

# Section 172(1) Statement

**2024**

## **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. 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 customers, employees 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><b>Consequences of any decision in the long-term</b></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 2023, the Board continued to support the decisions made in 2022 and saw progress most notably on the following, which are in line with the long-term strategy of the Company:</p> <ul style="list-style-type: none"> <li>• Appointments to the Executive team, which by the end of 2023 was fully resourced and operating under the leadership of the CEO.</li> <li>• Board changes including a new chair in January 2023, additional non-executive director in February 2023 and a replacement independent non-executive director in May 2023.</li> <li>• The target operating model previously agreed was maintained with limited exceptions and reached a BAU level attrition.</li> <li>• The Board introduced an independent remuneration committee to support its company governance following the disbandment of a group related equivalent committee.</li> <li>• Continued primary focus on the distribution partnership with Santander UK bank.</li> <li>• Initiating a strategy to develop a presence in the institutional channel. To this end, the Company obtained a FCA variation of permissions to market and distribute Group Santander Asset Management funds and services, which broaden the available proposition to this and existing distribution channels.</li> </ul>
<p><b>Employees</b></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 clients and end customers. The Board have worked closely with the Executive Committee and Human Resources function with employee engagement and wellbeing as a key focus. Following significant change in 2022, 2023 focused on embedding the right culture and behaviours including the introduction of the Inclusion@SAM UK framework.</p> <p>In 2023, the following key actions were carried out:</p> <ul style="list-style-type: none"> <li>• Employees were kept informed of business developments and changes via regular face to face communications.</li> <li>• Internal training sessions were held for employees on 'collaboration' and the corporate behaviours (TEAMS) continued to be reinforced through</li> </ul>

	<p>the performance management framework, My Contribution and participation in Santander Week.</p> <ul style="list-style-type: none"> <li>• Personal and professional development was supported at a range of levels.</li> <li>• The Employee Assistance Programme helpline continued and support and services from other specialist wellbeing partners was promoted and leveraged, including Unum.</li> <li>• The Company continued to maintain competitive and effective remuneration arrangements, with good performance being rewarded and established through an annual cycle of review, informed by industry and market insight.</li> <li>• A Lunch and Learn programme was established and has been well attended covering a broad range of subjects.</li> <li>• Diversity Equity &amp; Inclusion – DEI continued to be a focus for SAM UK. In addition to the Inclusion@SAMUK framework that was introduced, Inclusion Champion network was formed and began determining priorities for 2024 to reinforce and embed a culture of inclusion. The final 2023 Engagement Survey 'Your Voice' achieved a participation rate of 87% and an overall engagement score of 7.2, an increase of 0.3 in engagement levels compared to 2022.</li> </ul>
<p><b>Suppliers</b></p>	<p>Our business is supported by a number of Outsourced Service Providers and Suppliers. The Board of Directors has oversight of the Third Party Risk Management Framework in place to enable us to provide high standards of service to our clients, end customers and partners. Key components include:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Initial and ongoing due diligence and service oversight processes are in place for all critical outsourced service providers.</li> <li>• Monitoring and analysis of complaints and operational risk events or other incidents and the proactive implementation of actions to minimise the risk of recurrence.</li> </ul>
<p><b>Customers</b></p>	<p>Clients and end customers and understanding and meeting their needs are the central focus of our business.</p> <p>The Company's priorities and key areas of focus in respect of clients and end customers are to:</p> <ul style="list-style-type: none"> <li>• Maintain strong governance oversight of the Company's funds, ensuring they remain fit for purpose and are distributed in accordance with their target market.</li> <li>• Deliver a good quality service to end customers.</li> <li>• Deliver consistently strong investment performance over the longer-term.</li> </ul>

	<ul style="list-style-type: none"> <li>• Maintain liquidity of assets, particularly in times of market volatility.</li> <li>• Deliver value and good consumer outcomes.</li> </ul> <p>In 2023, as part of its ongoing commitment and in line with our purpose, the Company continued to deliver on its priorities focusing on providing further value to clients and end customers:</p> <ul style="list-style-type: none"> <li>• As part of the ongoing Assessment of Value work, the Company took further steps to evolve the investment process for specific funds to improve the value proposition.</li> <li>• Implemented a change to how the Company pays income to investors in funds with an income objective to improve the customer journey.</li> <li>• Reviewed how risks are described across investor disclosures to support good customer understanding.</li> <li>• The Company notified investors of the intent to merge SPF Sterling Bond into Sterling Bond Portfolio to improve customer outcomes, which is being implemented in Q1 of 2024.</li> </ul> <p>The Company reviewed and continues to evolve its product strategy to meet changing customer needs. It continues to evaluate further potential fund merger opportunities where they are in the best interest of the end customers or seeking opportunities to create new products and investment solutions to support end customers' investment needs. The Board are closely involved with product strategy discussions, the oversight of product performance, product change, and delivery against the Company's commitments to end customers.</p> <p>The Company continues to embed and reinforce the Consumer Duty Principle across the organisation, with key areas of focus in the coming year being closed products and services and the compilation of the first annual report to demonstrate compliance to the Board that the principle is being met in practice.</p>
<p><b>Community and the environment</b></p>	<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 Company arranges fundraising activities and actively encourages employees to contribute to community and charity events and to fundraise and volunteer for charities and is currently implementing new regulatory disclosures at both Company and Product level which come into force in 2024.</p>
<p><b>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, supporting law enforcement agencies and pro-actively identifying wrongdoing to maintain its trustworthy reputation. The Company maintains an open and transparent relationship with regulators</p>

	<p>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"> <li>• The Board reviews and approved the Company's Payment Practices Report, outlining its payment policies, practices and performance.</li> <li>• The Company monitors 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, including modules on financial crime, cybersecurity and conduct.</li> <li>• HR policies and an HR Handbook were reviewed in 2023 and will now be reviewed on a bi-annual basis from 2024 onwards, with the exception of the Remuneration Policy and SMCR Policy which will continue to be reviewed annually.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Company maintains a transparent, constructive and proactive relationship with the FCA, and adherence to regulatory compliance and reporting.</li> <li>• The Company has developed and maintains a strong risk and control awareness and culture, through continuous assessment of its operating model and its Risk and Control self-assessment process.</li> </ul>
<b>Shareholder</b>	<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 and maintains a regularly reviewed Dividend Policy.</p>
<b>Climate Disclosure</b>	<p>As set out in Santander Asset Management Global Responsible Banking and Sustainability Policy, which sets out the principles, commitments, objectives, and strategy with regards to shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conduct. It draws inspiration from best practices described in</p>

	<p>international conventions and protocols, codes of conduct and international guidelines on sustainability.</p> <p>The SAM Group is part of the Net Zero Asset Managers initiative, Climate Action 100+, Institutional Investors Group on Climate Change (IIGCC) and a Signatory of the Principles of Responsible Investment (PRI).</p> <p>The SAM Group has a full-time dedicated SRI expert team based in Spain. They are responsible for developing and implementing the SAM Group ESG analysis methodology.</p> <p>Together with the other SAM group entities, the Company sets out its approach to sustainable and socially responsible approach to investment in the following policies:</p> <ul style="list-style-type: none"><li>• Responsible Banking and Sustainability Policy</li><li>• Socially Responsible Investment (SRI) Policy</li><li>• Engagement policy</li><li>• Global Voting Policy</li></ul>
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Signed by Pak Chan

Director

8th February 2024



#### **Important Information**

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