordance with the CarbonNeutral® Protocol, the carbon footprint associated with employee business travel, including third-party air, rail, rental car usage, and hotel stays (inclusive of the UK) is offset using verified carbon offsets. Additionally, for colleague work-related travel, sustainability-focused options are displayed within the business travel booking tool.

5. Metrics and Targets

The Company aims to minimise the impact of operations on the environment through adhering to the American Express ESG strategy and goals. Various climate-related metrics are tracked and disclosed against the Advance Climate Solutions pillar and the American Express 2025 Operational Environmental Goals to help measure and manage the impact of climate-related risks and opportunities across the business. GHG emissions intensity per headcount are also disclosed globally and in certain local markets, including the UK. Relevant metrics and targets as well as data, assumptions and methodologies have been developed and are expected to continue to be refined for the UK going forward.

The following disclosures provide details on selected metrics and supporting methodologies (where applicable) that support an understanding of American Express' impact, as well as the progress being made against set goals. Where the data allows, metrics are provided for historical periods to enable review of trends and progress over time. As data assumptions and methodologies are refined year-over-year, historical period data may not always updated to reflect the ongoing data enhancements.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2023 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Table 3: Progress against the Advance Climate Solutions pillar

American Express Strategic Objective	American Express Goal	Status	Progress
Minimise climate impact and manage climate-related risks and opportunities	Commit to net-zero emissions in alignment with the Science Based Targets initiative (SBTi)	In progress (specific activities taking place in UK)	In 2021, American Express committed to net-zero emissions in alignment with Science Based Targets initiative (SBTi). The Group has submitted near- and long-term emissions reduction targets to the SBTi for validation and continues to engage with the SBTi throughout the validation process.
	Enhance the management of climate-related risks and opportunities across the business		The UK ESG Working Group was established to support the UK's response and management of climate-related risks and opportunities. Additionally, American Express also: • Integrated ESG risk (including climate-related risks) into its ERM framework. • Formed the Climate Risk Management Working Group and established the Climate Risk Team. • Conducted qualitative physical and transition assessments on climate-related risks in 2020/2021, together with a quantitative physical risk exercise at the end of 2023. The quantitative physical risk assessment was performed to identify the climate-risk exposure of UK sites across multiple Representative Concentration Pathway (RCP) Scenarios.
Enable customers and partners to transition to a low-carbon economy through the development of new capabilities	Pilot low-carbon product innovations, including carbon tracking and offset solutions	In progress	Corporate clients in the UK have access to Group-level offerings which are available to help customers and partners better understand their environmental impact and contribute to carbon removal efforts. These include an expanded Carbon Footprint tool available to select Corporate clients in 2023, including clients in the UK[1].

[1] The estimated information provided by the Carbon Footprint Tool is for generalised informational purposes only and does not constitute financial, tax, accounting, legal, or other professional advice on any subject matter.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Table 3: Progress against the Advance Climate Solutions pillar (continued)

American Express Strategic Objective	American Express Goal	Status	Progress
Support community programmes and initiatives to help build more climate resilient and equitable communities	Provide at least $10 million to support initiatives, partnerships, and programmes that address the adverse effects of climate change and pollution on communities from 2021 through 2025	Exceeded (specific activities in the UK)	American Express provided $10.4 million in grants globally to help build more climate resilient and equitable communities between September 2021 and December 2022, exceeding the goal to provide at least $10 million by 2025, which includes £393,682 in grants in the UK. To support this goal, in 2022 the Group launched a new Community Impact Grant theme: Backing Low-Carbon Communities, with grants to support community-led climate initiatives, disaster response, risk-reduction and resilience efforts, and nature-based solutions, particularly in urban areas. Specific UK grants include • Earthwatch Institute grant to co-fund the planting of several hundred UK trees to mitigate the impacts of climate change and enhance biodiversity; • Trees for Cities grant to support planting of 55 standard trees and contribute to the planting of 106 heavy standard trees across London to increase the city's tree canopy cover; • National Parks UK grant to restore and protect woodland, wetlands, meadows and peatlands, and connect young people with nature through inspirational experiences; • Oxford Brookes Business School grant to provide a six week 'Green Skills for Small Business' programme for 500 small businesses across the UK. This covered topics such as Financing Sustainability, Measuring Sustainability Progress, Sustainable Marketing and how to apply for accreditations.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2023 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Table 3: Progress against the Advance Climate Solutions pillar (continued)

American Express Strategic Objective	American Express Goal	Status	Progress
Support community programmes and initiatives to help build more climate resilient and equitable communities	Engage colleagues in sustainability initiatives through the Green2Gether programme	In Progress (specific activities in the UK)	A series of initiatives were organised for colleagues in 2023: • Green2Gether UK Green Week attended by 268 colleagues to discuss a range of sustainability topics including recycling, sustainable travel to work, the importance of urban bees and in-person sustainable cooking workshops; • Look Wild citizen science project organised with UK National Parks attended by over 80 colleagues, which monitors wildlife across all National Parks; • Volunteering opportunities during Earth Month and Green Week to help plant trees, remove waste, cut wildflower meadows, wire livestock fencing and participate in a beach clean; • Two Enterprise-wide Voluntary Climate Change Master Class series co-hosted by Earthwatch scientists (Autumn 2022/Spring 2023). The classes provided insights into the impacts of climate change and actions participants could take to reduce its effects in their personal lives; • UK colleagues joined community groups to plant Earthwatch's 150th UK Tiny Forest at the White Hart Lane Recreation Ground in Haringey. This helps communities connect with nature, enhance biodiversity, and mitigate the impacts of climate change.

Strategic Report for the year ended 31 December 2023 (Continued)

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Table 4: Progress against the American Express 2025 Operational Environmental Goals

American Express 2025 Operational Environmental Goals		**Status**	**UK Progress**
Energy & Emissions	*Remain Carbon Neutral® across operations*[1]	Achieved	Since 2018, American Express has maintained CarbonNeutral® certified operations globally including UK offices, field sites, and data centres. American Express' goal to remain carbon neutral covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), and Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel). To maintain CarbonNeutral® certified operations, American Express purchased carbon offsets in 2023, which included projects that support wind power development, reforestation, and forest conservation projects. These projects offset emissions from Scope 1 and 2 emissions, such as fuel and steam consumption, and select categories of Scope 3 emissions, including emissions from certain activities related to colleague business travel and waste generated across global operations[1].
	Continue to power operations with 100% renewable electricity[1]	Achieved	To support American Express' goal to power operations with 100% renewable electricity, onsite renewable electricity continued to be generated and renewable energy credits were purchased. This included generation of approximately 7 MWh of renewable solar electricity from the Brighton UK data centres.
	Reduce energy use by 35% across managed facilities compared to a 2011 baseline[2]	Exceeded in the UK	Due to energy efficiency measures and reduction in energy demand due to temporary work-from-home arrangements, energy consumption in the UK facilities in 2023 decreased by approximately 52% compared to a 2011 baseline. The Company continues to evaluate and implement energy efficiency initiatives across the portfolio, including retrofits and equipment upgrades. The Company has conducted decarbonisation audits at key UK facilities to develop efficiency projects to reduce emissions. Several cost-effective, energy efficiency measures have been evaluated and implemented across the UK portfolio including the installation of smart building equipment, LED Lights and HVAC (heating, ventilation and air conditioning) upgrades and optimisations.

[1] Operations include all American Express managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express.

[2] Energy use reduction since 2011 calculations are based only on managed facilities where metered data is available, which represents 603,271 ft2 and 17,737 MWh of energy consumption in the UK in 2023 and excludes field sites, managed sites with estimated data and data centres not operationally managed by the global real estate team.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Table 4: Progress against the American Express 2025 Operational Environmental Goals (continued)

American Express 2025 Operational Environmental Goals		**Status**	**UK Progress**
Energy & Emissions	*Reduce energy use by 35% across managed facilities compared to a 2011 baseline*[1]	Exceeded in the UK	The recent refurbishment of the UK Belgrave House office includes multiple elements that will help to improve energy efficiency. This includes a move to more efficient equipment (e.g. cooling equipment in server rooms) and improving operational control through the installation of a building management system. While energy usage increased in 2022 and 2023 as colleagues returned to the office following global office closures during the pandemic, the business continues to make progress towards set goals. Several cost-effective energy efficiency measures have been evaluated across the Company's portfolio. Examples of measures implemented are included in "Table 4: Energy Efficient Projects" within the Streamlined Energy and Carbon Reporting disclosures on page 39.
Waste & Recycling[2]	*Divert 60% of office waste from landfills from managed facilities*	Exceeded in the UK	In 2023, the overall waste diversion rate from landfills across American Express managed facilities in the UK where waste data is reported was 72%, an increase from 51% in 2022[3]. The UK continues to implement initiatives to support these goals, including recycling and composting programmes and engaging colleagues in waste reduction efforts as part of the Green2Gether programme.
Sourcing	*Source 100% of direct marketing, customer communications and office paper from certified responsibly managed forests*	In progress	In 2023, the UK sourced 99.8% of direct marketing, customer communications, and office paper from certified responsibly managed forests, an increase from 98% in 2022. This includes paper certified by the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), and Programme for the Endorsement of Forest Certification (PEFC).

[1] Energy use reduction since 2011 calculations are based only on managed facilities where metered data is available, which represents 603,271 ft2 and 17,737 MWh of energy consumption in the UK in 2023 and excludes field sites, managed sites with estimated data and data centres not operationally managed by the global real estate team.

[2] Note that as colleagues returned to the office in 2022 following global office closures during the pandemic, energy usage and waste increased (inclusive of the UK). American Express continues to make progress towards the relevant goals.

[3] Managed facilities where waste data is reported represent approximately 85% (548,122 ft^2) of the American Express UK managed facilities footprint in 2023.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT - CLIMATE RELATED FINANCIAL DISCLOSURES (continued)

Table 4: Progress against the American Express 2025 Operational Environmental Goals (continued)

American Express 2025 Operational Environmental Goals		**Status**	**UK Progress**
Green Buildings	*Achieve green building certifications for 60% of operations*[1]	In progress	As of December 2023, approximately 59% of the UK real estate portfolio had achieved green building certifications, down from 79% in 2022. This is primarily due to ongoing recertification efforts and refurbishments at Belgrave House and is expected to increase once recertification is complete in 2024. As the Company works to reduce its energy use, maintain carbon neutrality, and find ways to reduce the environmental impact of its real estate footprint, it strives to design, build, and operate facilities that consume less resources, emit fewer greenhouse gases, and improve the quality and sustainability of its office spaces. The UK follows global sustainability practices to reduce the environmental impact of the real estate footprint, which include the US Green Building Council's Leadership in Energy and Environmental Design ("LEED") certification programme and other international green building standards including BREEAM, NABERS, GreenMark, HQE, and Effinergie+.

[1] Green building certified percentage is represented by the total year-end square footage certified out of total year-end building square footage. This includes leased or owned facilities actively occupied by American Express (excluding parking lot square footage) that have achieved certification under a global or locally recognised third-party environmental building certification system as meeting their performance criteria (LEED, BREEAM, NABERS, GreenMark, HQE, and Effinergie+).

American Express tracks and discloses climate-related metrics, including energy, purchased and onsite renewable energy, and Scope 1, 2, and 3 (Category 6 - Business Travel) GHG emissions. American Express' GHG inventory is managed through a centralised team with data inputs collected from relevant business units across the Enterprise. Emissions are calculated in alignment with the GHG Protocol.

Strategic Report for the year ended 31 December 2023 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Since 2018, the American Express Group has been CarbonNeutral®, powered by 100% renewable electricity across its global operations[1].

As part of the Company's commitment to comply with all relevant environmental legislation, this section of the Strategic Report discloses the Company's operational energy consumption and greenhouse gas (GHG) emissions, and energy efficiency measures in line with the UK government's Streamlined Energy and Carbon Reporting (SECR) guidance, including data from this financial year and the previous one (January to December; 2023 and 2022).

Methodology
American Express emissions are calculated in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition). The boundaries of the GHG inventory are defined using the operational control approach and cover certain emissions within our operations across scopes 1, 2 and 3:

Scope 1 – Direct emissions from mobile fleet vehicles*, stationary combustion of fuels in buildings, and fugitive hydrofluorocarbon ("HFC") emissions from air conditioning systems
Scope 2 – Indirect emissions from purchased electricity
Scope 3 – Other indirect emissions from business travel in employee-owned vehicles *

*For SECR reporting, energy consumption (and therefore GHG emissions) from the UK vehicle fleet is quantified based on actual mile reports for each UK entity. Emissions and fuel economy conversions are sourced from UK DEFRA (Department for Environmental, Food and Rural Affairs) GHG Conversion Factors 2023 updated on 28 June 2023. For reporting purposes, all cars are assumed to be average type with unknown fuel. Scope 3 emissions do not include emissions from employee business travel in third-party air, rail, rental cars or other forms of transportation such as taxis, livery, and/or ride share services, or emissions from other employee business travel impacts, such as hotel stays. Scope 3 emissions included in SECR reporting are not comparable to Scope 3 emissions reported at the Enterprise level.

[1] Operations include all American Express managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express. The company's goal to remain carbon neutral covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel) through renewable energy credits, carbon offsets, and reduced GHG emissions.

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

The operations of American Express data centres, office facilities, mobile fleet and business travel represent GHG emissions included in American Express' goal to remain CarbonNeutral® across its operations.[1] Data is gathered on an ongoing basis, with primary evidence being sourced from office managers and managed centrally via the GHG Inventory Management Plan. Electricity intensity factor was used to estimate consumption for facilities where no metered data was available. The intensity factor was calculated by the country average of metered AXP sites.

American Express conforms to the GHG Protocol Scope 2 Guidance for quantifying Scope 2 emissions from purchased electricity, steam, and chilled water. Specifically, AXP quantifies and reports two Scope 2 emissions totals, using ‘location-based’ method and ‘market-based’ method. The location-based method considers average emission factors for the electricity grids that provide electricity to American Express. The market-based method considers contractual arrangements under which energy the company procures Renewable Energy Certificates (RECs) and carbon offsets.

To calculate Scope 1 fugitive emissions for HVAC and cooling of buildings, where purchased volume of refrigerant or data on model, type, and capacity of unit used was available, this data was used to calculate fugitive emissions, otherwise assumptions were made regarding capacity and square footage of facility. For sites where actual data is not available, an annual leakage rate (in percent of capacity) for building HVAC was assumed to be 10% based on EPA guidance. Refrigerant capacity of facilities was assumed based on facility area and US National Average sq. ft./ton capacity for office buildings as determined by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) and 2.52lb/ton refrigerant charge capacity was assumed per cooling-ton based on TRANE research of HFC-134a. It is assumed that estimated facilities use the refrigerant HFC-134a. In 2023, the majority of UK sites provided actual data on their refrigerant systems and this data was used to calculate fugitive emissions for the location. For such cases, where data is not available - emissions have been calculated in line with screening method described in US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases.

The primary metric that American Express uses for annual comparison is tCO_2e (tonnes of carbon dioxide equivalent) per employee.

UK Annual Energy Consumption & Carbon Emissions

Due to the nature of the UK business, in some instances multiple reporting entities occupy the same office space and so are jointly responsible for energy consumed in that particular space. For SECR purposes, American Express has estimated entity-specific UK energy consumption and GHG emissions based on the proportion of each entity’s employee headcount within that space. The following tables summarise the entity-specific energy consumption and subsequent emissions.

In March 2022, American Express officially launched Amex Flex, the new way of working which allows colleagues, depending on role and business needs, to work in the office, at home, or take a hybrid approach that combines both. As a result of colleagues returning to the office under Amex Flex, there has been an increase in facility occupancy in 2023 compared to 2021 and 2022.

[1] Operations include all American Express managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express. The company’s goal to remain carbon neutral covers Scope 1 (direct emissions from sources owned or controlled by American Express), Scope 2 (indirect location-based and market-based emissions), Scope 3 emissions (Category 5 waste generated in operations and Category 6 business travel) through renewable energy credits, carbon offsets, and reduced GHG emissions.

Strategic Report for the year ended 31 December 2023 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)
UK Annual Energy Consumption & Carbon Emissions (continued)

Overall UK employee occupancy increased compared to 2022 as more employees returned to the office. As a result the Company's Scope 1 emissions increased by 5% and total market based emissions increased by 4% compared to 2022.

As shown in Table 1 the Company actually had a slight decrease in total energy compared to the previous year due to a decrease in colleague numbers. Additionally, business travel[1] decreased in 2023 in-line with the lower colleague numbers compared to 2022. In Table 2 the Company saw an increase in market-based emissions driven by an increase in Natural Gas usage. The cooler temperatures in the UK have resulted in decreased heat gains from occupants and equipment. This resulted in an increase in heating demand, which is visible through the increase in natural gas consumption. The intensity ratio (tCO_2e/employee) has increased when comparing location-based and market-based metrics.

In 2022, a new process was established with the landlord to incorporate energy usage from essential services in annual billing (which was previously not metered). This increased visibility of direct consumption in Belgrave House led to a increase in identified electricity usage in total (albeit a decrease for the Company due to a reduction in occupancy). This data continued to be monitored and measured in 2023. In addition, as Belgrave House is still undergoing refurbishments, WeWork spaces in London were leased to support operations.

The summary information in Tables 1, 2, and 3 provides certain metrics related to the Company's environmental performance for the years ended 31 December 2023, and 2022. Environmental data is subject to significant inherent measurement uncertainty and may be based on estimates and management assumptions; actual results could differ. Reporting on environmental data, including the quantification of greenhouse gas emissions continues to evolve as data quantity and quality, estimation methodologies, industry standards, and measurement tools improve. Updates may be made in the future as American Express continues to refine its methodologies and collect and report this data.

Table 1: Annual Energy Consumption

Energy	Unit	2023	2022
Natural Gas	kWh	413,291	371,008
Fuel Oil	kWh	3,370	3,403
Mobile Fuel	kWh	1,454	2,902
Total Direct Energy Consumption	**kWh**	**418,115**	**377,313**
Purchased electricity	kWh	1,090,153	1,200,123
Solar	kWh	636	1,321
Total Intermediate Energy Consumption	**kWh**	**1,090,789**	**1,201,444**
Transport	**kWh**	**21,068**	**24,297**
Total	**kWh**	**1,529,972**	**1,603,054**

[1] Business travel refers only to emissions from business travel in rental or employee-owned vehicles where the Company is responsible for purchasing the fuel. This excludes emissions associated with employee business travel associated with third-party air, rail, and rental cards and does not include other forms of transportation such as taxis, livery, and/or ride share services or subways, or other employee business travel impacts such as hotel stays.

American Express Payment Services Limited

Strategic Report for the year ended 31 December 2023 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)
UK Annual Energy & Carbon (continued)

Table 2: Annual tCO_2e emissions

Greenhouse Gas (GHG) Emissions	Unit	2023	2022
Scope 1 – Direct	tCO_2e	117.56	111.75
Scope 2 (Location) – Indirect	tCO_2e	225.74	232.08
Scope 2 (Market) – Indirect	tCO_2e	—	—
Scope 3: Category 6 – Business Travel	tCO_2e	5.11	5.99
Total Scope 1, 2 (Location - based), 3 (Category 6 - Business Travel)	**tCO_2e**	**348.41**	**349.82**
Total Scope 1, 2 (Market - based), 3 (Category 6 - Business Travel)	**tCO_2e**	**122.67**	**117.74**

Table 3: tCO_2e intensity metric

Intensity Ratio	Unit	2023	2022
Market-based	tCO_2e/employees	0.2524	0.2122
Location-based	tCO_2e/ employees	0.7169	0.6303

As part of its public disclosure, American Express' ESG Report includes a detailed section summarising the Group's global energy consumption and global GHG inventory. The link below provides access to the latest ESG Report. This information has not been audited by PricewaterhouseCoopers LLP but the environmental performance data included within it is covered by a limited level of assurance verification opinion provided by an external third party.

https://www.americanexpress.com/en-us/company/corporate-sustainability/ESG/reporting-resources/

Efficiency Measures
American Express' Global 2025 Operational Environmental Goals include maintaining CarbonNeutral® operations powered by 100% renewable electricity[1], reducing energy use by 35% across managed facilities compared to a 2011 baseline[2], and achieving green building certifications for 60% of its operations[3]. American Express has maintained its CarbonNeutral® certified operations through renewable energy credits, carbon offsets, investing in internal energy efficiency measures, and reduced energy and GHG emissions.

[1] Operations include all American Express managed facilities, field sites, and data centres. Managed facilities are individual properties operationally managed by the global real estate team and housing critical business functions. Field sites are individual properties that are not operationally managed by the global real estate team but directly by the business units. They are typically smaller sites, less than 30,000 square feet (including airport lounges, foreign exchange kiosks, and sales offices), that are owned or leased by American Express

[2] Energy use reduction since 2011 calculations are based only on managed facilities where metered data is available and excludes field sites, managed sites with estimated data and data centres not operationally managed by the global real estate team.

[3] Green building certified percentage is represented by the total year-end square footage certified out of total year-end building square footage. This includes leased or owned facilities actively occupied by American (excluding parking lot square footage) that have achieved certification under a global or locally recognised third-party environmental building certification system as meeting their performance criteria (LEED, BREEAM, NABERS, GreenMark, HQE, and Effinergie+).

Strategic Report for the year ended 31 December 2023 (Continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

UK Annual Energy & Carbon (continued)

The Company has evaluated and implemented several energy efficiency measures across its real estate portfolio. Examples of measures implemented during reporting year 2023 are listed in Table 4:

Table 4: Energy efficiency projects

Location	Project name	Estimated Savings (kWh)	Estimated Savings (tonnes CO2, location based)	Estimated Savings p.a. (£)	Cost (£)	Status	Payback (years)
1 John Street	EkkoSense IT Room Monitoring	60,000	12.4	£15,556	£38,340	Implemented in 2023	2.5
	Meeting Room Ventilation	5,200	1.1	£1,348	£132,993		98.7
	Connected Fridges	2,100	0.4	£544	£34,136		62.8
	Essential Kitchen Equipment Replacement L6 & Ground x16 units	960	0.2	£249	£260,044		1044.4
	Decarbonisation Audit	—	—	—	£41,598		N/A
	Performance Enhancements to Calorifiers	3,504	1.0	£88	£21,977		249.7
	Hot Water Calorifiers	31,536	6.0	£793	£210,758		265.8
36 Mighell	Replacement of Pumps & Inverters	16,700	3.5	£4,328	£179,899		41.6
Belgrave House	Fluorescent Lighting to LED Lighting Upgrade	119,320	24.7	£47,728	£965,580	Implementation ongoing in 2023	20.2
	Occupancy Control to Lighting System Upgrades	29,830	6.2	£11,932	£235,768		19.8
	Kitchen Appliance Upgrades	7,458	1.5	£2,983	£282,163		94.6
	Building Management System (BMS) Upgrade	27,994	3.3	£4,909	£1,506,967		307
	Comms Room CRAC Unit Upgrades	7,458	1.5	£2,983	£193,527		64.9
1 John Street	LED Lighting Installation throughout	881,887	182.6	£228,569	£1,786,706		7.8
	Restack & Refurb	52,276	10.8	£13,549	£4,017,727		296.5
36 Mighell	LED Lighting Installation	115,024	23.8	£29,812	£187,693		6.3
Sussex House	Car Park Lighting Replacement	5,850	1.0	£1,516	£60,859		40.1

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is 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 shareholders as a whole and, in doing so, have regard (amongst other matters) to:

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

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company. Furthermore, it is important that they understand both the short and long-term consequences of these decisions.

The following paragraphs summarise how the Directors fulfil their duties:

1. Risk management

The Company provides services to its customers in a highly regulated environment. As the Company grows, its business and risk environment become more complex. It is therefore vital that the Board effectively identify, evaluate, manage and mitigate the risks faced by the Company, and that their approach to risk management is continually evolving. For details of the Company's principal risks and uncertainties, and how the Board and wider governance structure manages the Company's risk environment, please refer to the Governance and Financial Risk Management sections of the Directors' and Strategic Reports respectively.

The Company has a robust internal control framework with clear roles and responsibilities for escalation and remediation of risks. The framework consists of governance, risk assessment, issue management, and reporting and monitoring by which the Company identifies, assesses, measures, monitors and controls risks facing the business. The Company has the "three lines of defense" approach to risk management. Independence is maintained from First Line (the business) - functions directly initiating revenue, expense management, or risk decision activities; Second Line (compliance function) - independent functions overseeing risk in the First Line; and Third Line (internal audit) - independent group providing assurance that the First and Second Lines are operating effectively.

During the year, this framework and risk management approach was utilised by the Board in identifying those risks and issues which were relevant to the Company. The Board focused on several key areas including the new TCFD-aligned climate-related financial disclosures, the creation of appropriate climate related governance structures in the UK and attendance at climate-related training as well as FCA Consumer Duty, AML regulation and other regulatory reporting. The Board continued to closely monitor the risks to the Company's employees, merchants and business partners.

Strategic Report for the year ended 31 December 2023 (Continued)

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

2. Our People

The Company is committed to being a responsible business. The Board's behaviour on behalf of the Company is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of what the Company does. For the Company's business to succeed, the Directors are ultimately responsible for managing colleague performance and development, bringing through talent whilst ensuring that the Company operates as efficiently as possible. The Board must also ensure that all colleagues share common values that inform and guide their behaviour, so they achieve their goals in the right way.

During the year, the Board received regular updates from the Global Real Estate team in respect of the UK building footprint. In particular the use of WeWork premises during the refurbishment of Belgrave House, the decision on whether to keep the Company's premises in Burgess Hill open, and discussions more generally around building usage in the UK.

The Board continues to work alongside the Colleague Experience Group to attract and retain talent by allowing all workers to apply for virtual working, or take advantage of the Amex Flex working model, splitting time between home and the office, with the expectation that all colleagues adopting the hybrid model work from the office for three days a week effective from January 2024. The Board has also considered the potential impacts of employee turnover on the Company and continues to update the succession planning for key roles.

For further details on our people, please refer to the Employee Engagement Statement in the Directors' Report.

3. Business relationships

The Company's strategy, implemented by the Directors, prioritises organic growth, by continually enhancing the Company's customer value propositions, its brand and developing and maintaining strong client relationships. The Company values all of its suppliers and partners and has multi-year contracts with many of them.

The Directors believe that delivering products and services in a fair and transparent manner is critical to providing best-in-class customer service. As part of its fundamental commitment, the Company is dedicated to engaging in customer practices that embody transparency, truthfulness, fairness, and a culture of non-discrimination.

The Company manages and mitigates customer practices risk through dedicated resources and ongoing monitoring, testing, and oversight. This also applies to third-party vendors and their subcontractors, also known as fourth-party vendors.

For further details on business relationships and the actions the Board took during 2023 in respect of business relationships, please refer to the Stakeholder Engagement Statement within the Directors' Report.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006 (Continued)

4. Community and environment

The Company's approach is to use its position of strength to create positive change for the people and communities with which it interacts. The Board, on behalf of the Company, wants to leverage the expertise of its people and enable colleagues to support local communities.

The Climate-related financial disclosures included in this Strategic Report include information about the environmental and sustainability activities undertaken by the Company.

The Board considers the impacts of all its decisions on the community and the environment. During the year, the Board received briefings on the global Environmental, Social and Governance strategy and discussed how that strategy could be applied to the Company. The Board have also received updates on the requirement for TCFD - aligned Climate-Related Financial Disclosures disclosure and 'Streamlined Energy and Carbon Reporting' sections included earlier in this Strategic Report.

5. Shareholders

The Company is a wholly owned subsidiary within the American Express group, whose ultimate parent is listed on the New York Stock Exchange. The Board of American Express Company is committed to openly engaging with its shareholders, as it recognises the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to American Express that shareholders understand its strategy and objectives, so these must be explained clearly and any issues or questions raised be properly considered. The Company Board ensures that it applies consistent shareholder priorities. To this end, the Board regularly reviews its business strategy to ensure the steps being taken in this regard align with the American Express shareholder priorities and that said strategies maximise shareholder return.

The Company's immediate parent, American Express International Inc. ("AEII"), is represented on the Board by the Company's Chief Financial Officer who is also a Director of AEII.

OUTLOOK, PRINCIPAL RISKS AND UNCERTAINTIES

In line with Group strategy, the Company is focused on maintaining growth in an uncertain economic, political and regulatory environment whilst managing costs and upholding service quality.

AEPSL's market positioning and broad range of premium value services will enable it to continue to drive its strategy in the short term and be well placed to develop even stronger merchant relationships and take advantage of growth opportunities into the future.

The average merchant discount rate charged by the Company continues to be indirectly impacted by regulatory pressures affecting competitor pricing, with further erosion in the average discount rate expected as merchant acceptance is increased.

The entrepreneurial and strategic service fee revenue includes some variability linked to the performance of AEPE's merchant acquiring business. The future underlying performance of its subsidiary AEPE will therefore continue to impact on the future profitability of the Company.

Strategic Report for the year ended 31 December 2023 (Continued)

OUTLOOK, PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

The Company offers a broad range of services to merchants who supply consumers, small businesses and commercial clients and thus is dependent upon the level of consumer and business activity. Factors such as consumer spending and confidence, inflation, interest rates, energy costs, household income, unemployment rates and geopolitical instability all affect the economic environment and, ultimately, the Company's profitability. Despite the challenges in the macro-economic environment, consumer confidence remains stable in 2024 and the Company continues to see strong growth in volumes. The Company continues to closely monitor the impacts of inflation and interest rates on the behaviour of its merchants and the associated implications for credit risk.

After making enquiries and giving consideration to the Group's intention to provide ongoing support to the Company, as well as the integral nature of the Company's operations to the broader Group, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Strategic Report was reviewed by the Board of Directors on 3 July 2024 and approved on the date specified below on its behalf by:

DocuSigned by: Daniel Edelman 7F319C78BBA9498...	DocuSigned by: David Bailey EBCDF257355E4BD...
D Edelman Chairman	D Bailey Chief Financial Officer

Date: 3 July 2024

INCOME STATEMENT
For the year ended 31 December 2023

	Note(s)	2023 £'000	2022 £'000
TURNOVER	3	**1,087,075**	1,008,061
Cost of sales		**(932,628)**	(794,004)
GROSS PROFIT		**154,447**	214,057
Administrative expenses	4,8	**(129,460)**	(138,296)
OPERATING PROFIT		**24,987**	75,761
Interest receivable and similar income	6	**49,464**	12,046
Interest payable and similar expenses	7	**(4)**	(1)
PROFIT BEFORE TAXATION	8	**74,447**	87,806
Tax on profit	9	**(16,977)**	(16,322)
PROFIT FOR THE FINANCIAL YEAR		**57,470**	71,484

The Notes on pages 48 to 74 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023 £'000	2022 £'000
Profit for the financial year	**57,470**	71,484
Total comprehensive profit for the year	**57,470**	71,484

The Notes on pages 48 to 74 form an integral part of the financial statements.

BALANCE SHEET

As at 31 December 2023

Registered number: 06301718

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Investments	10	**53,526**	53,526
		53,526	53,526
CURRENT ASSETS			
Debtors	13	**1,310,475**	1,111,478
Cash at bank and in hand	14	**3,550**	2,269
		1,314,025	1,113,747
TOTAL ASSETS		**1,367,551**	1,167,273
CREDITORS: Amounts falling due within one year	15	**(1,094,521)**	(951,763)
NET CURRENT ASSETS		**219,504**	161,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**273,030**	215,510
PROVISIONS FOR LIABILITIES	16	**(143)**	(286)
NET ASSETS		**272,887**	215,224
CAPITAL AND RESERVES			
Called up share capital	17	**13,150**	13,150
Share-based payment reserve		**2,090**	1,897
Translation reserve		**7,795**	7,795
Retained earnings		**249,852**	192,382
TOTAL SHAREHOLDERS' FUNDS		**272,887**	215,224

The Notes on pages 48 to 74 form an integral part of the financial statements.

The financial statements on pages 44 to 74 were approved by the Board of Directors on 3 July 2024 and signed on its behalf by:

DocuSigned by:
Daniel Edelman
7F319C78BBA9498...
D Edelman
Chairman

DocuSigned by:
David Bailey
EBCDF257355E4BD...
D Bailey
Chief Financial Officer

July 3, 2024

American Express Payment Services Limited

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
Registered number: 06301718

	Called up share capital £000	Share-based payment reserve £000	Translation reserve £000	Retained earnings £000	Total Shareholders' Funds £000
At 1 January 2023	13,150	1,897	7,795	192,382	215,224
Profit for the financial year	—	—	—	57,470	57,470
Total comprehensive income for the year	—	—	—	57,470	57,470
Current and deferred tax movements in equity (Note 9)	—	170	—	—	170
Share based payments charge	—	1,636	—	—	1,636
Recharge paid to parent for share based payments	—	(1,613)	—	—	(1,613)
At 31 December 2023	**13,150**	**2,090**	**7,795**	**249,852**	**272,887**

	Called up share capital £000	Share-based payment reserve £000	Translation reserve £000	Retained earnings £000	Total Shareholders' Funds £000
At 1 January 2022	13,150	1,945	7,795	120,898	143,788
Profit for the financial year	—	—	—	71,484	71,484
Total comprehensive income for the year	—	—	—	71,484	71,484
Current and deferred tax movements in equity (Note 9)	—	(25)	—	—	(25)
Share based payments charge	—	1,483	—	—	1,483
Recharge paid to parent for share based payments	—	(1,506)	—	—	(1,506)
At 31 December 2022	**13,150**	**1,897**	**7,795**	**192,382**	**215,224**

The Notes on pages 48 to 74 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of American Express Payment Services Limited (the "Company" or "AEPSL") for the year ended 31 December 2023 were reviewed by the Board of Directors on 3 July 2024 and approved on the Board's behalf by D Edelman and D Bailey.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company is able to take advantage of certain disclosure exemptions available under FRS 101 as it is a wholly owned subsidiary of American Express Company.

The Company has taken advantage of the exemptions under s401 of the Companies Act 2006 not to prepare consolidated financial statements as it is a wholly owned subsidiary of American Express International Inc. ("AEII") incorporated in the United States of America, a larger group entity incorporated outside of the European Economic Area.

The Company is a private company limited by shares, registered in England and Wales and domiciled in the United Kingdom. The Company's immediate parent is American Express International Inc., incorporated in the United States of America, which is the parent undertaking of the smallest group in which the Company's results are consolidated. The ultimate parent and controlling entity is American Express Company, incorporated in the United States of America, which is the parent undertaking of the largest group in which the Company's results are consolidated. Copies of the American Express International Inc. and American Express Company financial statements can be obtained from American Express Company, American Express Tower, World Financial Center, New York, NY 10285, USA.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies which have been consistently applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation

The financial statements are prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101. The financial statements are prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain financial instruments and derivatives to fair value through profit and loss. The Board remain satisfied with the appropriateness of preparing the financial statements on a going concern basis, considering the Group's intention to provide ongoing support to the Company as well as the integral nature of the Company's operations to the broader group. The functional currency is pounds sterling (£) and the financial statements are presented in pounds sterling with values rounded to the nearest thousand (£'000) unless otherwise stated.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.19.

The Company has taken advantage of the following disclosure exemptions allowed under FRS101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1. Basis of preparation (Continued)

- the requirements of IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of:

(i) paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
(ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
(iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);

- the requirements of the following paragraphs of IAS 1 'Presentation of Financial Statements':
  - 10(d) *statement of cash flows;*
  - 10(f) *balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements;*
  - 16 *statement of compliance with all IFRS;*
  - 38(a) *requirement for minimum of two primary statements, including cash flow statements;*
  - 38(b)-(d) and 40 (a) *additional comparative information*;
  - 111 *cash flow statement information; and*
  - *134-136 capital management disclosures.*
- the requirements of IAS 7 'Statement of Cash Flows' to prepare a statement of cash flows;
- the requirements of IAS 8 'Accounting Policies Changes in Accounting Estimates and Errors' paragraphs 30 and 31, concerning new IFRS that have been issued but are not yet effective;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';
- the requirements of IAS 24 'Related Party Disclosures' paragraphs 17 and 18 to disclose the compensation of key management personnel; and
- the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

(a) Standards and Interpretations effective in 2023

The entity has adopted the following standards and amendments to standards with an initial date of application of 1 January 2023.

- **Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies**

  The amendment requires entities to disclose their material, rather than their significant, accounting policies whilst defining what is 'material accounting policy information' and explains how to identify when accounting policy information is material. It further clarifies that immaterial accounting policy information does not need to be disclosed but if it is, it should not obscure material accounting information. The amendment has not significantly affected the Company's financial statements.

- **Amendments to IAS 8 – Definition of Accounting Estimates**

  The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates by enhancing the definition of an accounting estimate. The amendment has not significantly affect the Company's financial statements nor its consideration of what is considered a change in accounting estimate versus an accounting policy change.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1. Basis of preparation (Continued)

(a) Standards and Interpretations effective in 2023 (Continued)

- **Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single transaction**
  IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. The amendments add in the requirement to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. There were no material impacts to the Company's financial statements as a result of this update.

(b) Standards and amendments early adopted by the Company

No new or amended standards and interpretations were adopted early by the Company.

2.2. Foreign currency translation

(a) Functional and presentational currency
The Company records financial transactions in a variety of currencies across its operating units. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the Company are presented in 'Pounds Sterling' (£), which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated into the functional currency based on exchange rates prevailing at the end of the year; non-monetary assets and liabilities are translated at the historic exchange rate at the date of the transaction. The resulting exchange gains and losses are borne by a related Group entity.

Translation differences on financial instruments measured at fair value through profit or loss are reported as part of the fair value gain or loss in the Income Statement.

(c) Foreign Branches
The assets and liabilities of foreign branches that have a different functional currency are translated into pounds sterling (£) as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rate; and
- resulting exchange differences are recognised in other comprehensive income.

2.3. Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever market or economic events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (i.e. the higher of an asset's fair value less costs to sell and its value-in-use). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the Income Statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.5. Financial assets

The Company classifies its financial assets at fair value through profit or loss (FVTPL) and at amortised cost. The Company did not hold any financial assets classified at fair value through other comprehensive income (FVTOCI) during the reporting period.

The classification is determined on the basis of both: (1) the Company's business model for managing the financial assets and (2) the contractual cash flow characteristics of the financial asset. For an asset to be measured at amortised cost, the contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The Company classifies loans to affiliates, amounts owed to group undertakings, trade debtors and cash at amortised cost and derivative assets at FVTPL.

Interest is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

Management determines the classification of financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is generally irrevocable.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrower.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5. Financial assets (Continued)

(a) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments (that would otherwise be measured at fair value through profit or loss) to present subsequent changes in fair value in other comprehensive income. The Company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if in doing so either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial assets or liabilities or recognising the gains and losses on them on different bases; or

(ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

Financial assets cannot be transferred into or out of this category after inception except under very specific circumstances, whereby they are recognised initially at fair value, with transaction costs taken directly to the Income Statement. Financial assets at fair value through profit and loss are subsequently measured at fair value.

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses valuation techniques to arrive at the fair value. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. Commonly used techniques include the use of prices obtained in recent arms-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them to support the conclusion that such valuations meet the requirements of FRS 101, including the level in the fair value hierarchy in which such valuations should be classified. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Profits or losses are only recognised on initial recognition when such profits can be measured solely by reference to observable current market transactions or valuation techniques based solely on observable market inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of the instruments. The fair value of other financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5. Financial assets (Continued)

(a) Financial assets at fair value through profit or loss (continued)

Assets in this category are classified as current assets if they are expected to be realised within 12 months after the balance sheet date. If the Company's management intends to realise the assets 12 months or more after the balance sheet date, they are classified as non-current

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are borne by a related group entity.

(b) Financial assets at amortised cost

Financial assets at amortised cost are financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Financial assets at amortised cost as disclosed in the balance sheet include the following categories:

(i) Loans due from group undertakings

Loans due from Group Undertakings represents unsecured loans extended by the Company to other group companies. Interest is computed on actual daily principal outstanding during the preceding monthly period and is paid either monthly or annually. Expected credit losses are not material given the nature of the lending and the strong credit position of the Group.

(ii) Amounts owed by group undertakings

Amounts owed by group undertakings represent amounts recoverable for services within the American Express Group. Expected credit losses are not material given the typically short-term nature of these balances and the strong credit position of the Group.

(iii) Trade debtors

Trade debtors relate to regular trade receivables due to the Company in the normal course of business. Trade debtor balances are presented on the balance sheet net of reserves for expected credit losses.

2.6. Impairment of financial assets

The Company assesses financial assets, other than those at fair value through profit or loss, for credit losses at each Balance Sheet date, and measures loss allowance for expected credit losses. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company will measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The Company will measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.6. Impairment of financial assets (Continued)

(a) Trade debtors
Given the short-term nature of trade and other debtors the loss allowance is determined by the lifetime expected credit losses. Forward looking information that indicates the debtor will experience financial difficulties, enter bankruptcy or financial reorganisation, default or become delinquent is incorporated in the determination of the loss allowance.

(b) Loans due from and amount owed by Group undertakings

Loans due from Group undertakings represent amounts due from other Group companies and as such are not subject to any material impairment losses given the nature of the lending and the strong credit position of the Group.

2.7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. A transferred asset and the associated liability are not offset where a transfer of a financial asset does not qualify for derecognition.

2.8. Derecognition of financial instruments, including receivables

Financial instruments are derecognised when the rights to receive cash flows have expired or a transfer of the financial instruments has taken place where the Company has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

Transfers of financial assets that do not meet derecognition criteria are accounted for as secured borrowings in the Balance Sheet. Financial liabilities are derecognised when they are extinguished.

2.9. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of the Company's derivative financial instruments is determined using either market quotes or valuation models that are based upon the net present value of estimated future cash flows and incorporate current market data inputs. The Company reports its derivative assets and liabilities on a net by counterparty basis where management has the legal right of offset under enforceable netting arrangements and intends to settle on a net basis or to realise the asset and settle the liability simultaneously. Fair value is determined in the manner described in Note 11.

Derivatives not designated as hedges

The Company has derivatives that act as economic hedges but are not designated as such for hedge accounting purposes. Foreign currency transactions from time to time may be partially or fully economically hedged through foreign currency contracts, primarily foreign exchange forwards. These hedges generally mature within one year. Foreign currency contracts involve the purchase and sale of designated currencies at an agreed upon rate for settlement on a specified date.

The changes in the fair value of derivatives that are not designated as hedges are intended to offset the related foreign exchange gains or losses of the underlying foreign currency exposures. The changes in fair value for derivatives that are not designated as hedges are borne by a related Group entity.

The foreign exchange gains/losses on hedging instruments in relation to non-consolidated subsidiaries are recognised in the income statement.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.10. Cash at bank and in hand

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. Bank overdrafts are shown as bank loans and overdrafts within creditors falling due within one year on the Balance Sheet.

All cash and bank balances and money market instruments are carried at the principal amount. Interest is recognised using the effective interest method.

2.11. Financial liabilities

(a) Financial liabilities at fair value through profit or loss

Financial instruments are classified in this category if they are derivatives, held for trading, or if they are designated by management under the fair value option.

Financial liabilities at fair value through profit or loss are initially measured at fair value, with transaction costs taken directly to the Income Statement, and subsequently stated at fair value, with any resultant gain or loss recognised in the Income Statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

(b) Other financial liabilities

Other financial liabilities are initially measured at fair value, generally their cash equivalents, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised in the income statement on an effective yield basis. Other financial liabilities are classified bank loans and overdrafts, amounts owed to group undertakings, trade creditors, other creditors and accruals in the balance sheet.

2.12. Borrowings

Borrowings are recognised initially at fair value, generally their cash equivalents, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the Balance Sheet date are presented as current borrowings even if the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the Balance Sheet date and before the financial statements are authorised for issue.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are recognised as an expense in the income statement using the effective interest method in the period in which they are incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.13. Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset where the deferred tax balances relate to the same taxation authority, and a legally enforceable right to offset exists. Current tax assets and tax liabilities are offset (where a legally enforceable right exists) where the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax charges and credits are recognised in the Income Statement, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the tax charge is also recognised in other comprehensive income or directly in equity.

2.14. Employee benefits

(a) Wages and salaries, annual leave and sick leave and bonuses

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date as a result of restructuring or whenever an employee accepts voluntary redundancy in exchange for termination benefits. The Company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal. Benefits falling due more than 12 months after Balance Sheet date are discounted to present value.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.14. Employee benefits (Continued)

(c) Pension obligations

American Express Company provides pension arrangements for employees through defined benefit plans and defined contribution schemes in the UK and Germany.

The participating employers of the UK plan share the associated risks of the plan under common control, with no stated policy of sharing net defined benefit cost or for determining the contributions to be paid by each sponsoring employer. None of the participating legal entities have been assessed as being sponsoring employers of these plans.

As a result, the American Express UK legal entities account for the plans as if they were a defined contribution arrangement, with additional disclosure notes for the material plans (UK and Germany), compliant with IAS 19. Contributions are charged to the Income Statement in the period in which they are paid. Payments to the Company's defined contribution stakeholder pension schemes are recognised as an expense as they fall due.

(d) Share based compensation plans

The Company issues equity-settled share-based awards as compensation for services rendered by certain employees. All awards are measured as equity-settled awards. The cost of these awards are generally recognised ratably based on the grant-date fair value of the awards, net of expected forfeitures, over the vesting period. Generally, the vesting period is the time from the date the award is granted to the earlier of the vesting date defined in each award agreement or the date the colleague will become eligible to retire. Retirement eligibility is dependent upon age and/ or years of service.

The fair value of options granted is determined using the Black-Scholes-Merton option pricing model. restricted stock awards or units (collectively referred to as "RSUs") that do not include the Relative Total Shareholder Return (R-TSR) modifier are valued using American Express Company's stock price on the date of grant. The performance-based Restricted Stock awards or units that include the R-TSR modifier are valued using a Monte Carlo valuation model.

The R-TSR modifier is a specific performance condition that defines total shareholder return as the stock price appreciation over the performance period in comparison to American Express' peers and is a determining factor in the final shares issued to an employee. As options and awards on American Express Company shares are granted by the ultimate parent company to the employees of the Company, those awards are accounted for in equity. The Company has an obligation to repay the ultimate parent company for the share-based payments, and that repayment is offset against equity to the extent that it has been paid or is payable to the ultimate parent company.

2.15. Provisions and contingent liabilities

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised on future operating losses. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

Provisions are measured at the present value of the expected required expenditures to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15. Provisions and contingent liabilities (Continued)

Contingent liabilities are disclosed when there is a present obligation that arises from past events but are not recognised because the amount of the obligations cannot be measured reliably, or where there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.16. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17. Revenue recognition

Revenue comprises income arising in the course of the Company's ordinary activities, net of value added and other taxes, rebates and discounts. The Company recognises revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised as follows:

- Discount Revenue: Discount revenue represents the amount the Company earns from the merchant for facilitating transactions between card members and the merchant. The amount of fees charged, or merchant discount, varies with, among other factors, the industry in which the merchant conducts business, the merchant's overall transaction volume, the timing and method of payment to the merchant, the method of submission of transactions and, in certain instances, the geographic scope of the card acceptance agreement signed with American Express (e.g., local or global) and the transaction amount. Discount Revenue is generally recorded at the time the card member transaction occurs.

  Card acceptance agreements, which outline the agreed-upon terms for charging the merchant discount fee, vary in duration. Contracts with small and mid-sized merchants generally have no fixed contractual duration, while those with large merchants are generally for fixed periods, which typically range from three to seven years in duration. Fixed period agreements may include auto-renewal features, which may allow the existing terms to continue beyond the stated expiration date until a new agreement is reached.

  The Company satisfies its obligations under these agreements over the contract term, often on a daily basis, through the processing of card member transactions and the availability of the payment network. When a cardmember returns goods, it will generate a credit transaction with the merchant, but the merchant discount amount is generally retained by the Company.

- Other Merchant Services: The Company earns other revenue from merchants for services which include marketing and administration. Revenue in respect of these services is recognised by the Company in the period in which the services were performed.

- Entrepreneurial and Strategic Services: The Company provides entrepreneurial and strategic support to grow and develop the American Express merchant business in Europe, which is calculated using a combination of inputs including subsidiary targeted arm's length profit margins. This variable consideration is recognised as revenue throughout the year to the extent reversal is considered highly unlikely and is aligned to actual results at the end of the reporting period.

- Other Services to Group Companies: The Company earns revenue when it performs a service on behalf of another related Group entity. The Company charges the related Group entity on an arm's length basis, with revenue being recognised in the period in which the service is provided.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.18. Interest receivable and interest payable

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Interest expense includes interest incurred on the Company's long term and short-term borrowings which are required to fund general purposes and liquidity needs.

2.19. Critical accounting estimates, assumptions, and judgements

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

(a) Critical accounting estimates

There are a number of estimates made in the preparation of the financial statements. However, these are not considered critical accounting estimates based on the IAS 1 definition.

(b) Critical judgements in applying accounting policies

The preparation of the financial statements involves a number of judgments. The items with a higher degree of judgment or complexity are:

Defined benefit pension scheme

Certain employees participate in defined benefit pension schemes with several participating employers sharing the risks between entities under common control. The plans do not have a stated policy for sharing net defined benefit cost or for determining the contributions to be paid by each participating legal entity for these schemes. None of the participating legal entities have been assessed as being sponsoring employers of the plans. In the judgment of the directors, the Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore, the scheme is accounted for as a defined contribution scheme, see Note 19 for further details.

3. TURNOVER

	2023 £'000	2022 £'000
Merchant discount revenue, net of merchant rebates	**1,019,248**	868,717
Other merchant services	**27,497**	26,350
Entrepreneurial and strategic services	**33,220**	108,090
Other services to American Express Group companies	**7,110**	4,904
	1,087,075	1,008,061

All turnover for the financial year originated within the UK.

4. STAFF COSTS

	2023 £'000	2022 £'000
Wages and salaries	**38,207**	38,393
Social security costs	**5,097**	6,112
Other pension costs	**4,845**	4,684
Stock compensation expense (Share based payment charge)	**1,636**	1,483
	49,785	50,672

Included within Staff Costs is an amount of £0.7m (2022: £0.4m) related to restructuring expense.

The monthly average number of staff employed by the Company during the year was as follows:

	2023 Number	2022 Number
Sales and marketing	**290**	297
Customer servicing	**211**	247
Other support groups	**37**	37
	538	581

Equity-settled share-based payments

Equity-settled share-based payments under the 2016 Compensation Plan (as amended and restated effective May 5, 2020) and previously under the 2007 Incentive Compensation Plan (the “Plans”) offered by the ultimate parent holding company, American Express Company, may be granted to employees and other key individuals who perform services for the Company. These awards may be in the form of stock options, or in the form of restricted stock units and awards (collectively referred to as “RSU's”), or other incentives and other similar awards.

4. STAFF COSTS (Continued)

Details of the stock plans are set out below:

(a) Stock Options

Each stock option has an exercise price equal to the market price of American Express Company's common stock on the grant date. Stock options generally vest on the third anniversary, and have a contractual term of 10 years from the date of grant.

Stock options outstanding at 31 December 2023 were Nil (2022: Nil). No stock options were exercised during 2023 (2022: Nil).

(b) Restricted Stock Units or Awards (RSUs)

An RSU is a grant of American Express Company’s common stock, which contains either (a) service conditions or (b) both service and performance conditions. Once vested, the employees receive common shares of American Express Company.

RSUs containing only service conditions generally vest ratably over three years, or four years for awards granted prior to 2022, beginning with the first anniversary of the grant date. RSUs containing both service and performance conditions generally vest on the third anniversary of the grant date and the number of shares that an employee receives from performance based RSUs generally ranges from zero to 120% of target depending on the achievement of predetermined American Express Company's performance metrics. RSU holders receive dividend equivalents or dividends.

Performance-based RSUs include a relative total shareholder return (R-TSR) modifier so that our actual shareholder return relative to a comparable peer group is one of the performance conditions that determines the number of shares ultimately issued upon vesting.

The fair value of RSUs that do not include the R-TSR modifier, including those that contain only service conditions, is measured using American Express Company's stock price on the date of grant. The fair value of the performance-based RSUs that include the R-TSR modifier is determined using a Monte Carlo valuation model using assumptions based on the historical volatility of our common stock price, the historical correlations of our common stock price that of each of the companies in the performance peer group and the risk-free interest rate, each for a period equal to the estimated remaining performance period. As of 31 December 2023, the total outstanding RSUs are expected to vest over a weighted average period of 0.91 years (2022: 0.93 years).

As at 31 December 2023, there were 26,102 (2022: 27,957) RSUs outstanding. During 2023, 12,219 (2022: 14,955) RSUs vested with a weighted average grant price of USD 134.08 each (2022: USD 99.97 each).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

5. DIRECTORS' REMUNERATION

	2023 £'000	2022 £'000
Emoluments	**1,632**	1,588
Amounts receivable under long term incentive schemes	**524**	470
Pension costs	**152**	59
	2,308	2,117

The number of Directors to whom retirement benefits were accruing in respect of qualifying services during the year ended 31 December were as follows:

	2023 Number	2022 Number
Money purchase schemes	**8**	8

During the year ended 31 December 2023 eight (2022: eight) Directors exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of RSAs vesting in the year.

The following remuneration was earned by the highest paid Director:

	2023 £'000	2022 £'000
Emoluments including amounts receivable under long term incentive schemes	**667**	691
Pension Costs	**6**	3
	673	694

In addition, the highest paid Director also exercised share options in American Express Company, the ultimate parent company, and/or received common stock in American Express Company as a result of RSAs vesting in the year.

Two Directors (2022: two) who served during the year are employed by and received their remuneration from another American Express group company; services provided by employees of one American Express group company to another fall under the enterprise-wide Transfer Pricing Policy and are recharged appropriately.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£'000	£'000
Group undertakings	**49,464**	12,046
	49,464	12,046

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£'000	£'000
Other interest payable	**4**	1
	4	1

8. PROFIT BEFORE TAXATION

	2023	2022
	£'000	£'000
Profit before taxation is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**326**	285
Marketing, business development & professional services	**39,081**	45,809
Operating lease rentals	**—**	7

Administrative expenses include staff costs, marketing, business development & professional service costs and other administrative expenses

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

9. TAX ON PROFIT

The differences between the taxation reflected in the financial statements and the amounts calculated at the statutory rate of 23.5% (2022: 19%) are as follows:

	2023	2022
	£'000	£'000
Profit before taxation	**74,447**	87,806
Tax calculated at a tax rate of 23.52% (2022: 19%)	**17,510**	16,683
Adjusted for the effects of:		
Non-deductible expenses/(non-taxable income)	**(488)**	484
Prior year adjustments	**(40)**	971
Rate change impact	**(45)**	(99)
Permanent difference in respect of share-based payments	**40**	(18)
Movement on losses unrecognised previously	**—**	(2,307)
Effect of overseas tax	**—**	608
Total Tax expense	**16,977**	**16,322**

	2023	2022
	£'000	£'000
<u>**Current income tax**</u>		
UK Tax		
Current income tax	**17,485**	14,950
Prior Year Adjustments	**(40)**	(3,109)
	17,445	11,841
Overseas tax		
Current income tax	**—**	608
Total Current Tax	**17,445**	12,449
Deferred Tax		
Origination and reversal of temporary differences	**(422)**	(108)
Prior year adjustments	**—**	4,080
Impact of change in tax rate	**(46)**	(99)
Total Deferred Tax	**(468)**	3,873
Income Tax expense	**16,977**	16,322

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

9. TAX ON PROFIT (Continued)

Taxation on items not (credited) / charged to the income statement

	2023	2022
	£'000	£'000
Current Tax credit		
Tax deduction on share options / awards in excess of expense recognised	**(93)**	(156)
Adjustment for prior years	**(24)**	5
Deferred Tax credit		
Tax deduction on share options / awards in excess of expense recognised	**(47)**	170
Impact of change in tax rate	**(6)**	6
Total	**(170)**	25

Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon:

	Fixed Assets	**Provisions**	**Share Payments**	**Tax Losses**	**Total**
	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	3,992	54	803	—	4,849
(Debit) / Credit to Income Statement	380	14	28	—	422
Credit to Equity	—	—	47	—	47
Prior year adjustments- Income Statement	—	—	—	—	—
Prior year adjustments- Equity	—	—	—	—	—
Tax rate change to Income Statement	24	1	21	—	46
Tax rate change to Equity	—	—	6	—	6
At 31 December 2023	**4,396**	**69**	**905**	**—**	**5,370**

	Fixed Assets	**Provisions**	**Share Payments**	**Tax Losses**	**Total**
	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	3,863	95	860	4,080	8,898
(Debit) / Credit to Income Statement	98	(31)	41	—	108
Credit to Equity	—	—	(170)	—	(170)
Prior year adjustments- Income Statement	—	—	—	(4,080)	(4,080)
Prior year adjustments- Equity	—	—	—	—	—
Tax rate change to Income Statement	31	(10)	78	—	99
Tax rate change to Equity	—	—	(6)	—	(6)
At 31 December 2022	**3,992**	**54**	**803**	**—**	**4,849**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

9. TAX ON PROFIT (Continued)

Factors affecting the tax charge for the year:

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% (enacted on 10th June 2021) from 19% from 1 April 2023. As this rate was substantively enacted at the year end, deferred tax has been calculated at the rate of 25% on all the temporary differences.

There is no unrecognised deferred tax for the year ended 31 December 2023 and 2022.

10. INVESTMENTS

	2023	2022
	£'000	£'000
Investment in subsidiaries		
Cost:		
At 1 January and 31 December	**53,526**	53,526

Undertaking	**Percentage of shares held**	**Description of shares held**	**Principal Activity**	**Registered Office Address**
American Express Payments Europe S.L.	100%	Ordinary €10	Merchant Acquirer	Avenida del Partenon, 12-14, Campo de la Naciones, Madrid, 28042

American Express Payments Europe S.L. ("AEPE") is a company limited under Spanish Law which operates as a Merchant Acquirer.

The percentage of shares held reflects the position at both 31 December 2023 and 31 December 2022.

11. FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

The table below presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2023 and 2022, by valuation method. The different levels have been defined as follows:

- Level 1 – inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets (such as publicly traded derivatives, and equity securities).
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) for example over-the-counter derivatives.
- Level 3 – inputs that are unobservable and reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances (e.g. internally derived assumptions surrounding the timing and amount of expected cash flows).

For the years ended December 31, 2023 and 2022, there were no Level 3 transfers.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

11. FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE (Continued)

At 31 December 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets				
Derivative financial assets				
- Forward foreign exchange contracts	—	224	—	224
Total assets	**—**	**224**	**—**	**224**
Liabilities				
Derivative financial liabilities				
- Forward foreign exchange contracts	—	495	—	495
Total liabilities	**—**	**495**	**—**	**495**

At 31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets				
Derivative financial assets				
- Forward foreign exchange contracts	—	1,379	—	1,379
Total assets	**—**	**1,379**	**—**	**1,379**
Liabilities				
Derivative financial liabilities				
- Forward foreign exchange contracts	—	8,297	—	8,297
Total liabilities	**—**	**8,297**	**—**	**8,297**

The fair value of the Company's derivative instruments is estimated using internal pricing models, where the inputs to those models are readily available from actively quoted markets. The pricing models are consistently applied and reflect the contractual terms of the derivatives. The Company reaffirms its understanding of the valuation techniques at least annually and validates the valuation output on a quarterly basis. The Company's derivative instruments are classified within Level 2 of the fair value hierarchy.

The fair value of foreign exchange forward contracts are determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the forward contracts such as the notional amount, maturity dates and contract rate, as well as relevant foreign currency forward curves, and discount rates consistent with the underlying economic factors of the currency in which the cash flows are denominated.

Credit and debit valuation adjustments are necessary when the market parameters (for example, a benchmark curve) used to value the derivative instruments are not indicative of the credit quality of the Company or its counterparties. The Company considers the counterparty credit risk by applying an observable forecasted default rate to the current exposure.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments

Derivative financial instruments include forward contracts for the purchase and sale of foreign currencies. These instruments allow the Company and its customers to transfer, modify or reduce their foreign exchange, interest rate and credit risks. The following outlines the nature and terms of the most common types of derivatives used:

Forward foreign exchange contracts are agreements to exchange a specified amount of one currency for another on a future date at an agreed rate.

The derivative financial instruments shown in the following tables act as economic hedges but are not designated as such for hedge accounting purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at the balance sheet date are analysed below.

At 31 December: **(£'000)**

Particulars	**2023**			2022		
	Notional Amount	**Fair Value**		Notional Amount	Fair Value	
		Assets	**Liabilities**		Assets	Liabilities
Forward foreign exchange contracts	**142,775**	**135**	**147**	170,987	1,070	6,198
Other derivatives*	**130,893**	**89**	**348**	144,352	309	2,099
Total	**273,668**	**224**	**495**	315,339	1,379	8,297

*Other derivatives represent forward foreign exchange contracts entered into for the purposes of economically hedging the Company's subsidiary foreign currency exposure. For the Company's standalone reporting, no hedge accounting is applied and gains or losses associated with these derivatives have been recognised in the income statement.

The Company only holds derivatives which are short term in nature, maturing within 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Balance Sheet.

13. DEBTORS

	2023	2022
	£'000	£'000
Trade debtors	**49,963**	47,178
Less: reserves	**(4,943)**	(2,852)
Loans due from group undertakings	**1,042,092**	1,053,834
Amounts owed by group undertakings	**217,028**	6,982
Deferred tax asset (refer Note 9)	**5,370**	4,849
Derivative financial instruments (refer Note 12)	**224**	1,379
Prepayments	**741**	108
	1,310,475	1,111,478

The debtors above include the following non-current amounts:

	2023	2022
	£'000	£'000
Deferred tax asset (refer Note 9)	**5,370**	4,849
	5,370	4,849

Reserves on trade debtors are determined based on the methodology outlined in Note 2.6 and are typically fully reserved for after 90 days past due, when the underlying amounts are no longer expected to be recovered. In addition, assessments incorporating past events, current conditions and future economic conditions, are performed on a case by case basis and additional reserves are booked when required. Management have also given consideration to the inclusion of qualitative reserves to cover losses that are expected, but may not be adequately represented in the quantitative methods or economic assumptions. Amounts are generally written off when 360 days past due.

Loans due from group undertakings represents unsecured loans extended by the Company to affiliates on a floating rate. Interest is computed on actual daily principal outstanding during the preceding monthly period on a 365-day basis and is payable at monthly or annual intervals.

Amounts owed by group undertakings are unsecured and repayable on demand. The carrying amount is deemed to approximate the fair value due to the short term nature of balances.

14. CASH AT BANK AND IN HAND

	2023	2022
	£'000	£'000
Cash at bank and in hand	**3,550**	2,269
	3,550	2,269

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

15. CREDITORS: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	**1,056,526**	859,941
Accruals and deferred income	**17,389**	21,870
Derivative financial instruments (Note 12)	**495**	8,297
Amounts owed to group undertakings	—	44,392
Other taxation and social security	**1,150**	1,630
Corporation tax	**17,208**	14,629
Other creditors	**1,753**	1,004
	1,094,521	951,763

In accordance with the Primary Acquiring Operating Agreement, TRSCo will remit to AEPSL the amount due for charges incurred by cards issued on the American Express network, on the day on which AEPSL is due to make payment for those charges to the merchant. Accordingly, sufficient liquidity exists to pay merchants as they fall due.

Included within Creditors is £1,076m (2022: £936m) classified as financial liabilities.

The current portion of trade and other creditors are carried at cost which approximates fair value due to the short-term nature thereof.

Terms and conditions of the above financial instruments are:
(i) Trade creditors are non-interest bearing and predominantly consist of Merchant payables which are normally settled within 30 days, together with vendor payables which are normally settled within 60 days.
(ii) Other creditors are non-interest bearing and are normally settled within 60 days.
(iii) Amounts owed to group undertakings are unsecured and repayable on demand.

16. PROVISIONS FOR LIABILITIES

Restructuring Reserve

	£000
At 1 January 2023	**286**
Increase in Provision	**1,099**
Utilisation	**(849)**
Releases	**(393)**
At 31 December 2023	**143**

Restructuring provision

From time to time, the Company initiates restructuring programmes to become more efficient and effective, and to support new business strategies. These programmes are generally completed within a year of when they are initiated. In connection with these programmes, the Company will typically incur severance and other exit costs. During the year ended 31 December 2023, the Company recognised £0.7m (2022: £0.4m) of restructuring charges.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

17. CALLED UP SHARE CAPITAL

	2023 Number	2022 Number	**2023 £000**	2022 £000
Authorised				
Ordinary shares of £1 each	**100,000,000**	100,000,000	**100,000**	100,000
Issued, called up and fully paid				
Ordinary shares of £1 each	**13,150,000**	13,150,000	**13,150**	13,150
	13,150,000	13,150,000	**13,150**	13,150

18. DIVIDENDS PAID

The Directors do not propose the payment of a dividend during the year ended 31 December 2023 (2022: £nil).

19. PENSIONS

American Express provides retirement benefits through a variety of arrangements comprising defined benefit and defined contribution plans. The material plans ('the Plans') comprise the American Express UK Pension Plan ('the UK Plan') and several pension arrangements in Germany ('the German Plans').

The UK and German Plans and the related costs are assessed in accordance with the advice of qualified independent actuaries. The Plans identified have several participating employers sharing the risks between entities under common control. Both the UK and German Plans do not have a stated policy for sharing net defined benefit cost or for determining the contributions to be paid by each participating legal entity for these schemes. None of the participating legal entities have been assessed as being sponsoring employers of these Plans. As a result, American Express UK legal entities account for these Plans as if they were defined contribution arrangements with additional disclosure notes compliant with the IAS19 requirements for these types of arrangements. The information of these Plans as a whole is presented below.

The UK Plan

The UK Plan is a defined benefit pension plan with a normal retirement age of 65. The UK Plan was offered to employees who joined the Company before 1 July 2006 and has a weighted average duration of around 10 years. The UK Plan was closed to future accrual on 31 July 2013, although the link to future salary increases was retained up to the end of 2016. The benefit payable from the Plan varies depending on whether the member joined before 1996 or after. For those joining before 1996, there is a pension benefit payable from the Plan that increases in line with statutory requirements. For those joining after 1996, there is a lump sum benefit payable at retirement which the employees can use to purchase an annuity or transfer to an approved plan. All employees in the UK are now offered a defined contribution scheme.

The UK Plan operates under trust law and is governed by a Trustee board in accordance with the terms of the Trust Deed and Rules and relevant legislation. The plan's assets are held by the trust.

The contributions paid to the UK Plan are agreed with the Trustees on the basis of an annual valuation carried out by the Scheme Actuary. Principal factors that the Scheme Actuary will have regard to include the covenant offered by the Sponsor, the level of risk in the Plan, the Plan's investment strategy and the Plan's funding level. In compliance with the Pensions Act 2004, the Sponsor and the Trustee agreed a scheme-specific funding target, statement of funding principles, a schedule of contributions and a recovery plan accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

19. PENSIONS (Continued)

The UK Plan (Continued)
The IAS19 liability is most sensitive to changes in discount rate, which depends on market yields on Sterling-denominated AA-rated corporate bonds. In addition to the interest rate risk, the value of liability also depends on the assumptions made about future inflation and life expectation and the risks associated with actual experience in these two areas differing over the long term from the assumptions adopted.

German Plans
There are five defined benefit plans in Germany, of which only one is open to new hires. The normal retirement age is generally 65 and the benefit is generally paid as a lump sum at retirement, although one Plan pays a monthly pension for life. The weighted average duration of the German Plans is around 12 years.

The German Plans are unfunded with the exception of the open Plan, which is a cash balance Plan with assets held in insurance contracts and where there is a guaranteed minimum level of investment return applied to members' cash balance account. For the most part therefore, each participating employer pays and records the cost of benefits as they arise.

As benefits are paid mostly as lump sums, the total liability is not dependent on the level of inflationary increases of pension benefits in payment or the period of time the pension will be paid (life expectancy) and so the Plans are not exposed to inflationary or significant longevity risks. The total liability is dependent on future salary increase levels (linked to the level of benefits payable) and the discount rate (which depends on market yields on Euro-denominated AA corporate bonds). These are the two main risks affecting the level of the German Plans' liabilities.

Key assumptions and valuation results
The key assumptions used to value the UK and German Plans' liabilities based on IAS19 requirements together with the results obtained are set out below. Although there are multiple plans in Germany, all plans were valued using the same financial and demographic assumptions.

Assumptions	**Nominal % pa**			
	UK		**Germany**	
	2023	2022	**2023**	2022
Discount rate	4.50	4.80	3.20	3.75
Rate of increase in salaries	n/a	n/a	3.25	3.00
Social Security increases	n/a	n/a	2.50	2.40
Rate of pension increase in payment*	0.00-3.06	0.00-3.06	2.30	2.50
Rate of increase in price inflation				
RPI**	3.25	3.25	n/a	n/a
CPI**	2.75	2.75	2.30	2.50
Mortality table	SAPS S3 mortality table CMI 2022 model (with smoothing and covid experience adjustment) with trend of 1.50% per annum	SAPS S3 mortality table CMI 2021 model (with smoothing and covid experience adjustment) with trend of 1.50% per annum	Heubeck 2018G	Heubeck 2018G

* post 88 GMP = 2.27%; pre 1997 excess = 0%; April 1997 to April 2005 = 3.06%; post April 2005 = 2.05%
** RPI = Retail Price Inflation; CPI = Consumer Price Inflation

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

19. PENSIONS (Continued)

Key assumptions and valuation results (continued)
The table below shows the value of IAS19 liabilities and assets as at 31 December 2023.

	UK		Germany	
IAS19 Defined Benefit Obligation and Market Value of Assets	**2023 (£m)**	**2022 (£m)**	**2023 (£m)**	**2022 (£m)**
Present value of Plan liabilities	891.3*	871.1*	89.7	79.4
Market value of assets**	876.0*	839.9*	5.4	4.7
Deficit	(15.3)	(31.2)	(84.3)	(74.7)
Sensitivity analysis - 2023 Defined Benefit Obligation				
Discount rate assumption being 1% higher	806.0*		80.3	
Discount rate assumption being 1% lower	994.9*		100.5	

* Includes £55m of Additional Voluntary Contribution ("AVCs") (£56m in 2022)
** There are no self-invested assets in the UK Plan or in the German Plans

As a result of the 2018 and 2021 UK court rulings requiring the equalisation of Guaranteed Minimum Pensions (GMP) in UK pension schemes including historic transfer values, the UK Plan liabilities include an allowance for GMP equalisation.

The German Plans are for the majority unfunded with only 6% of the liabilities covered by assets. It is common practice in Germany for defined benefit plans to be unfunded. German plan assets are 100% invested in insurance contracts. The UK Plan's major asset categories are shown in the below table.

Asset Allocation as at 31 December	**2023 (£m)**	**2022 (£m)**
Domestic equities	12.5	12.0
Foreign equities	181.5	175.0
Government bonds*	304.4	259.5
Corporate bonds	32.6	52.8
Buy-in contract	165.3	161.0
Additional voluntary contributions (AVCs)	54.8	56.5
Cash and cash equivalents	31.8	31.5
Other	93.1	91.6
Total	876.0	839.9

*Includes Liability Driven Portfolio

There was a special event in 2017 for the UK Plan involving a pensioner buy-in transaction to partially insure the UK pensioner liabilities. The value of the buy-in contract is £165.3m and has been included within the allocation above. The assets under the "Other" category represent amounts mainly invested in diversified funds and include investments in hedge funds which make use of different investment styles including the use of derivatives.

All securities invested by the UK Plan have a quoted market price in an active market (with the exception of £175.1m mainly attributable to the pensioner buy-in contract).

The assets and liabilities shown above include defined contribution assets and liabilities (from AVCs) as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

19. PENSIONS (Continued)

Contributions

The total employer contributions to the UK Plan and German Plans during the calendar years 2023 and 2022 and the expected contributions for 2024 are summarised in the table below.

Country/Plan(s)	Expected 2024 Contributions (£m)	Actual 2023 Contributions (£m)	Actual 2022 Contributions (£m)
UK	21.4	21.5*	23.8*
Germany**	4.2	2.4	2.4

* In addition during 2023, the employer contributed £54.4m (2022: £43.3m) (including salary sacrifice contributions) to the defined contribution Stakeholder Plan in the UK. The Company contributed £4.9m (2022: £4.1m) of this amount.

** Contributions in Germany include benefit payments made directly by the employer and contributions into the Cash Balance Plan.

20. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments for the year ended 31 December 2023 (2022: Nil).

21. RELATED PARTY TRANSACTIONS

The Company had no transactions with Directors or Key Management Personnel during the year ended 31 December 2023 (2022: Nil) except for the transactions relating to Directors’ emoluments disclosed in Note 5.

22. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events that have occurred since the Balance Sheet date that affect the financial statements of the Company.

Independent auditors’ report to the members of American Express Payment Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, American Express Payment Services Limited’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the “Annual Report”), which comprise: the Balance Sheet as at 31 December 2023; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority and the Payment Services Regulations 2017, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK taxation legislation. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including review of minutes of meetings in so far as they related to the financial statements and consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Review of correspondence with the regulators; and
- Identifying and testing journal entries, including duplicate journal postings, and entries with unusual account combinations and words.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 July 2024