

Section 172(1) statement

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 section 172 of the Act (“**Section 172**”) to promote the success of the Company for the benefit of its member(s) as a whole, and in so doing, how they have had regard to those factors set out in Section 172(1) (a) to (f) during the financial year.

Section 172 requires a director to have regard to the following matters, among others, when discharging their duty:

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

The board of the Company is collectively responsible for managing the affairs of the Company to achieve its long-term prosperity by making important decisions, monitoring the underlying performance of the Company, as well as being a means for establishing ethical standards. Understanding the interests of key stakeholders is an important part of CBAM’s strategy and helps inform the directors’ and management’s decision making throughout the year. 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, whilst acknowledging that a decision will not necessarily be favourable for all stakeholders, as there may be competing interests between them.

The Company is part of the wider Close Brothers Group plc group of companies (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, as well being aware of its social and environmental responsibilities. 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. Further information on these Group-wide policies can be found in the annual report and accounts of the Company’s ultimate holding Company, Close Brothers Group plc (“**CBG**”).

Governance Framework

The Company is part of the group of subsidiaries which collectively form CBAM. In light of the nature, scale, and breadth of its business, CBAM has chosen to operate a 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 CBAM Management Committee (“**ManCo**”) which comprises certain of the board’s executive directors and CBAM senior management. This cross-membership facilitates the required level of oversight and information flow between the board and the ManCo. The ManCo has in turn formally delegated certain of its responsibilities to, and conferred powers upon, various functional governance committees to assist it and ultimately the board 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 division’s strategic aims are implemented within a prudent and effective governance, control and decision making framework.

The Company acts as the Authorised Fund Manager (**AFM**) of CBAM’s UK authorised investment funds (**Funds**). Although both are wholly owned subsidiaries of CBAM, CAM(UK) is a separate and distinct company from Close Asset Management Limited (CAM), which is appointed by CAM(UK) to act as the investment manager of the Funds. This distinction is important as it helps ensure accountability and separation of governance and other responsibilities – fund governance and oversight by CAM(UK), investment management by CAM. To reinforce this separation and provide independent oversight, the Company has appointed two independent non-executive directors. Their role is to represent the interests of our unitholders by overseeing the Company’s governance of the funds; both how they are managed and how they are administered. This includes oversight of outsourced functions such as transfer agency, custody and fund accounting, as well as the separate role of Trustee and Depositary. The board holds the investment manager to account and provides scrutiny, robust challenge and oversight.

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The board also reserves for itself the review of and decisions relating to the Company's structure, capital and financial resources, financial reporting and controls, and material or significant matters such as acquisitions, disposals and investments.

The Company seeks to engage directly with stakeholders wherever possible on certain issues, though the size of the Group means that stakeholder engagement often takes place at an operational or Group level. This approach creates greater efficiency and facilitates a greater positive impact on environmental, social and other issues than may be possible at an individual company level, as well as ensuring consistency of approach across the Group. During the financial year, engagement with stakeholders has been modified in response to the Covid-19 regulations and Government guidance, and has taken place virtually where appropriate. Additional details on engagement at Group level with stakeholders, including employees, suppliers, customers, the community and environment can be found in the Strategic Report section of the Annual Report and Accounts of CBG.

The table and example case studies below set out further examples of the ways in which the board has engaged with the Company's stakeholders during the financial year, as well as detailing how the directors have had 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 Section 172(1)(a)-(f) when discharging their duties under Section 172.

Our stakeholders

Our stakeholders:	Why we focus on them and the impact of our engagement:	Stakeholders' key priorities and areas of focus:	How the board and management have directly (or indirectly through its governance framework) engaged and considered stakeholder interests during the year:
<p>People</p>	<p>The Company does not directly employ its workforce, which is provided by its immediate parent, Close Asset Management Holdings Limited (CAMHL).</p> <p>Notwithstanding this, the board recognises that employee culture, values and performance ensures the delivery of good client and investor outcomes and reduces conduct risk, and therefore underpins the Company's ability to achieve its strategy and long-term success.</p> <p>Engagement with employees helps to build a deep and diverse talent pool by attracting, retaining, developing and motivating the right people to meet its current and future business needs, and creates a healthy workplace culture.</p> <p>Regularly listening to employees' feedback ensures they feel valued</p>	<p><u>Wellbeing</u> – employees expect the Company to be committed to their wellbeing and need to be supported in a range of ways to ensure their physical and mental health in both their professional and personal lives.</p> <p><u>Recognition</u> – our people need to work for an organisation where they are valued, and their efforts are recognised and rewarded.</p> <p><u>Learning</u> – employees want to feel challenged in their role and be provided with opportunities for development</p> <p><u>Communication</u> – staff expect regular, open and honest communication and that their views and needs are taken into account.</p> <p><u>Leadership</u> – employees expect clear strategic direction and accountability from leadership and management, and that they</p>	<ul style="list-style-type: none"> Established competitive remuneration structures which reward performance and a wide range of employee benefits and wellbeing initiatives, including flexible/agile working and the employee assistance programme. Reviewed and analysed annual employee opinion survey results, and considered follow-up action plans. Analysed the results of additional 'pulse' employee opinion surveys undertaken and issued regular updates and communications in response to Covid-19 (with a focus on well-being and return to work planning). Regular communications to employees on the performance and operation of the business and participation by directors and management in employee engagement activities, including strategy updates, town halls and Q&A sessions (held virtually). Regular review of culture MI and KPI's, including consideration of employee and conduct metrics. Business Principles embedded through the CBAM Business Principles Committee, 1:1's, annual performance appraisals,

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<p>People (continued)</p>	<p>with their views recognised and acted upon.</p>	<p>are accessible.</p>	<p>and Business Principles awards.</p> <ul style="list-style-type: none"> • Updates from management on various metrics and feedback tools in relation to employees. • Implementation of comprehensive whistle-blowing procedures and encouragement to employees to report relevant matters. • Oversight of and participation in employee training, development and mentoring programmes (conducted virtually). • Ongoing activity to encourage employee participation in the Group's SAYE and BAYE share schemes. • Engagement with employees via Group-wide diversity and inclusion initiatives and working groups. • Consideration of employee-related issues connected with key projects and transformation programmes. • Regular updates on employee issues arising from the Covid-19 pandemic, including responses to lockdowns, continued homeworking, wellbeing issues, discussion of employee opinion surveys and return to work planning. • Proactive engagement to identify optimal future working practices for all departments and roles across the CBAM division, ensuring client needs and risks are prioritised alongside encouraging team collaboration and enabling greater working flexibility for our colleagues.
<p>Clients, unitholders and investors</p>	<p>Our 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 of our clients and provide financial planning and investment management solutions that achieve their current and future financial goals, and to developing a seamless integrated client experience.</p>	<p>Our priorities and key areas of focus in respect of our clients, unitholders and end investors are to:</p> <ul style="list-style-type: none"> • 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; • Deliver a good quality service to our end unitholders, investors and partners; • Deliver consistently strong investment performance over the longer-term; • Maintain liquidity of 	<ul style="list-style-type: none"> • Ongoing measuring and monitoring of the customer outcomes and experience against key customer principles and conduct risk framework. • Analysis of feedback obtained through client surveys. • Monitoring and analysis of complaints and incidents and the proactive implementation of actions. • Dedicated Proposition team to develop and review new and existing products and services across all distribution channels. • Continued progress toward implementing strategic technology enhancements to improve operating efficiency, and to enhance our propositions and client experience.

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<p>Clients, unitholders and investors (continued)</p>		<p>assets, particularly in times of market volatility;</p> <ul style="list-style-type: none"> • Deliver value for money; • Maintain efficient and reliable systems and processes; • Maintain safe custody over their assets; • Keep their personal data secure. 	<ul style="list-style-type: none"> • Development and launch of environmental, social and governance (ESG) and socially responsible investment (SRI) capabilities. • Investor ‘value for money’ considerations remain a strong focus in the board’s decision making. • Continued specific consideration has been given to the issues affecting CBAM’s clients and partners as a result of the ongoing Covid-19 pandemic and remote working environment, in particular, operational resilience.
<p>Key Outsource Providers, Suppliers and Third Parties</p>	<p>Our business is supported by a large number of suppliers who enable us to provide high standards of service to our clients, investors and partners.</p> <p>The Company has materially outsourced administration and transfer agency services to Bank of New York Mellon (BNYM). BNYM also acts as Trustee and Depositary to the Company’s range of investment funds.</p> <p>Investment management of the funds has been materially outsourced to fellow CBAM subsidiary CAM.</p> <p>Effective engagement with key outsource providers and suppliers enables the Company to develop and maintain long-term and sustainable relationships and helps ensure that the Company secures services from suppliers who operate responsibly and in line with our policies and standards.</p>	<p>Suppliers and other third parties need to engage with a financially stable and operationally resilient organisation committed to building strong business partnerships.</p>	<ul style="list-style-type: none"> • Attendance and presentation by material outsource providers to the Company’s Board at least annually. • Active review and monitoring of performance against agreed service levels by the Board and other various governance committees. • Regular, periodic due diligence visits undertaken across all outsource providers. • Review meetings and other engagement activities with key suppliers and review of material contracts and ongoing relationship management through the broader Group Third Party Management (TPM) function and CBAM Third Party Oversight Committee (TPOC). • Close engagement with key outsource providers and suppliers during the COVID-19 crisis. • Annual key outsource supplier surveys and due diligence questionnaires. • Management of supply chain risks and issues, with escalation to the Board and senior management as appropriate.
<p>Communities and Environment</p>	<p>As part of the broader Group, 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.</p> <p>Participating in local</p>	<p>The Company’s activities should be beneficial to, and not adversely impact, the environment and communities in which it operates.</p> <p>Reduction in environmental impact and commitment to sustainability is a globally</p>	<ul style="list-style-type: none"> • Active encouragement of employee participation in and contribution to community and charity events e.g. fundraising and volunteering for charities, including the broader Group’s charity partners. • Board and management participation in local charitable and volunteering activities.

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Communities and Environment (continued)	<p>communities helps the Board and our employees develop our understanding of the clients, customers and partners so that we can support them and help them to achieve their ambition.</p>	<p>recognised priority which should remain a key focus in the context of the Company's overall strategy.</p>	<ul style="list-style-type: none"> • Participation in the wider Group's SME Apprentice Programme. • Cycle to work scheme. • Consideration of the Group's wider environmental strategy, activities and goals, and the contribution that the Company can make. • Emphasis on the development and promotion of environmentally and socially responsible investment products and services.
Regulator	<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>	<p>The Company, at all times, should act in accordance with FCA's Principles and comply with its regulatory requirements.</p> <p>Senior management must make it clear where risk management and control responsibility lies, to ensure that it can be adequately monitored and controlled.</p> <p>The Company must be open, transparent and timely in its communications and disclosures and work collaboratively and constructively with the Regulator.</p>	<ul style="list-style-type: none"> • Regular reporting and discussion of regulatory developments, correspondence and interactions and consideration of the regulatory horizon at all levels. • Maintaining a transparent, constructive and proactive relationship with the FCA. • Detailed and comprehensive regulatory reporting to the Risk and Compliance Committee. • Ongoing consideration of relevant processes, policies and standards that support the Company in meeting its regulatory and compliance responsibilities. • Participation in broader Group-led regulatory programmes, including support of the ICAAP, RRP and ILAAP processes. • Oversight of training for all employees on applicable regulatory requirements, with the Senior Managers and Certification Regime (SM&CR) continuing to be a particular focus during the year.
Shareholder	<p>The Company is a wholly owned member of the Group, forming part of the Asset Management division. As such it operates as part of the broader Group in delivering its purpose and strategic objectives, in line with Group-wide processes, governance and culture.</p> <p>Engagement supports the Company's understanding of, and contribution to, broader Group activities and strategic aims, and ensures delivery of long-term sustainable value for our shareholder in line with Group policies and standards.</p>	<p>The Company maintains a focus on:</p> <ul style="list-style-type: none"> • the broader Group's purpose and strategic aims; • alignment with Group-wide risk, governance, compliance and financial priorities; • Consistency of approach to stakeholder considerations and outcomes; • Long-term value creation within the Group and the expectation of the Shareholder of a financial return on its investment in the Company through the payment of dividends. 	<ul style="list-style-type: none"> • The Company's board comprises directors who are also directors of the Company's sole member. • Engagement with senior management at Group level, including representation on the board and other governance forums to ensure the board has a clear understanding of its role and contribution as part of the wider Group. • Updates to Group level committees, including the CBG board, on the operation and performance of the Company. • Participation in Group-wide initiatives and programmes (including those that support consideration of the Company's other stakeholder groups including customers, employees and suppliers).

Shareholder (continued)			<ul style="list-style-type: none"> • Budget and financial plans developed as part of wider Group process. • Participation in broader enterprise-wide risk, regulatory and compliance initiatives.
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Furthermore, set out below is a detailed example of the ways in which the board has engaged directly with key stakeholders during the financial year, how stakeholder interests have been considered in the directors' decision-making, and how the directors have had regard to the matters set out in Section 172(1)(a)-(f) when discharging their duties under Section 172. The Company is a wholly owned subsidiary of the Group and, as such, the duty of the directors to have regard to the need to act fairly as between members of the Company is limited.

Case Study: Sustainable investing

In the previous year, the board committed to developing the Company's environmental, social and governance (ESG) and socially responsible investment (SRI) capabilities, which is a key strategic priority for the Company. Investors and clients are becoming more aware that their investment strategy can affect the world around them and increasingly want to invest in ways that reflect their concern and respect for the natural environment, for human dignity and responsible corporate behaviour. In response to the feedback from and demands of our clients and intermediaries, the Company made the decision during the year to launch its new sustainable fund range, comprising a new multi-asset investment fund and a re-purposed existing fund, both of which went to market in November 2020. At the same time, the decision was taken for CBAM to become a signatory to the United Nations Principles for Responsible Investment (UNPRI), a global initiative that has become a key driver for responsible investment and which provides support to a worldwide network of signatories in the embedding of ESG factors into their investment decision-making process.

As a long-term investor committed to helping our clients achieve their financial goals through active and effective stewardship of their capital, CBAM believes that ESG factors will continue to grow in importance. In making its decision to launch the sustainable funds, the board considered the impact of launching the funds on CBAM's existing investment management team, the Company's capability in delivering the funds and impact on the Company's business as a result of launching funds within a competitive growth area. Having had regard to these factors, particular focus was given to ensuring that the investment process was clear, authentic and distinguished from CBAM's existing SRI proposition. The Company also made the decision to establish a new Sustainability Committee, which will support CBAM in the definition, oversight and management of its overall sustainable strategy and initiatives, and ongoing compliance with regulatory requirements.

By order of the board of **Close Asset Management (UK) Limited**

22 September 2021