

Section 172(1) Statement

2022

Governance framework

The Company is part of Banco Santander S.A. (the “Group”), and as such it follows a range of group-wide policies, in place to protect employees and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with clients and end customers, suppliers and colleagues, and to ensure that it continues to operate in a socially responsible and compliant manner and manages environmental sustainability. In doing so, and by balancing the interests of the Company's stakeholders when making decisions, the Board seeks to maintain a reputation for high standards of business conduct.

The Company operates within a Group and local governance framework which places emphasis on the formal delegation of the day-to-day management of the division to its executive management. Whilst the Board remains responsible for the Company's long-term success, collective responsibility for the overall strategic direction and operation of the division has been formally delegated by the Board to the CEO. The CEO is responsible for the day-to-day management of the business in accordance with the authority delegated by the Board. To support the CEO in the management of the day-to-day affairs of the business, the Executive Committee (“ExCo”) has been established to assist, advise and make recommendations.

Throughout the year, both generally and in relation to specific matters, the Board has had regard to the interests of all its stakeholders and has engaged with them in a range of direct and indirect ways. The table below sets out in more detail the ways in which the Board has engaged with the key stakeholders it has identified during the financial year, how the Directors have displayed regard to employee interests and the need to foster the Company's business relationships with suppliers, clients, end customers and others, and the effect of that regard, including on principal decisions taken throughout the year, as well as matters set out in s.172 (1)(a)-(f) when discharging their duties under s.172 of the Act.

Stakeholder(s)	How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:
<p>Consequences of any decision in the long term</p>	<p>The Board is collectively responsible for managing the affairs of the Company to achieve its long-term prosperity by making important decisions. When making decisions the Board seeks to understand the impact on each of its stakeholders, including the likely consequences of a decision in the long term, while acknowledging that a decision will not necessarily be favourable for all stakeholders.</p> <p>In 2022, the Board made the following decisions, which are in line with the long-term strategy of the Company:</p> <ul style="list-style-type: none"> • The modification of Project Albireo, whereby the Company retained its AFM responsibilities and no longer pursued the route of operating through a branch model. This was following a robust due diligence process which concluded that the transition to an Independent AFM would not be in the end customers' best interests. • The decision was made instead to move to a revised Target Operating Model (TOM) which was designed to create a more commercially driven, customer first, growth focussed Asset Management business. • The appointment of Mr Pak Chan as the CEO. He was previously the Chief Commercial Officer at the Company having joined in January 2022.
<p>Employees</p>	<p>The Board recognises that the Company's culture and values underpin the effective delivery of its strategy and the importance of the contribution made by our employees, who deliver the highest levels of service for our customers and clients. The Board have worked closely with the ExCo and HR with employee wellbeing as a key focus. During times of transformational and operational change, our priority is to foster a positive working environment by embedding the Santander Behaviours.</p> <p>In 2022, the following actions were carried out:</p> <ul style="list-style-type: none"> • Employees were kept informed of business developments and changes via regular written and face to face communications. • Internal training sessions were held for employees on 'resilience' and expected corporate behaviours (TEAMS). • The training of eight Mental Health First Aiders, to act as a point of contact for any colleagues experiencing a mental health issue or emotional distress. • An external outplacement provider was made available to support employees that leave the Company as a result of redundancy. • The Employee Assistance Programme was provided, which offers support to colleagues and their families.

	<ul style="list-style-type: none"> • The Company continued to maintain competitive remuneration structures, with good performance being rewarded. • Employee benefits continued to be enhanced with the introduction of the GP@Hand service, offering colleagues private GP appointments. • Diversity Equity & Inclusion – DEI continued to be a focus for SAM UK. Unconscious bias training was delivered at an all-colleague event and hiring partners have been selected based on their track record with inclusive and diverse talent attraction. The current executive team of 9 (including the CEO and 4 new hires) is comprised of 7 women. <p>The final 2022 Engagement Survey 'Your Voice' achieved a participation rate of 87% and an overall engagement score of 6.9. Of the 15 engagement drivers reported, all but one showed incremental improvements.</p>
Suppliers	<p>Our business is supported by a number of Outsourced Service Providers and Suppliers. The Board of Directors has ongoing oversight of the Third Party Risk Management Framework in place to enable us to provide high standards of service to our clients, investors and partners. Key components include:</p> <ul style="list-style-type: none"> • Modern Slavery Statement – The Board annually reviews and approves its statement (which can be found on the Company's website) setting out the steps the Company takes to prevent modern slavery in the business and its supply chains. • Initial and ongoing due diligence and service oversight processes are in place for all critical outsourced service providers. • Monitoring and analysis of complaints and operational risk events or other incidents and the proactive implementation of actions to minimise the risk of recurrence.
Customers	<p>Clients and end customers and understanding and meeting their needs are the central focus of our business.</p> <p>Our priorities and key areas of focus in respect of our clients and end customers are to:</p> <ul style="list-style-type: none"> • Maintain strong governance oversight of our funds, ensuring they remain fit for purpose and are distributed in accordance with their target market. • Deliver a good quality service to our end customers. • Deliver consistently strong investment performance over the longer-term. • Maintain liquidity of assets, particularly in times of market volatility. • Deliver value and good consumer outcomes. <p>In 2022, as part of its ongoing commitment, the Company carried out numerous actions to deliver on its priorities and provide further value to clients and end customers:</p> <ul style="list-style-type: none"> • As part of the ongoing Assessment of Value work, the Company took further steps to improve the value proposition for specific funds resulting in savings for end customers. • The Company closed a number of funds, the operation of which was no longer deemed to be in the end customers' best interests.

	<ul style="list-style-type: none"> • The Company continues to evaluate potential fund merger opportunities where they are in the best interest of the end customers. The Board are closely involved with this and the monitoring of product performance, product change, and delivery against the Company's commitments with end investors. • The Board approved the Customer Benefits Framework which is a framework to deliver good consumer outcomes. It is based on six components pertaining to scope, guiding principles, process, roles and responsibilities that are underpinned by an AFM cost model, which provides a detailed breakdown of costs and revenue evidencing individual fund and fund business profitability. <p>Our Consumer Duty implementation plan was approved by the Board in Q4. It will be delivered via 4 key workstreams, building on existing practices and engaging with industry, to meet the July 2023 deadline. The workstreams are centred on; products & services, distribution oversight, documentation, monitoring & MI and governance & culture.</p>
Community and the environment	<p>The Company and wider group are committed to contributing long-term value and making a lasting, positive impact on the society in which they operate and the environment more broadly.</p> <p>The SAM Group is part of the Net Zero Asset Managers initiative, the key goal is to work on decarbonisation goals with an ambition to reach net zero emissions by 2050 or sooner across all assets under management.</p> <p>The Company actively encourage employees to contribute to community and charity events and to fundraise and volunteer for charities.</p>
Business Conduct	<p>Integrity of systems, controls and business conduct are of paramount importance. The Board is committed to complying with applicable regulation, supporting law enforcement agencies and pro-actively identifying wrongdoing to maintain its trustworthy reputation. The Company maintains an open and transparent relationships with regulators and maintains a reputation for high standards of business conduct which helps the Board ensure that the business is aligned to the evolving regulatory framework.</p> <ul style="list-style-type: none"> • The Board reviews and approved the Company's Payment Practices Report, outlining its payment policies, practices and performance. • The Company monitors suppliers via a third-party risk management system, in order to mitigate third-party supplier risk. • The Company carries out a mandatory training programme ensuring all employees are aware of the expected standards of business conduct and practice, including modules on financial crime, cybersecurity and conduct. • HR policies and an HR Handbook are released on an annual basis following a full review. Employees are requested to attest they have read and understood these. • Ongoing consideration of relevant processes, policies and standards and discussion of regulatory developments, correspondence and interactions as well as consideration of the regulatory horizon occurs at all levels.

	<ul style="list-style-type: none"> • As well as the Company adopting its own risk appetite statements as part of its Enterprise Risk Framework (as set out in the ICARA), the Board have also assessed and approved the implementation of SAM Group's Risk Appetite. • The Company maintains a transparent, constructive and proactive relationship with the FCA, and adherence to regulatory compliance and reporting. • The Company has developed and maintains of a strong risk and control awareness and culture, through continuous assessment of its operating model and its Risk and Control Self-assessment process.
Shareholder	<p>The Company is a wholly owned subsidiary of SAM Investment Holdings S.L. SAM Investment Holdings S.L.'s immediate and ultimate parent company is Banco Santander SA.</p> <p>The Board ensures it is acting in accordance with local requirements as well as internally approved governance frameworks, to ensure the Company is acting fairly towards its sole shareholder.</p> <p>The Board reviews the Dividend Policy of the Company on an annual basis.</p>

Signed by Pak Chan

Chief Executive Officer, Santander Asset Management UK Limited

11 February 2023



Important Information

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