

COHEN & STEERS UK LIMITED
PILLAR 3 DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2018

OVERVIEW

The Pillar 3 disclosure of Cohen & Steers UK Limited (the “Company”) is set out below as required by the Financial Conduct Authority (“FCA”) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”), specifically BIPRU 11. The rules in BIPRU 11 set out the provisions for the Pillar 3 disclosure, which requires firms to publish information on their risks, their policies for managing those risks, and their capital requirements and resources. This document is designed to satisfy the Company’s Pillar 3 disclosure obligations and should be read in conjunction with the Cohen & Steers UK Limited Annual Report 2018.

THE COMPANY

The Company is a private limited company incorporated in England and Wales. The Company is a 100% owned subsidiary of Cohen & Steers, Inc. (the “Parent” and together with its subsidiaries and affiliates, the “CNS Group”), a publicly traded company incorporated in the United States of America. The Company’s principal activity is investment management.

The Company is authorised and regulated by the FCA and accordingly is subject to minimum regulatory capital requirements. For capital purposes, the Company is categorised by the FCA as a BIPRU Limited License €50k firm. The Company is not a member of a UK Consolidation Group and accordingly this document covers the Company on a stand-alone basis.

RISK MANAGEMENT FRAMEWORK

The Company’s management determines the Company’s business strategy and risk appetite along with designing and implementing a risk management framework that helps mitigate the risks that the Company faces. Management also determines how those risks may be mitigated and assesses, on an ongoing basis, the arrangements to manage those risks. Management meets at least quarterly to discuss the forecasts for profitability and regulatory capital and risk management. The Company’s risks are managed through a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules), with the goal of operating a defined and transparent risk management framework. These policies and procedures are updated as required.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

Annually, or more frequently in response to material changes to the Company’s risk profile, the Board of Directors of the Company (the “Board”) formally reviews the risks, controls and other risk mitigation arrangements and assesses their effectiveness through its Internal Capital Adequacy Assessment Process (“ICAAP”). The risks identified through the ICAAP include Credit Risk, Market Risk, Business Risk, Concentration Risk, Group Risk, Liquidity Risk, Interest Rate Risk, Reputational Risk, Strategic Risk, and Operational Risk. The most relevant of these risks are set out in further detail below.

CREDIT RISK

Credit risk is the risk that unexpected losses may arise as a result of the Company’s borrowers or market counterparties failing to meet their obligations to pay. The Company has a concentration of credit risk primarily in cash and cash equivalents, amounts due from affiliates and accounts receivable. Cash and cash equivalents are held at two major financial institutions of high credit worthiness and the Company regularly monitors credit quality. Credit risk associated with due from affiliates and accounts receivable is considered to be minimal as the majority of the receivables are with related parties who are expected to have sufficient earnings, profits and cash flows to meet their obligations. The credit risk related to cash deposits, other assets and accounts receivable was £1,453,000 at 31 December 2018.

MARKET RISK

Market risk is the risk of loss on financial instruments arising from changes in market prices. Market risk covers interest rate, equity price, and currency risk. The Company's major financial instruments susceptible to market risk include cash and cash equivalents, seed investments, amounts due from affiliates, and accounts receivable held in currencies other than GBP. The market risk related to foreign currency exposure on the Company's financial instruments was £2,282,000 at 31 December 2018.

The Company's minimum capital requirement was £3,735,000 at 31 December 2018.

OPERATIONAL RISK

It is the responsibility of the Company's management to identify and evaluate potential risks of failed internal processes, people and systems as well as external risks, including risks associated with entering into new contracts or developing new market opportunities. These risks are actively addressed by the Company's and Parent's management and the Company's Compliance Officer on an ongoing basis. The Company continues to work to install new information technology systems and to upgrade its existing systems, as well as provide employee awareness training around cyber risks to ensure that the Company is protected, to the greatest extent possible, against cyber risks and security breaches.

Where management identifies the potential for material risks it models the financial impact of these risks as part of the business forecast and capital management process and concludes whether the amount of regulatory capital is adequate. In order to determine the level of capital that the Company needs in respect of its current risks and those expected over the three year planning cycle, the Company's management has gone through the process of:

- Identifying the risks applicable to the Company;
- Analyzing the risks that represent a potential exposure for the Company, their control environment, and the risk management techniques applied;
- For the latter, where relevant, quantitative sensitivity analyses have been performed in order to analyze the potential impact of risks that materialize, and define the potential need for allocating capital
- In addition to the sensitivity analyses for certain specific risks, the Company has simulated the effect of certain scenarios, such as the impact of a decline in assets under management.

CAPITAL REQUIREMENTS

As discussed above, the Company is a BIPRU Limited License €50k firm and its Pillar I capital requirement is the greater of:

- Its base capital requirement of €50,000;
- The sum of its credit and market risk requirements; or
- Its fixed overhead requirement.

At the date of this disclosure, the Company's minimum capital requirement is determined by the sum of its credit risk and market risk requirements. In calculating its credit risk capital requirement, the Company applies the simplified standardized approach.

CAPITAL RESOURCES

The Company's Tier 1 capital resources as of 31 December 2018 are summarized below.

Capital Resources at 31 December 2018	£ 000's
Tier 1 Capital	
Share capital	1,500
Additional paid-in Capital	2,722
Retained earnings	24,621
Total Tier 1 Capital	28,843
Deductions (unaudited retained earnings)	(2,938)
Total Tier 1 Capital Resources	25,905
Minimum Capital Requirement	3,735
Excess Tier 1 Capital	22,170

REMUNERATION DISCLOSURES

In adherence with the FCA's implementation of the Capital Requirements Directive into its BIPRU Handbook, the Company makes the following disclosures with regards to its remuneration policy and other relevant remuneration information.

The Board has implemented a remuneration policy consistent with the elements of the FCA's Remuneration Code with which the Company, as a BIPRU firm, is required to comply. The Company participates in the compensation programmes developed and administered by the Cohen & Steers Group. Such compensation programmes are designed to support the Company's business goals, discourage excessive risk taking by the Company's employees, and promote both short-term and long-term growth by attracting, motivating and retaining the talent needed by the Company to maintain and strengthen its position in the asset management industry. The Company's remuneration policy includes a statement of management's philosophy that compensation should be performance-based, competitive, and for highly compensated employees, significantly equity-based. Compensation takes the form of annual base salary, annual incentive performance bonus (which may include mandatorily deferred restricted stock unit awards), other equity awards, and other forms of compensation.

As permitted and due to the relatively small size of the Company (it being closely held, and it being a wholly-owned member of the Cohen & Steers Group), the Company has not instituted a separate remuneration committee. The Company's remuneration policy has been determined without using an external consultant, although a compensation consultant provided high-level remuneration advice to the Parent and the Company's remuneration policy has been reviewed by outside counsel.

The Parent reviews compensation survey data provided by a compensation consultant to help assess whether its remuneration programmes are competitive. The survey data covers companies with whom the Cohen & Steers Group competes for leadership talent. The Cohen & Steers Group does not aim to target compensation levels within a particular range related to levels paid by industry peers, but uses this data as one factor in determining the appropriate mix of total compensation that should fairly compensate employees when taken as a whole. Individual and firm performance is considered when determining incentive bonus and salary changes. Bonuses are determined by senior management with oversight from Human Resources. Bonuses are only paid in cash to employees if the Company can support payments, and bonuses, including equity awards, are linked to the Cohen & Steers Group's performance.

The Company believes that its systems and processes related to remuneration do not pose a risk to either it or the industry based on the regulator's objectives.

Code staff remuneration for the year ended December 31, 2018 was as follows:

	Number of Beneficiaries	Fixed Cost £	Variable Cost £	Total Cost £	Deferred Compensation Shares
Code Staff (UK and US based)	4	280,226	146,092	426,318	1,914
UK Staff (excluding Code Staff)	15	1,983,564	1,559,549	3,543,113	31,740
Total	19	2,263,790	1,705,641	3,969,431	33,654