

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015. It constitutes the Santander Asset Management UK Slavery and Human Trafficking statement for the financial year end 31 December 2018.

Santander Asset Management UK Limited

Modern Slavery Statement 2018

1. Introduction

Santander Asset Management UK Limited ("SAM UK") is a UK asset management organisation that manages assets on behalf of institutional and retail investors.

SAM UK is strongly opposed to slavery and human trafficking and will not knowingly support or conduct business with any organisation involved in such activities.

We are committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way, treating all stakeholders with honesty and integrity and doing business with organisations that share this commitment.

This statement sets out our approach to preventing slavery and human trafficking in our workforce and supply chain.

2. Approach and Risk Profile

Following the introduction of the Modern Slavery Act 2015 (the "Act") we review how effectively we prevent slavery and human trafficking in our business and supply chain. We want to take all reasonable steps to make sure we are not supporting modern slavery.

Our Santander Group Human Rights policy sets out our umbrella commitment on protecting human rights in its relations with stakeholders. This policy takes into account the UN Guiding Principles on Business and Human Rights, and explicitly rejects forced labour and child exploitation. At SAM UK, our position is that we will not enter into or maintain relationships with persons and/or entities known to be involved in human rights abuses such as child labour and modern slavery.

Given the nature of our business and our workforce, the modern slavery risk within our own workforce is extremely minimal. The principal area of modern slavery risk for SAM UK arises in relation to our relationships with third parties, particularly our supply chain.

We work with over 150 external suppliers and intra-group companies to purchase the goods and services we need to run our business. The vast majority of which are based in the UK, Western Europe or North America; places identified by the Walk Free Foundation's Global Slavery Index 2018 as having low prevalence and vulnerability levels for Modern Slavery and high levels of government response. In addition the main categories of purchasing spend at SAM UK relate to technology, operations, and investments which are generally considered to present a lower risk of modern slavery.

We will continue to assess the modern slavery and risk presented by our supplier profile on an ongoing basis. We have a series of policies and processes to manage our supply chain and risks.

Policies

Our Third Party Risk Management and Outsourcing Policy and supporting guides include processes to identify, assess, manage, and report potential risks in our supply chain. This includes a requirement for an assigned Service Director and Service Manager (i.e. contract managers) for each supplier, with responsibility to minimise risk, including risks relating to modern slavery.

Our aim is to hold regular meetings with suppliers and work with them to ensure compliance with SAM UK standards and policies. In 2019, we will review our third party policies and processes, developing them to further our due diligence and controls.

Processes

For the purposes of supplier due diligence, our core third party suppliers must complete a Financial Services Qualification System (FSQS) assessment, an online tool that enables them to submit assurance and compliance data to us. This is completed on a self-assessment basis prior to the start of the contractual relationship with SAM UK and annually thereafter to ensure they meet our minimum standards.

This process includes specific questions related to modern slavery, the response to which are subject to specific review as part of the on-boarding / annual review process. Any third party supplier which does not complete the FSQS assessment is required to be formally reviewed and considered by senior stakeholders via an exceptions governance-path before onboarding (or renewal).

3. Steps taken across our business and supply chain

In 2018 and 2019 we have developed and begun implementation of a Third Party Risk Management framework, with supporting resources, policies and processes.

In 2019 we aim to review and update third party policies and supporting procedures to fully align with our updated risk appetite statement, onboard all suppliers on our supplier assessment tool and update the scope, depth, and breadth of testing, including risks relating to modern slavery.

4. Our People and Training

Last year SAM UK reviewed all Human Resources' policies and all colleagues completed whistleblowing mandatory training.

As our direct workforce is predominantly made up of professionally qualified and skilled employees and we consider the risk of modern slavery occurring within our business to be extremely minimal.

We are committed to supporting our colleagues in an inclusive environment which empowers people, encourages individuality and promotes collaboration. We support our people to achieve a balance between their work and personal commitments through generous family leave policies which offer a range of flexible working arrangements.

We are a living wage employer and have committed to meeting the living wage for all our employees. Every employee has a contract of employment that sets out the terms and conditions of their employment. Part-time employees have the same terms and conditions and the same access to benefits

as our full-time colleagues. All employees are signposted to our employee handbook which makes it clear we oppose all forms of unfair discrimination or victimisation.

We engage with third party suppliers to provide additional staff resource based on business demand. These staff receive no less favourable terms and conditions than our permanent workforce and we work in compliance with the UK's Agency Worker Regulations. In addition, from time-to-time, we also engage specialist contractor resource on specific projects.

All of our employees and contractors are required to go through a vetting process, which includes ensuring they have a right to work in the UK. This is effective at ensuring our employees and contractors have not been subjected to human trafficking.

All new joiners to SAM UK, including contractors based at our sites, undergo a corporate induction and mandatory training programme. This introduces new staff to the standards and values we operate under and the conduct we expect from our employees

We expect our people to act with the highest standards of business conduct at all times to protect our reputation and contribute to a culture that is free from corruption, risk of compromise or conflicts of interest. These principles are set out in our internal code of conduct and supported by our values and behaviours.

At SAM UK, we encourage a "speak up" culture. In our 2018 Global Engagement Survey, 77% of our people told us that they feel that they can report unethical behaviour or practices without fear of retaliation. Our people can raise concerns about any malpractice with us through internal and external reporting channels set out in our whistleblowing policy, and this would include any issues relating to modern slavery or human trafficking. The whistleblowing policy is supported by annual training for all colleagues, and we have a zero-tolerance approach to victimisation of whistle-blowers.

We work with a recognised trade union, Advance, and consult and engage representatives on significant initiatives within the business at a local level.



Mehdi Kadhim
Chief Executive Officer
Santander Asset Management UK Limited

10th May 2019

The Modern Slavery Statement 2018 was approved by the Board of Santander Asset Management UK Limited on 10 May 2019.