

Section 172(1) statement and statement of engagement with other stakeholders

The directors of Close Asset Management (UK) Limited (the “**Company**” and/or “**CAM(UK)**”) 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.

Furthermore, in compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the directors provide the statement which follows to describe how they have had regard to the need to foster the Company’s business relationships with suppliers, clients and others, and the effect of that regard, including on the principal decisions taken by the Company 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 Close Brothers Asset Management’s (“**CBAM**”) 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 Executive Committee (“**ExCo**”) 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 ExCo. The ExCo 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 Depository. The board holds the investment manager to account and provides scrutiny, robust challenge and oversight.

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, the Company has taken advantage of greater flexibility brought about by the Covid-19 pandemic to engage with stakeholders both in person and virtually, holding ‘hybrid’ events to widen participation. 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 study 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/or management has directly (or indirectly through CBAM’s governance framework) engaged and considered stakeholder interests during the year:
Colleague	<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,</p>	<p><u>Wellbeing</u> – employees expect a safe working environment and a fair, supportive, diverse and inclusive culture where employee feedback is valued.</p> <p><u>Recognition</u> – our people need to work for an organisation where they are valued, and their efforts are recognised and appropriately rewarded.</p> <p><u>Learning</u> – employees want to feel challenged in their role and be provided with opportunities for training and development.</p> <p><u>Communication</u> – staff expect regular, open and honest communication</p>	<ul style="list-style-type: none"> • Reviewed and analysed annual and additional ‘pulse’ employee opinion survey results, and considered follow-up action plans. • Relunched CBAM’s strategy and vision following an ExCo strategy event to provide clarity and help employees understand how our strategy connects with our culture and brand. • Introduced CBAM’s new strategic objectives – the Four C’s – and strategy map and embedded these through regular communications from the ExCo, via the new Strategy Hub, 1:1’s, annual performance appraisals, and governance reporting. • Continued to embed the Business Principles alongside the Four C’s through Business Principles Awards.

	<p>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 with their views recognised and acted upon.</p>	<p>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 are accessible.</p>	<ul style="list-style-type: none"> • Continued focus on diversity, inclusion and wellbeing through the launch of the ExCo Pledge, Inclusion strategy and hub and blog talks, continued inclusion initiatives, colleague-run D&I networks and working groups, introduction of a new Menopause Policy and the appointment of Inclusion Allies and Champions. • Other regular communications to employees on the performance and operation of the business, relevant topics and participation by directors and management in employee engagement activities, including regular newsletters, strategy updates, town halls and Q&A sessions. • Regular review of culture MI and KPI's, including consideration of employee and conduct metrics. • Offering of competitive remuneration structures which reward performance, and a wide range of employee benefits. • Oversight of and participation in employee training, development and mentoring programmes. Encouraging employee participation in the Group's SAYE and BAYE share schemes. • Consideration of employee-related issues connected with both ongoing and new material business projects and transformation programmes.
<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 	<ul style="list-style-type: none"> • Ongoing measuring and monitoring of customer outcomes and experience against key customer principles and conduct risk framework, in line with CBAM's strategic objectives. • 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

		<p>performance over the longer-term;</p> <ul style="list-style-type: none"> • Maintain liquidity of assets, particularly in times of market volatility; • Deliver value for money; • Maintain efficient and reliable systems and processes; • Maintain safe custody over their assets; • Keep clients' personal data secure. 	<p>technology enhancements to improve operating efficiency, and enhance our propositions and client experience.</p> <ul style="list-style-type: none"> • Continued development of environmental, social and governance (ESG) and socially responsible investment (SRI) capabilities. • Assessing investor value for money remains a strong focus in the board's decision making. • Specific focus has continued on considering the ongoing issues affecting CBAM's clients and partners as a result of challenging markets and economic conditions.
<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 and high standards of business conduct.</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 as part of CBAM's ongoing Operational Resilience planning. • 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</p>	<p>The Company's activities should be beneficial to, and not adversely impact, the environment</p>	<ul style="list-style-type: none"> • Active encouragement of employee participation in and contribution to community and charity events e.g. fundraising

	<p>making a lasting, positive impact on the society in which we operate and the environment more broadly.</p> <p>Engaging with local communities helps CBAM and our employees develop an understanding of our clients, customers and partners so that we can support them and help them to achieve their ambitions, whilst also building employee engagement. CBAM firmly believes that environmental considerations should form an integral part of its decision making.</p>	<p>and communities in which it operates.</p> <p>The Company should have a suitable strategy for approaching sustainability issues and a long-term focus on addressing the impacts of climate change.</p>	<p>and volunteering for charities, including the broader Group's charity partners.</p> <ul style="list-style-type: none"> • Board and management participation in local charitable and volunteering activities. • 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/CBAM can make. • Continued development and promotion of environmentally and socially responsible investment products and services. • Expanded investment research team to include greater SRI/ESG resource. • Accepted as a signatory to the UK Stewardship Code 2020. • Signed public UK Human Rights Due Diligence Letter. • Endorsed the PRI Advance initiative. • Introduced an ESG thematic research function.
<p>Regulator</p>	<p>CBAM is committed to sustaining high standards of business conduct in line with regulatory and legal expectations and operates prudently in line within the laws and regulations.</p> <p>Engaging 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 Regulator expects CBAM to:</p> <ul style="list-style-type: none"> • Deliver good customer outcomes • Ensure and sustain operational and financial resilience • Prevent financial crime <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</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. • Regular interaction with trade bodies and business associations with whom we are affiliated (e.g. IMA, PIMFA), to ensure that we are engaged with the issues impacting our industry. • 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 IFPR, ICARA and ICAAP processes. • Oversight of training for all

		collaboratively and constructively with the Regulator.	employees on applicable regulatory requirements. <ul style="list-style-type: none"> Particular focus has been given in the year to the FCA's Investment Firms Prudential Regime (IFPR), detailed pension's guidance, financial crime risk and implementing and embedding the Consumer Duty.
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). Budget and financial plans developed as part of wider Group process. Participation in broader enterprise-wide risk, regulatory and compliance initiatives.

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: Changes to Fund Range

During the year, in line with CBAM's mission and strategy to deliver good outcomes for clients and investors by providing a high quality investment proposition that meets their needs, a review was undertaken of the Company's stable of existing investment funds. As a result of this review, a number of key decisions were taken, including the following:

- (1) **Fund Merger** – the decision was made to take the best features of two of the Company's existing bond funds – Select Fixed Income and Sustainable Bond – and combine them to create a single bond fund with critical mass that will appeal to a broader range of investors. The Company's Sustainable Bond Fund had already embedded a sustainable methodology that was simple to understand and delivered clear sustainable outcomes. However, over the past 12 months, CBAM has given significant focus to enhancing its sustainable investment framework so as to ensure that it meets future industry and

regulatory requirements for a sustainable fund. It was therefore decided that the newly combined Fund should also adopt this enhanced methodology. By combining this with the strong track record and “best ideas” approach of the Select Fixed Income Fund, the Company can now deliver the best of both funds to its clients – a single sustainable bond fund with strong performance potential. The merger completed in March 2023 and the newly combined fund – the Close Sustainable Select Fixed Income Fund – has since received positive inflows.

- (2) Fund Conversion – in response to feedback and demand, the Board approved the proposal to convert the Company’s existing Close Strategic Alpha Fund from a fund of funds into a 100% direct global equity fund. The newly repurposed fund – the Close Select Global Equity Fund – converted successfully on 30 June 2023 and has embedded the same newly enhanced sustainable methodology. The Fund contains CBAM’s highest conviction equity ideas, sitting in our highest risk profile, and is a welcome addition to CBAM’s existing range of multi-asset funds.

In making these decisions, the Board was required to balance a number of issues, factors and stakeholder interests. The Board considered the interests and impact to clients and investors, and the expectations and interests of the Regulator, with the need for the Company and CBAM to realise its strategic aims and also prioritise its resources across its entire change management and project portfolio. Initially, the Company engaged with CBAM’s investment, financial advisory, intermediary and Bespoke portfolio manager colleagues to assess client needs and demand. The Company then engaged with its regulator, the FCA, and the Trustee to obtain approval of the change to investment process and structure, and the feedback received was addressed and incorporated. Communications were issued to the unit holders in the funds and their advisers to explain the rationale for the proposals, impact to the Fund and their investment, and to seek their approval of the changes

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

20 November 2023