

# Section 172(1) Statement

2020

The Directors provide the following statement pursuant to the Companies Act 2006 (as amended by Companies (Miscellaneous Reporting) Regulations 2018) (the "Act") to describe how they have acted in accordance with their duty under s.172 of the Act to promote the success of the Company for the benefit of its member as a whole, and in so doing, how they have had regard to those factors set out in s.172 (1)(a) to (f) of the Act during the financial year.

## 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 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 Management Committee ("Manco") which comprises the Board's executive directors and senior management. The Manco has in turn formally delegated certain of its responsibilities to and conferred powers upon various functional subcommittees to assist the Board and Manco in dealing with and making decisions on complex technical or specialised matters. This approach to governance ensures a clear and appropriate apportionment of significant responsibilities, and that the Company's strategic aims are implemented within a prudent and effective governance, control and decision making framework.

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 set out in more detail the ways in which the Board has engaged with the Company's stakeholders 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, 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.

<b>S172 Requirement:</b>	<b>Why we focus on them and the impact of our engagement:</b>	<b>How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:</b>
<b>(a) likely Consequences of any decision in the long term</b>	The Board is collectively responsible for managing the affairs of the Company to achieve its long-term prosperity by making important decisions, monitoring performance and establishing ethical standards. 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.	<ul style="list-style-type: none"> <li>• The Board consider, challenge and adopt, where appropriate, Santander Group strategy to drive operational efficiency, revenue growth and performance of client outcomes.</li> <li>• The Board continues the monitoring of Aladdin, since its roll-out, to drive efficiency and strengthen our risk framework.</li> <li>• On 16 December 2020, the Board reviewed and approved a significant change to the operating model of the Company. While subject to further governance, regulatory and legal analysis, the preferred model will facilitate the ability for strategic change in the European region.</li> </ul>
<b>(b) interests of the company's employees</b>	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. Our priority is to foster a positive working environment by embedding the Santander Behaviours.	<ul style="list-style-type: none"> <li>• During periods of lockdown as a result of Covid-19, wellbeing of employees is of utmost importance, and external provision of resilience and wellbeing sessions were rolled out for all employees to participate.</li> <li>• Established competitive remuneration structures which reward performance.</li> <li>• Continued to operate and a wide range of employee benefits, such as the provision of Private Medical and Dental Schemes.</li> <li>• Various wellbeing initiative for employees, such as the Employee Assistance Programme (a 24/7 telephone helpline which is there to provide confidential, professional and independent support on a variety of matters.)</li> </ul>

		<ul style="list-style-type: none"> <li>• Annual participation in Mental Health awareness week, for 2020, the Company partook in 'Mental Wellbeing Network' activities, such as the provision of 8 tailored sessions based on the theme of Kindness.</li> <li>• Regular communications to employees by the CEO and the Risk &amp; Compliance Director on the performance and operation of the business.</li> <li>• Continued implementation of comprehensive whistle-blowing procedures and encouragement to employees to report relevant matters, where applicable.</li> <li>• Oversight of and participation in employee training and development (with 35 hours of Continuous Professional Development requirements), with appropriate budget to support external training.</li> </ul>
<p><b>(c) need to foster the company's business relationships with suppliers, customers and others</b></p>	<p>Our business is supported by a number of suppliers who enable us to provide high standards of service to our clients, investors and partners.</p> <p>Clients are the central focus of our business and engaging with them is critical to the Company's long-term success which is contingent upon our ability to understand the needs our clients.</p> <p>Our priorities and key areas of focus in respect of our clients and end investors are to:</p> <ul style="list-style-type: none"> <li>• Maintain strong governance oversight of the management of our funds, ensuring they remain fit for purpose and are distributed in accordance with their target market.</li> <li>• Deliver a good quality service to our underlying investors.</li> <li>• Deliver consistently strong investment performance over the longer-term.</li> </ul>	<ul style="list-style-type: none"> <li>• Modern Slavery Statement – The Board annual reviews and approves its statement (which can be found on its website) setting out the steps they take to prevent modern slavery in the business and its supply chains.</li> <li>• Active and ongoing engagement with key outsourced service providers and suppliers, in accordance with pre-defined frameworks.</li> <li>• Monitoring and analysis of complaints and incidents and the proactive implementation of actions.</li> <li>• The Board review the ongoing product optimisation program to support distribution by Santander UK PLC and enhance and simplify the Company's product proposition.</li> <li>• Supporting the ongoing needs of Santander UK PLC, driven by industry developments, e.g. the desire for environmental, social and governance (ESG) and socially responsible investment (SRI) products.</li> <li>• Improvements to Product Governance in order to develop and review new and existing products and services across all distribution channels and to ensure customer value.</li> <li>• Investor 'value for money' considerations remain a strong focus in the Board's decision making.</li> <li>• Assessment of Value - In 2020, the Company published its inaugural Assessment of Value Statement (which can</li> </ul>

	<ul style="list-style-type: none"> <li>• Maintain liquidity of assets, particularly in times of market volatility.</li> <li>• Deliver value for money.</li> <li>• Maintain efficient and reliable systems and processes.</li> <li>• Maintain safe custody over their assets.</li> <li>• Keep customer's personal data secure.</li> </ul>	<p>be found on our website), the Company's compliance with the asset management regulatory developments has been of key strategic importance to the Board, who believe that the assessment of value process will improve transparency and strengthen fund governance across the UK funds industry, and it welcomes the opportunity to share with investors how the Company's funds have performed against the different assessment criteria. Throughout the period in preparation of its publication, the Board extensively considered the assessment methodology and criteria to be used and the assessment results, and refined the report, ensuring that investor outcomes remained in focus at all stages. Since publication, the Board have been monitoring the implementation of actions as well as oversight of the 2020 Assessment of Value statement, which will be published in 2021.</p>
<p><b>(d) impact of the company's operations on the community and the environment</b></p>	<p>The Company is committed to contributing long-term value and making a lasting, positive impact on the society in which we operate and the environment more broadly. The Company's activities should be beneficial to, and not adversely impact, the environment and communities in which it operates. Reduction in environmental impact and commitment to sustainability is a key focus in the context of the Company's overall strategy</p>	<ul style="list-style-type: none"> <li>• The Board seeks to assess opportunities where the Company can provide environmentally and socially responsible investment products and services. For example, provision of portfolio management services for the Latin American Investment Grade ESG Bond (the 'Fund'), a Luxembourg domiciled SICAV aiming to offer an ESG solution to customers looking to invest in investment grade fixed income assets in the Latin American region.</li> <li>• Actively encouraging employees to contribute community and charity events and to fundraise and volunteer for charities.</li> <li>• Discontinuation of the use of disposable cups and providing each employee with glass cup.</li> <li>• Cycle to work scheme, providing employees with access to a wide range of bike dealers, allowing for commute to work and other areas without the need of public transport, lessening the burden on the environment.</li> <li>• Car scheme, giving the opportunity to access brand new electric vehicles, benefitting the environment whilst taking advantage of tax benefits for employees that participate.</li> </ul>

		<ul style="list-style-type: none"> <li>• Adherence to the Group's Global Sustainability Framework as well as becoming a signatory of the UN PRI.</li> <li>• Increased focus on carbon reporting, driven by the Streamlined Energy and Carbon Reporting (SECR), creating energy efficient actions to reduce our energy usage.</li> </ul>
<p><b>(e) desirability of the company maintaining a reputation for high standards of business conduct</b></p>	<p>Integrity of systems, controls and business conduct are of paramount importance. The Board is committed to complying with applicable regulation, support law enforcement agencies and pro-actively identify wrongdoing to maintain its trustworthy reputation.</p> <p>Engagement with regulators and applicable regulatory requirements helps the Company develop and maintain open and transparent relationships with our regulators, maintain a reputation for high standards of business conduct and also helps the Board ensure that the business is aligned to the evolving regulatory framework.</p>	<ul style="list-style-type: none"> <li>• The Board reviews and approved the Company's Payment Practices Report, outlining its payment policies, practices and performance. Despite Covid-19, the Company made 86% of Payments due within the reporting period which were paid within the agreed payment period</li> <li>• Monitoring suppliers via a third-party risk management system, in order to mitigate third-party supplier risk.</li> <li>• The Company carries out a mandatory training programme ensuring all employees are aware of the expected standards of business conduct and practice. The Company has also enhanced its mandatory training programme including modules on SMCR, cybersecurity, cybercrime and conduct.</li> <li>• HR policies and an HR Handbook are distributed on an annual basis as a reminder and for awareness.</li> <li>• Maintaining a transparent, constructive and proactive relationship with the FCA, and adherence to regulatory compliance and reporting.</li> <li>• Development and maintenance of a strong risk &amp; control awareness and culture, through continuous assessment of its operating model and its Risk and Control Self-assessment process.</li> <li>• Ongoing consideration of relevant processes, policies and standards and discussion of regulatory developments, correspondence and interactions and consideration of the regulatory horizon at all levels.</li> </ul>
<p><b>(f) need to act fairly as between members of the company</b></p>	<p>The Company is a wholly subsidiary owned by SAM Investment Holdings S.L.</p> <p>SAM Investment Holdings S.L. immediate and ultimate parent company is Banco Santander SA.</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Mehdi Kadhim', written in a cursive style.

**Mehdi Kadhim**

**Director**

17 February 2021

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