

# ESG Supplement H1-24

August 2024

Santander UK Group Holdings Plc

Becoming a **digital bank** with a **human touch**  
through helping **people** and **businesses prosper**

Foreword

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## Director of Communications, Marketing & Responsible Banking Foreword

At the end of 2023 we started to update our Sustainability and Responsible Banking strategy by moving to an explicit Environmental, Social and Governance (ESG) framework. Making this change has enabled us to place greater emphasis on the material challenges we face as a business and for the economy and society we serve. As we progress towards our goal of being a sustainable and responsible bank in everything we do, I am pleased to communicate some of the achievements and progress we have made in the first half of the year against some of these long-term ambitions.

We are both acutely aware of the role that banks must play and also alert to the realities of the dependence on consumer behaviour and public policy incentives to drive the whole economy transition to net zero. We will play a full part in supporting our customers as they transform their dependence on carbon emissions, and we aim to lead where we can have a material positive impact. To that end, earlier this year, we published our 'Tomorrow's Homes' report which signified another step forward in our journey to help the UK housing sector transition. The report identifies the steps required to encourage the transition to net-zero in housing and acts as a temperature check on the UK housing stock, providing insight into the challenges faced and the steps needed to create a long-term solution to decarbonising homes.

We also recognise we have a key role in the financial sector that goes beyond traditional banking services, which is why we are redeveloping our social strategy to focus on supporting productive inclusive growth for our customers, communities and our people. Our global education, employability and entrepreneurship programmes are well developed in the UK, and I am proud of the progress we are making to create a more meaningful approach to the societal issues we face as a developed economy. As an example, in H1 2024 we launched applications for our [Santander X UK Awards](#), where startups can win up to £25,000 in equity-free funding. Entries for the Awards have been doubling year-on-year for the past three years as demand for support grows among aspiring UK businesses.

Our recently approved governance strategy aligns with our parent, Banco Santander S.A., and is designed to ensure clear and robust governance promoting the success of the bank, its customers and other stakeholders.

As we continue to refine our sustainability and responsible banking strategy, we have made it a priority to review our medium-term public commitments made in 2021. Over the next six months we will be working to update our sustainability scorecard as most of the targets mature to completion in 2025. Thank you to all the people who dedicate their time to delivering meaningful impact across the bank and ensure that we are sustainable and responsible in everything that we do.

**Andrew Wilson - Director of Communications, Marketing and Responsible Banking**



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**Environment**Ambition

Contribute towards Banco Santander's ambitions to be net zero carbon by 2050 and meet all regulatory requirements

Strategic pillars

- Aligning our portfolios to meet the Paris Agreement goals
- Supporting our customers in the green transition
- Reducing our environmental impact
- Embedding climate in risk management

**Social**Ambition

Support productive inclusive growth across our three key stakeholder groups:

- Customers
- Communities
- Our People

Strategic pillars

- Make our customers better happen
- Help build better communities
- Unleash the potential of our people

**Governance**Ambition

Clear & robust governance with well-defined accountability which promotes the success of Santander, its customers and other stakeholders

Strategic pillars

- Shareholder engagement
- Effective Board of Directors
- Responsible practices & stakeholders' interests

To read more see our [2023 ESG Supplement](#)

- During the past 18 months we have been completing a formal review and refresh of our Sustainability and Responsible Banking Strategy and have aligned to an ESG Framework.
- In 2021 we established our medium-term scorecard consisting of targets for 2022-2025 (and in some cases 2030).
- With most targets due to conclude in 2025 and several achieved early, we have started a review of our public commitments.
- New targets will be aligned with our refreshed SRB Strategy and will help us meet our sustainability priorities.
- We expect to provide an update to our ESG scorecard in 2025.

| ESG Medium Term Scorecard                          |         |                                  |               |      |
|----------------------------------------------------|---------|----------------------------------|---------------|------|
| ESG Targets                                        | 2023    | H1-24                            | Target        | Date |
| Green Finance <sup>1</sup>                         | £13.3bn | £15.0bn                          | £20.0bn       | 2025 |
| Customers Supported to Become Greener <sup>1</sup> | 105k    | 126k                             | 180k          | 2025 |
| Female Senior Managers <sup>2</sup>                | 33.9%   | 34.4% <sup>3</sup>               | 50% (+/- 10%) | 2025 |
| Ethnic Minority Senior Managers <sup>2</sup>       | 12.8%   | 14.5%                            | 14% (+/- 2%)  | 2025 |
| Low SocEc Senior Managers <sup>2</sup>             | 29%     | 29%                              | 35%           | 2030 |
| Financially Empowered People                       | 3.7m    | N/A –<br>Achieved end<br>of 2023 | 3.0m          | 2025 |
| Financial Education to Youth                       | 3.1m    | N/A –<br>Achieved end<br>of 2023 | 2.2m          | 2025 |
| Female Board Members <sup>4</sup>                  | 36%     | 33%                              | 40%           | 2025 |

## Note

- Includes financing raised and facilitated to properties with an EPC of A & B, renewable energy and electric vehicles.
- Includes c.1,400 senior managers and those in more senior positions.
- Work is ongoing to increase the pipeline of future senior female leaders within HoldCo and this will run beyond our 2025 commitment.
- HoldCo is in the process of ensuring an orderly succession plan for key Board positions with the percentage to change again in H2 2024.

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- In 2023 we updated our Climate Strategy to align with Banco Santander's strategy and developed a first iteration of our internal climate transition plan.
- 2024 is aimed at embedding Climate Strategy and Transition Planning in the business and ensuring we can facilitate a Transition Planning Taskforce (TPT) aligned disclosure in the future.
- Our progress against the strategy in H1-24 can be found on the next page.

### Santander UK's Climate Strategy

**Meet regulatory requirements and contribute towards Banco Santander group ambitions to be net zero by 2050**

|                                                                                       |  |                                                                                     |  |                                                                                     |  |                                                                                                                                    |  |                   |  |
|---------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------|--|-------------------|--|
| Aligning our portfolios to meet Paris Agreement goals                                 |  | Supporting our customers in the green transition                                    |  | Reducing our environmental impact                                                   |  | Embedding climate in risk management                                                                                               |  |                   |  |
|    |  |  |  |  |  |                                                 |  |                   |  |
| Decarbonise portfolios to contribute to limiting global temperature increase to 1.5°C |  | Help our customers transition to a low-carbon economy                               |  | Become net zero in our own operational footprint                                    |  | Integrate climate-related risks in the Risk Type and Risk Activity Framework and adhere to regulatory and supervisory expectations |  |                   |  |
| Interim targets but calling out our dependencies                                      |  | Green finance targets with focus on building decarbonisation                        |  | Net Zero in our scope 1 and 2 own operations by 2030                                |  | Climate as a principal risk and meet all regulatory requirements                                                                   |  |                   |  |
| Data and systems                                                                      |  | Communication and disclosures                                                       |  | Partnerships                                                                        |  | Policy engagement                                                                                                                  |  | People and skills |  |



## Santander UK's Climate Strategy

Meet regulatory requirements and contribute towards Banco Santander group ambitions to be net zero by 2050

Aligning our portfolios to meet Paris Agreement goals



- **Data enhancements:** Enhancing our data and processes to better understand our financed emissions impact.
- **Financed Emissions:** Enhancing our analysis and improving data quality across our three most material portfolios: homes, consumer finance and commercial banking.
- **Transition Planning:** Integrating our Green Finance strategy in internal levers, as part of further embedding climate transition planning in our business strategy and financial planning process.

Supporting our customers in the green transition



- **Strategy:** Developing our Green Finance strategy across our three most material portfolios: homes, consumer finance and corporate and commercial banking.
- **Products:** Developing and launching green lending propositions and delivering proof-of-concepts to existing clients with the aim of accelerating their transition.
- **Membership:** Became members of the Aldersgate Group aiming to accelerate required policy change.

Reducing our environmental impact



- **Strategy:** Working to develop our 2030 net zero strategy covering Scope 1 and 2 emissions from our own operations.
- **Indirect Emissions:** Expanding our understanding and coverage of our Scope 3 indirect emissions impact beyond financed emissions.
- **Scope 3:** Completed the work for assessing emissions from employee commuting and focusing our efforts on emissions from our supply chain.

Embedding climate in risk management



- **Stress Test:** Working towards the delivery of our 2024 climate internal stress test.
- **Customer Transition:** Enhancing our Climate Risk Assessment Model (CRAM) to become a Client Environmental Risk and Opportunity model (CEROM) expanding the breadth of scope beyond climate and enhancing capture of opportunities as well as risks.

## Retrofitting the UK

- Retrofitting the UK's estimated 28 million houses and flats is an infrastructure challenge. Without a nationwide retrofitting campaign, the UK may not meet its decarbonisation targets. We surveyed a sample of UK homeowners and renters to better understand the nations' view on retrofitting.
- The report finds that there are important knowledge gaps around energy efficiency with most people unaware of the efficiency of their own home. Upfront costs are a major obstacle and even where measures are seen as affordable many people would not prioritise them. To address this we have called for a need to significantly elevate consumer understanding, an expansion of existing grant schemes, especially for the less affluent and a sustained focus on the development of the retrofitting supply chain.
- The report and its findings can be found [here](#).

## Tomorrow's Homes report



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- In 2023 we began work on a social strategy that goes beyond traditional banking services, focusing on our customers, our communities, and our people.
- As part of this work, we aim to differentiate based on a common theme of “Education and Skills” across each of the three pillars.
- The update of our Social Strategy will continue for the remainder of 2024.
- Our progress against the outline strategy in H1-24 can be found on the next page.

### Santander UK's Social Strategy proposed Pillars and focus areas

**Support productive inclusive growth across our main stakeholders: Customers, Communities and Our People**

Our Customers:  
Making their better happen



Our Communities:  
Better Communities



Our People:  
Unleash potential



Support financial inclusion, financial health and social finance

Community support, with focus on Education, Employability and Entrepreneurship (EEE)

Diverse and Inclusive workplace that priorities people's skills and fosters employee wellbeing

Partnerships and collaborations

Communication

Strategic Workforce Planning

Data

Santander UK’s Social Strategy proposed Pillars and focus areas

Support productive inclusive growth across our main stakeholders: Customers, Communities and Our People

Our Customers:  
Making their better happen



- **Financial Support:** proactively reached out to 1.97m customers so far in 2024 to offer support to those who are showing signs of potential difficulty. This follows new research that show one in five UK adults are proactively contacting their bank when in need of financial support
- **SMEs:** teamed up with entrepreneur and footballing icon, Gary Neville, to help an SME with international ambitions get started in a new market
- **Money confidence proof of concept:** Developing a three month "proof of concept" with a FinTech - a gamified financial education platform aligned to financial goals, to gauge appeal and appetite to motivate customers to want to learn and build money confidence

Our Communities:  
Better Communities



- **Education:** Santander sponsored a new report, 'Investing in the Future' by the Social Market Foundation (SMF) calling for financial education to become a statutory requirement in primary schools, and for provision to be high-quality and universal
- **Employability:** provided a further £3.5m in H1-24 to support higher education and Adult Lifelong Learning
- **Entrepreneurship:** Santander UK and Oxentia launch annual entrepreneurship competition, with entries for the Santander X UK Awards doubling year-on-year for the past three years as demand for support grows among aspiring UK businesses

Our People:  
Unleash potential



- **Engagement:** H1-24 employee engagement score of 8.3/10, placing us in top 25% of external finance benchmark.
- **Culture:** launched our flagship development programme in Mar-24, the School of Management. The programme builds the knowledge and skills of our People Managers to be owners of our culture framework, The Santander Way
- **Everyday Inclusion:** Won the 2024 Euromoney Awards for Excellence for the UK Best Bank in Diversity and Inclusion and launched a new Black advisory board with colleagues from across the bank to shape the next phase of our Black Inclusion plan
- **Accreditation:** awarded Menopause Friendly Accreditation by Henpicked’s independent panel

More information can be found below:

- [Santander UK selects 100 scholars for new multi-million pound university scholarship programme | Santander UK](#)
- [Santander Course | Santander Universities Scholars Programme \(santanderopenacademy.com\)](#)

### Santander Scholars Programme

The Santander Universities Scholars Programme is one of the Bank's flagship initiatives. It supports higher-education students from underrepresented groups and aims to break down barriers for students who are most likely to face challenges when attending higher education, helping them to access the educational opportunities and skills they need to fulfil their true potential.

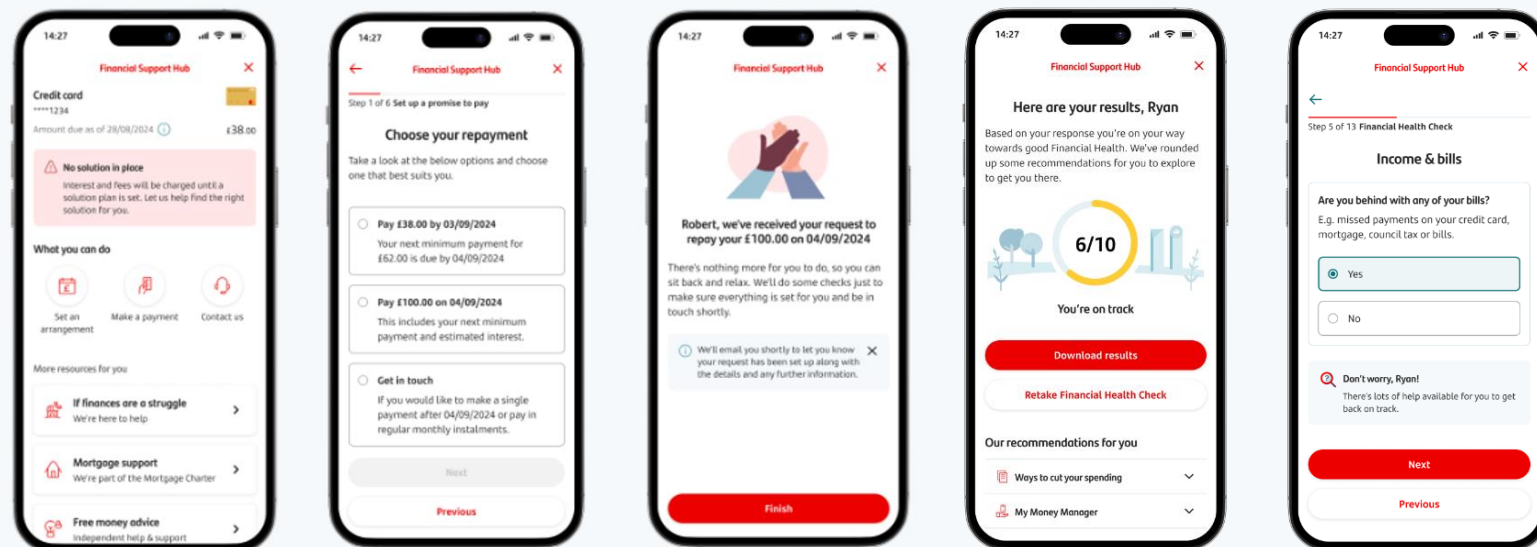
100 undergraduate students from 72 universities across the UK, are receiving funding across all three years of their degree, a dedicated mentor and access to training and development opportunities.

"The Santander Universities Scholars Programme has helped me at a time when I've faced health and financial challenges due to recent surgery. It has not only allowed me to continue my studies but has also eased the financial stress. It's more than just a scholarship - it's a lifeline that's helped me navigate this challenging period."

**Peter Dewey, University of East Anglia**

- We continue to empower customers to better understand their finances and improve their financial health through our Financial Support Hub in the Mobile App
- Delivering more opportunities for customers to 'self-help' when experiencing financial difficulties or concerns, through their preferred channel of choice
- Six digital releases in H1-24, including **arrears balance information** across more products, **self-serve functionality** on **Credit Cards**, and **alignment to OneApp**

## One App financial support functions



- 260k visits to the Financial Support Hub in H1-24
- 23k completions of our customer support tools, Health Check and Budget Calculator to improve financial understanding and resilience in H1-24

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- Our Governance Strategy is aligned to Banco Santander's three governance pillars.
- The strategy is designed to ensure clear and robust governance which will help Santander UK with more efficient decision making.
- Having been approved in July 2024, we will provide a more detailed progress update during end of year reporting.

### Santander UK's Governance Strategy

**Clear & robust governance with well-defined accountability which promotes the success of Santander, its customers and other stakeholders**

| Shareholder engagement<br>                                                                     | Effective Board of Directors<br>        | Responsible practices & stakeholders' interests<br> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Promote the success of the Santander UK for the benefit of our shareholder in line with s172 Companies Act 2006, including and having due regard to the interests of stakeholders | A balanced, qualified and diverse Board to ensure optimal decision making                                                  | Value-led, risk-attuned, effective and efficient decision making following robust and constructive challenge                           |
| Proactive engagement and alignment with Banco Santander Group, balancing the requirement for independent decision making                                                          | Separation of key roles and robust succession planning including for subsidiary boards                                     | Simple and effective legal structure and management governance that facilitates agile decision making aligned to SMCR                  |
| Leverage Group's scale and capabilities for UK stakeholder interests                                                                                                              | Strong and embedded practices in board corporate governance including strong information flows and targeted board training | Strong corporate values to reinforce culture & deliver our Strategic Blueprint                                                         |

## Important Links

<https://www.santander.co.uk/about-santander/investor-relations/santander-uk-group-holdings-plc>

<https://www.santander.co.uk/sustainability>

## Thank You.

Our purpose is to help **people** and **businesses prosper**.

Our culture is based on ensuring that everything we do is **Simple, Personal & Fair**.