



# How we report

We report Environmental, Social and Governance (ESG) in a targeted way to effectively respond to our stakeholder needs. This ESG Supplement accompanies our Santander UK Group Holdings plc 2021 Annual Report and Accounts (which we will refer to as our Annual Report in this document) and provides a data-driven summary of our sustainability performance.

						
<b>Our reporting suite</b>	<b>Sustainability microsite</b>	<b>Diversity Pay Report</b>	<b>UK Taxation Strategy</b>	<b>Modern Slavery Statement</b>	<b>Environmental, Social and Governance Supplement</b>	<b>Annual Report and Accounts</b>
<b>Topics covered</b>						
1 Sustainability strategy						
2 Materiality						
3 Integration with business strategy						
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7 Stakeholder engagement						
8 Responsible taxation						

> Access the full reporting suite at [santander.co.uk](https://santander.co.uk)

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# Materiality assessment and governance

## Our approach

With a growing focus on sustainability over recent years, the need for business to be part of the solution to pressing social and environmental issues has become increasingly clear.

At Santander UK, we moved away from a philanthropy-based CSR approach in 2017, recognising the need for a sustainability strategy to be embedded across our organisation. Over the last two years, the ongoing Covid-19 pandemic has reinforced the need to build more sustainable and resilient systems.

We recognise the scale and pace of change needed and developed a Sustainability and Responsible Banking strategy to support our vision of helping people and businesses prosper. The strategy sets out our ambition to become a sustainable and responsible bank and it responds to our most important, or material, sustainability issues (outlined below).

## Evolving our strategy further

In a fast changing world we review our Sustainability and Responsible Banking strategy on an ongoing basis to make sure it is fit for purpose. In 2021, we reassessed the strategy and our sustainability priorities to reflect the changing context we face and to ensure they remain relevant to our journey to become a truly responsible bank. As a result, we have simplified our strategic framework (see page 6). Upholding the highest ethical standards and fighting financial crime has become the foundation of our strategy because it applies to everything we do as a bank.

Above this foundation, our three strategic pillars focus on: creating a thriving workplace; better communities with a focus on financial inclusion and education; and a healthier environment. The previous strategy pillar of driving inclusive digitalisation has been absorbed into the pillar focusing on financial inclusion. This ESG supplement for 2021 reflects the revised structure of the strategy.

Beneath our overarching Sustainability and Responsible Banking strategy, we have also developed a new Financial Inclusion strategy for Santander UK that will direct our efforts in this area (see page 18). This adds to our existing Climate Change strategy and our Everyday Inclusion strategy, which focuses on diversity, inclusion and belonging. This means we now have an issue-specific strategy for each of the pillars of our Sustainability and Responsible Banking strategy.

## Moving ahead

We strive for excellence in all areas of our Sustainability and Responsible Banking strategy and in particular we want to amplify our impact in areas where we can make the biggest difference. In 2021, we have worked to identify how we can maximise our positive impact as a business. After further engagement with our Executive Committee and the Responsible Banking Committee, we have identified three focus areas where we will concentrate our effort to build positive impact and differentiate our business.

These are: education including financial education and knowledge; helping to green UK homes and businesses; and social mobility.

Alongside these areas, we have also started a project to set medium-term targets for the bank which can be found in this supplement.

To provide a clearer reflection of activity and responsibilities within Santander UK, we created a new Communications and Responsible Banking function in 2021. Our Sustainability and Responsible Banking team became part of this newly created function during the year.

# Materiality assessment and governance continued

## Governance

We strengthened the governance of sustainability within Santander UK in 2021, by enhancing how our executive team maintains oversight of our sustainability and responsible banking objectives. This now happens through a defined monthly slot at our Senior Management Committee meetings and through more time being allocated to sustainability updates and decisions within the Board-level Responsible Banking Committee meetings.

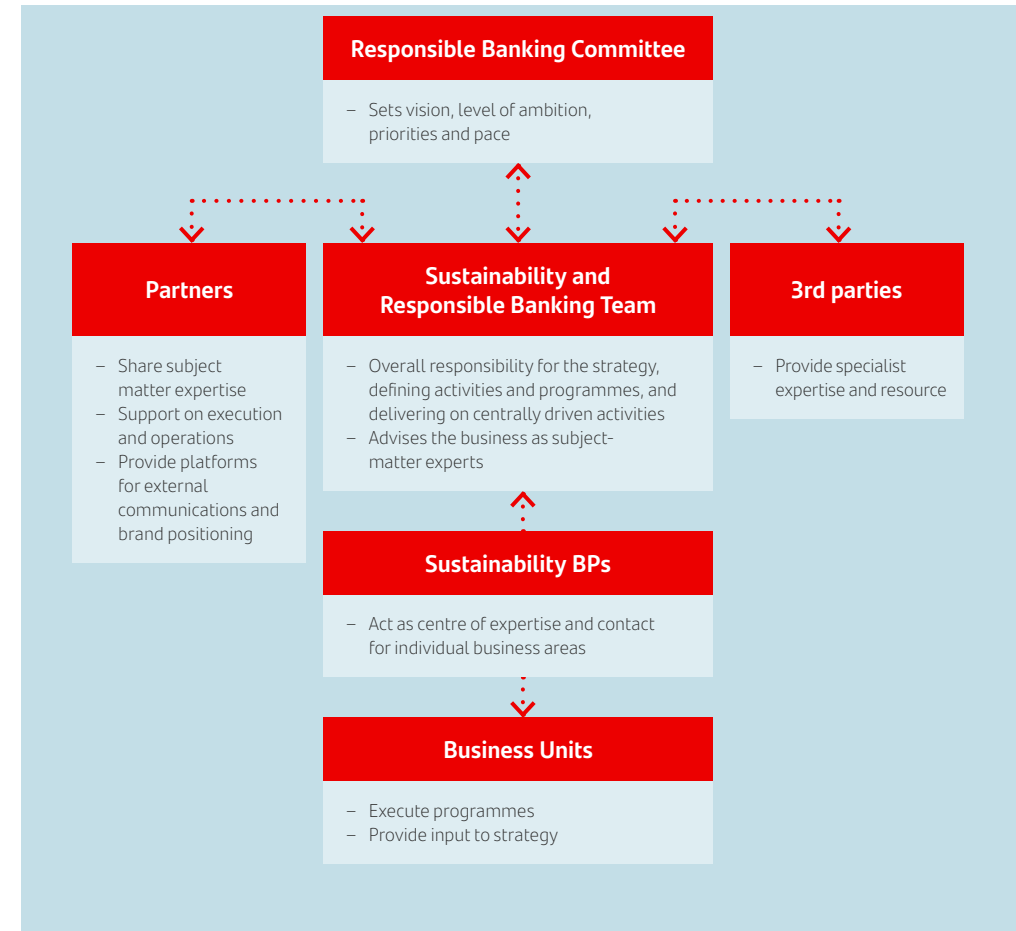
Sustainability, like other parts of Santander UK such as Risk or Human Resources, must be owned and executed by individual business functions with the support of a central Sustainability team. The Sustainability team acts as a centre of expertise for Santander UK, providing strategic direction and guidance for Sustainability Business Partners (SBPs) who help deliver our sustainability agenda across different business divisions.

In 2021, we have improved how we work together on sustainability across different parts of the business. For example, in the area of financial inclusion our Sustainability team is working closely with the newly formed financial support centre of excellence, our vulnerable customers team and the customer insights team. For climate change, working groups have been formed within each of our key business areas, including Mortgages, Consumer Finance and Corporate and Commercial Banking.

To further integrate sustainability into our day-to-day processes, we also added sustainability as one of the assessment elements within the Santander UK standard product and initiatives approval process, for both retail and corporate processes. In this way we are ensuring we consider broader impacts that our new products, solutions or processes might have on the environment, our customers or the communities in which we operate.

To improve sustainability knowledge and skills in the business, our Sustainability Business Partners and colleagues in key functions are starting to take sustainability training courses adapted to their technical needs. These include courses from the Chartered Banker Institute, which began in Q4 2021, or the Cambridge Institute for Sustainability Leadership starting in early 2022.

## Our Governance for Sustainability and Responsible Banking



# Materiality assessment and governance continued

Our Sustainability and Responsible Banking strategy is framed around our material issues, which are the most relevant ESG issues. These are displayed in the top right of our materiality matrix (opposite).

## Identifying our most material issues

We conducted a materiality assessment in 2020 to identify the sustainability topics, or 'material issues', that are most important to our business and its stakeholders. The material topics remain the same this year and form the basis of our Sustainability and Responsible Banking strategy and our reporting. In 2022 we will be working with Banco Santander to define a coordinated global approach, methodology and timelines for future materiality assessments and updates.

## Process

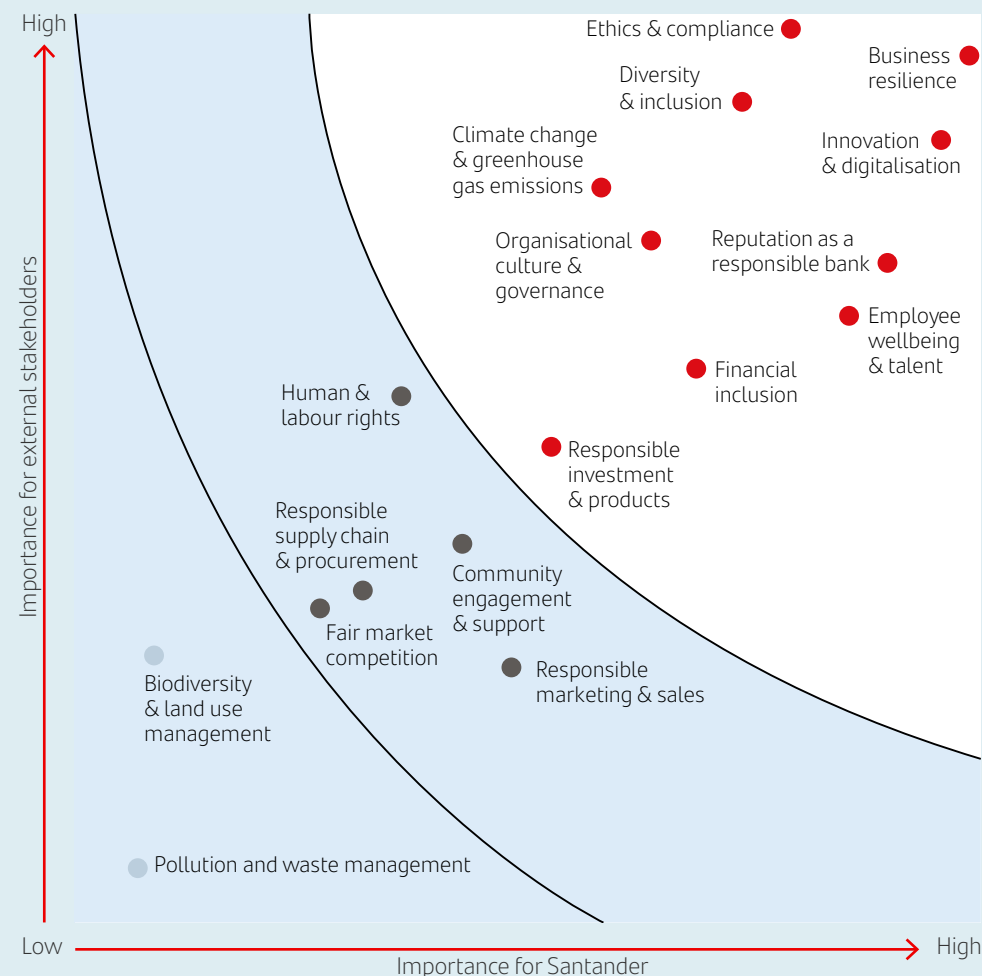
Our materiality process uses an evidence-based approach. In our latest materiality assessment, we used a 'big data' approach, powered by Datamaran, which analysed millions of data points covering regulatory frameworks, social media, news, and financial and sustainability reports of industry peers. The findings were overlaid with consumer insights and inputs from internal surveys of our colleagues and our Executive Committee.

The materiality assessment also included a review of sustainability megatrends to identify emerging issues and we considered the principle of double materiality by analysing both sustainability and financial reports of peers in our assessment. In total, 100 peers were benchmarked, including non-traditional financial services companies and financial sector disruptors. Specialist consultancy ERM conducted the materiality assessment in line with best practice.

We used the materiality matrix (opposite) to help develop our strategy. The materiality assessment and resulting matrix of material topics have been approved by the Responsible Banking Committee.

## Ten material sustainability topics have been identified for Santander UK's business

- Material topics to inform reporting and strategic review processes
- Other medium priority topics
- Other lower priority topics



# Our Sustainability and Responsible Banking strategy

Being a responsible business is a key business priority and part of our core strategy. To understand what this means for the business, we have a Sustainability and Responsible Banking strategy covering our material issues, based on three pillars plus one solid foundation.

## Santander UK's strategic ambition: to become a sustainable and responsible bank



### Thriving workplace

#### Creating a culture of inclusivity and belonging

We aim to create a thriving workplace that develops a culture of inclusivity and belonging.



### Better communities

#### Helping customers and communities prosper

We want to deliver long-lasting, sustainable growth and positive socio-economic impact.



### Healthy environment

#### Fighting climate change and supporting the green economy

We will play our part in supporting the UK transition to a low-carbon and support the green economy.

#### Our material issues

- Diversity, inclusion and belonging
- Social mobility
- Employee wellbeing and talent
- Organisational culture and governance

- Financial inclusion
- Community engagement and support
- Sustainable/ESG products
- Inclusive innovation and digitalisation
- Cybersecurity
- Data security and protection
- Additional priorities:**
  - Santander Universities
  - Santander Foundation

- Managing climate risks
- Supporting customers transition to a low carbon economy
- Reducing emissions in our operations
- Ensuring a just transition

UN Sustainable Development Goals (SDGs) - see page 8 for further details on core SDGs



## Our solid foundation



### Being responsible, in everything we do

We will aim to be responsible in everything we do with ethics and integrity being a solid foundation of our strategy, enabling business and society to prosper.

#### Our material issues

- Ethics and Compliance
- Responsible banking practices
- Financial crime
- Human and labour rights
- Responsible supply chain and procurement
- Fair market competition

UN Sustainable Development Goals



Delivering on our strategic priorities and creating value for all of our stakeholders

# Performance highlights

Key performance data against our strategy in 2021

## Top Employer

In 2021, we were again recognised as a Top Employer. We have been accredited as one of the 'UK's Best Workplaces' - Ranking #16, (Great Place to Work, super large organisation category). We have also been recognised as one of the 'Best Workplaces for Women' - Ranking #15, (Great Place to Work, super large organisation category). Going forward, we are working towards achieving our ambition to be a Top 10 company to work for

## Employee Engagement

The results from our 2021 engagement survey gave us an employee engagement score of **73%**, a positive trend up three points from 2019, but down four points from 2020. We're working hard to increase our score to create positive change going forward

- **88%** feel we act responsibly
- **86%** agree we make a positive contribution to society

## Social Mobility Leaders

We received our highest ranking ever in the Social Mobility Index, jumping to 18<sup>th</sup> place in the Top 75 of employers, which recognises organisations doing most to support and progress talent from all backgrounds. Next year, we aim to increase our positioning by working on our improvement areas

- 2021 ranking: 18th
- 2020 ranking: 26th
- 2019 ranking: 20th

## 751,720

751,720 have been financially empowered since 2019 mainly through financial education programmes. Going forward we are looking to expand and address other issues related to financial inclusion through our new strategy (see page 18)

## £12.8m

We invested £12.8m in our communities through the Santander Foundation, Santander University and education programmes, Breakthrough (our small and medium-sized enterprise support initiative) and other CSR memberships and programmes

## Leading the Market

Having built a substantial track record in renewable lending for solar and wind generation assets, Santander UK are pleased to also be leading the market in providing lending solutions for battery storage systems, thereby supporting the UK in its transition to net zero and a sustainable energy generation mix

## 553,300

553,300 people have been educated via our numeracy and money based educational resources from our flagship programme in partnership with Twinkl which launched in 2021. Our ambition is for this number to continue to expand over the next year









# Our contribution to the United Nations Sustainable Development Goals (UN SDGs)

Successfully delivering on the UN SDGs will require coordination across a range of stakeholders and an active role from the financial sector. This page uses case studies to highlight our contribution to four SDGs and their targets in 2021. Through our lending and operations, we contribute to other SDGs, and these are mapped against our strategy on page 6.

## Key SDGs

UN SDG	Key SDG targets	Key highlight	Our commitment and contribution
 <b>Goal 4</b> <b>Quality education</b>	<ul style="list-style-type: none"> <li>– By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</li> <li>– By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy skills.</li> </ul>	<b>£9.2m</b> donations made to university partners	
 <b>Goal 8</b> <b>Decent work and economic growth</b>	<ul style="list-style-type: none"> <li>– Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</li> <li>– Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</li> </ul>	<b>6,466</b> vulnerable customer support notes added	
 <b>Goal 10</b> <b>Reduced inequalities</b>	<ul style="list-style-type: none"> <li>– Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.</li> <li>– Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.</li> </ul>	<b>86%</b> of colleagues feel we have the right environment for diversity	
 <b>Goal 13</b> <b>Climate action</b>	<ul style="list-style-type: none"> <li>– Integrate climate change measures into national policies, strategies and planning.</li> <li>– Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</li> </ul>	<b>£3.97bn</b> provided for projects and activities classified as green	

# 2021 Performance summary



In 2020 we refreshed our materiality analysis identifying the key issues we needed to deliver against with the business to become more sustainable. The below table shows our progress in 2021 and next steps in each area.

Our sustainability priorities	Key Issue(s)	2021 Performance	Looking forward
 <b>Thriving workplace</b>	<b>Diversity, inclusion and belonging</b>	<ul style="list-style-type: none"> <li>– We saw a slight increase in representation of women in senior roles during 2021, although this was at a slower rate than we had targeted, reflective of both internal and external factors.</li> <li>– Our organisation continues to transform in response to how our customers are choosing to interact with us and our digital transformation has also seen an increase in digital and technology roles, industries where women have traditionally been under-represented.</li> </ul>	<ul style="list-style-type: none"> <li>– We have redoubled our efforts to make genuine, sustainable progress towards our goal, putting inclusion at the heart of all our decisions.</li> <li>– 2022 will see dedicated Gender Sponsorship Circles to create more pathways for women into leadership, and an ongoing focus on promoting true equalisation of gender and caring roles through pioneering research and activity.</li> <li>– We have also added additional controls and support to ensure we're consistently achieving gender equal shortlists for our senior roles. Our internal data shows that when we manage this, women are hired in 70%+ of instances vs. approximately 30% when gender-equal shortlists are not achieved.</li> </ul>
	<b>Social mobility</b>	<ul style="list-style-type: none"> <li>– Although the overall population of Santander UK colleagues has decreased, the proportion of ethnic minority representation increased thanks to initiatives broadly aligned with our growth target and keeping us on track to achieve our minimum ambition of ethnic minority representations in senior roles by 2025.</li> <li>– We voluntarily publish our ethnicity pay gap, which showed a reduction in the mean average to 7.6%, down 1.3%. We also published more granular detail, showing separate pay gaps for Asian, black and colleagues from other ethnic minorities as part of our commitment to equality, transparency and accountability.</li> </ul>	<ul style="list-style-type: none"> <li>– We continue to work towards race equality at work through our commitments including the Race at Work Charter and our Black Inclusion Plan.</li> <li>– After a successful pilot in 2021, we will run our bespoke Accelerating You: Black Talent Programme again as we look to support more black colleagues into leadership roles through increased sponsorship, development and greater access to opportunity.</li> </ul>
	<b>Organisational culture and governance</b>	<ul style="list-style-type: none"> <li>– While sustainability continues to be a core focus for Santander UK, only 4% of all full-time employees have completed an optional introductory training we have released on sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>– Our training on sustainability will be addressed throughout 2022 as we develop new ways to engage colleagues, making sure we embed sustainability within the corporate culture and that all colleagues understand how they can play a role to deliver against this agenda.</li> </ul>

# 2021 Performance summary continued

Our sustainability priorities	Key Issue(s)	2021 Performance	Looking forward
 <b>Better communities</b>	<b>Financial inclusion</b>	<ul style="list-style-type: none"> <li>– With the inclusion of some fresh initiatives such as support to customers in arrears, we have exceeded our target and financially empowered over 245,000 people in 2021.</li> </ul>	<ul style="list-style-type: none"> <li>– We are prioritising the expansion of our schemes to financially empower people across the country, we will continue to develop our financial education initiatives and other ways in which we are supporting our customers and communities.</li> </ul>
		<ul style="list-style-type: none"> <li>– In 2021, working with our partners at Twinkl and Young Enterprise, we delivered meaningful financial education and resources to over 600,000 young people across the UK. Our focus remained on providing education, to give students a valuable introduction to finance.</li> </ul>	<ul style="list-style-type: none"> <li>– As we expand our Numbers Game initiative, we will continue to prioritise financial literacy and inclusion as part of our Sustainability and Responsible Banking strategy and work with our partners to develop the best resources for meaningful financial education.</li> </ul>
	<b>Community engagement and support</b>	<ul style="list-style-type: none"> <li>– We supported over 10,225 people through our inclusive and impactful support in the higher education sector.</li> </ul>	<ul style="list-style-type: none"> <li>– We continue to pioneer inclusivity in higher education and look forward to continuing to tackle racial harassment in higher education through our 'Union Black' initiative. Our lifelong learning programme, 'Your Digital Pathway', will continue to empower people to return to work, study or start a business.</li> </ul>
	<b>Financial inclusion; community engagement and support; inclusive innovation and digitalisation</b>	<ul style="list-style-type: none"> <li>– Over the last three years we have been working closely with our chosen charity partner, Alzheimer's Society, to uplift our standards for vulnerable customers. We missed our target of unique views of our new Dementia-friendly page, achieving over 7,000 visits.</li> <li>– We did, however, exceed the number of customers reached through our disclosure campaign. This campaign was designed to identify customer accounts with support flags so we can adapt our outreach to them or provide the support they require in the future. 6,654 people were identified with these flags and can be better supported in the future.</li> </ul>	<ul style="list-style-type: none"> <li>– Towards the end of 2021 we engaged our colleagues to decide who Santander would partner with as the next corporate charity partner. While we say goodbye to Alzheimer's Society as our main charity partner and all the support they have given to our customers, we look forward to working with Macmillan Cancer Support to develop ways in which we can assist customers going through some of the most challenging times in their life.</li> </ul>
 <b>Healthy environment</b>	<b>Supporting customers transition</b>	<ul style="list-style-type: none"> <li>– In 2021 we adopted Banco Santander group's SFCS. We have started assessing its implementation in our Corporate and Commercial Banking, Consumer Finance and Mortgage portfolios to provide a harmonised framework for measuring green finance. The SFCS has enabled us to provide over £3.97bn in green finance throughout 2021.</li> </ul>	<ul style="list-style-type: none"> <li>– The adoption of the SFCS will enable Santander UK to increase its contribution to UK and Group targets for green finance through to 2030.</li> </ul>
		<ul style="list-style-type: none"> <li>– This year our product teams expanded their focus to develop new ways to help customers transition to a low carbon economy. We introduced a new free report for existing mortgage customers; we set up an ESG fund with our Wealth Management team; created a Green Deposit for corporate clients; and rolled out a new electric vehicle scheme as part of our wider product proposition with our Consumer Finance division.</li> </ul>	<ul style="list-style-type: none"> <li>– We remain committed to supporting retail and business customers in their efforts to decarbonise and leveraging the SFCS, we aim to bring new solutions to market.</li> </ul>
		<ul style="list-style-type: none"> <li>– We partnered with Countrywide to provide customers with a new bespoke review of their property's energy performance. We issued c.4,000 reports since the start of the programme in March, which was below our anticipated target but are looking to scale up the distribution to enable more customers in the UK to benefit from the free report.</li> </ul>	<ul style="list-style-type: none"> <li>– This initiative only launched at the end of the first quarter in 2021 and we are keen to see it expand and grow as we place greater emphasis on educating and empowering customers to make energy efficiency improvements to their homes.</li> </ul>

# 2021 Performance summary continued

Our sustainability priorities	Key Issue(s)	2021 Performance	Looking forward
 <b>Healthy environment continued</b>	<b>Managing Climate Risks</b>	<ul style="list-style-type: none"> <li>– We determined our approach for measuring financed emissions by becoming signatories to the Partnership for Carbon Accounting Financials (PCAF) in 2021.</li> <li>– Outreached to over 200 of our largest corporate clients as part of our participation in the Bank of England's CBES.</li> <li>– We undertake analysis with support from Landmark to assess the EPC ratings of our mortgage portfolio at six-monthly intervals and established a process for measuring our fossil fuel exposure in our investment portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>– We are committed to maintaining alignment with the Paris agreement and will continue to assess our impact further throughout 2022.</li> <li>– We will continue to support our customers transition and will be working closely with our clients in carbon intense sectors to manage their ambitions to achieve our net zero target by 2050.</li> <li>– The continuation of the six-monthly mortgage portfolio analysis throughout 2022 will help to identify customer segments and assist them with support targeted at specific customer needs, while our newly adopted strategies for fossil fuel exposure and green finance will simultaneously enable us to continue to manage our climate risk and exposure through our retail operations.</li> </ul>
 <b>Being responsible, in everything we do</b>	<b>Reducing emissions in our operations</b>	<ul style="list-style-type: none"> <li>– We achieved our goal of a 100% reduction in the use of unnecessary single-use plastics across our Santander UK sites. These items include single use plastic in canteens for cutlery and water cups in office facilities.</li> </ul>	<ul style="list-style-type: none"> <li>– This is our standard across all Santander UK sites and we look forward to developing new ways to combat waste at our sites.</li> </ul>
	<b>Responsible banking practices</b>	<ul style="list-style-type: none"> <li>– Sustainability remains a part of the remuneration framework with a weighting of 5%.</li> </ul>	<ul style="list-style-type: none"> <li>– Sustainability will continue to be included in the remuneration framework and we will be exploring the ways we can incorporate climate considerations into it.</li> </ul>
	<b>Responsible banking practices, ethics and compliance</b>	<ul style="list-style-type: none"> <li>– Throughout 2021 we embedded sustainability in our product design and approval processes, so sustainability is now considered at the start of any product approval.</li> </ul>	<ul style="list-style-type: none"> <li>– We will continue to work diligently to ensure our new products and initiatives are as sustainable as possible. Moreover, we are firmly committed to continuing our half-yearly portfolio assessment to determine our fossil fuel exposure.</li> </ul>
	<b>Human and Labour rights</b>	<ul style="list-style-type: none"> <li>– In 2021 we collaborated with Stop the Traffik (Modern Slavery consultants) in completing a comprehensive supplier risk mapping exercise which identified those suppliers presenting the highest risk of modern slavery and developed a specific modern slavery self-assessment questionnaire. This tailored approach is helping us to target and prioritise mitigation activities.</li> </ul>	<ul style="list-style-type: none"> <li>– We want to continue to work with a leading Modern Slavery consultancy to repeat and embed the deep-dive thematic assessment on higher risk suppliers for Modern Slavery and work with said suppliers to complete remediation activities where necessary. We will also continue to enhance and embed our Third-Party Supplier Assessment approach, with improved remote and on-site capabilities.</li> </ul>

# Our performance

**Key:** **AS** 2021 data has been subject to Independent Limited Assurance by PricewaterhouseCoopers LLP, please refer to page 46 of this report. See our 2020 report for the performance last year and assurance by PricewaterhouseCoopers LLP. See our 2019 report for assurance by SGS. Please refer to the Methodologies and data criteria section of this report for further details of how we have prepared our 2021 data.

## Thriving workplace



Category	Unit		2021	2020	2019	Notes
<b>Our people</b>						
Employees – Santander UK plc	FTE		<b>17,967</b>	20,946	22,532	
Employees – UK HoldCo	FTE		<b>18,049</b>	21,046	23,486	
Salaries and other staff costs – UK HoldCo	£m		<b>1,202</b>	1,189	1,288	
Full-time employees	FTE		<b>15,208</b>	17,558	18,829	
Part-time employees	FTE		<b>2,841</b>	3,488	3,703	
<b>Employees – diversity</b>						
Asian, Black and Minority Ethnic Employees	FTE	<b>AS</b>	<b>2,545</b>	2,926	3,041	
Employees aged over 50	FTE		<b>3,910</b>	4,424	3,906	
Female Board Directors (Non-Executive)	#		<b>4</b>	3	4	
Male Board Directors (Non-Executive)	#		<b>6</b>	7	7	
Female Board Directors (Executive)	#		<b>0</b>	1	1	
Male Board Directors (Executive)	#		<b>2</b>	3	2	
Female Executive Committee	FTE		<b>3</b>	3	4	
Male Executive Committee	FTE		<b>8</b>	10	11	
Female employees	FTE	<b>AS</b>	<b>9,783</b>	11,504	12,344	
Male employees	FTE	<b>AS</b>	<b>8,266</b>	9,542	10,172	

# Our performance continued

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## Thriving workplace continued



Category	Unit		2021	2020	2019	Notes
<b>Employees – miscellaneous</b>						
Average absence per employee	days		<b>12.4</b>	10.1	11.7	
Employee turnover	%	<b>AS</b>	<b>9.79</b>	8.1	12.8	
Average length of service	years		<b>9.78</b>	10.5	9.7	
Pension participation	%		<b>93</b>	93	91	
Colleague engagement	%		<b>73</b>	77	70	
<b>Employee learning</b>						
Training days	days	<b>AS</b>	<b>48,701</b>	61,398	144,703	
Training days per employee	days		<b>2.7</b>	2.9	6.4	
Investment in training	£m		<b>10.4</b>	8.1	10.6	
<b>Accidents at work</b>						
Minor accidents	#		<b>125</b>	197	361	
Accidents resulting in over 7 day absence	#		<b>5</b>	3	3	
Major accidents	#		<b>6</b>	5	9	

# Thriving workplace

## Creating a culture of inclusion and belonging

### Our ambition

Our culture, The Santander Way, is aligned with our strategic priority to engage, motivate and develop a talented and diverse team. It encompasses our purpose, values, behaviours and ways of working. Simple, Personal and Fair remain our core values and guide our ways of working and the service we provide to customers.

Our aim is to be a company where all our colleagues feel they belong and are supported to succeed. We want to be a workplace with a responsible culture where anyone and everyone can learn and grow while being themselves. For us, this means doing the right thing, collaborating to get the best from each other and having fun along the way. Employee wellbeing is central to our approach and through our Everyday Inclusion strategy we aim to be a truly inclusive organisation; one that reflects our customer base and communities.

### Skills development

We value continuous learning so our people can adapt to a fast-paced, ever-changing environment. Our capability strategy helps us attract and retain the most talented and skilled employees. It also contributes to accelerating our transformation by fostering their continuous development.

Several projects further this objective:

Strategic Workforce Planning (SWP) identifies and quantifies the resources and skills we need to deliver our future business strategy. Detailed analysis helps to create action plans and define new and changing workforce profiles.

Our Skills Model guides how we up-skill our current workforce. Completion of a skills profile helps colleagues to assess the gap between what they know now and the needs and demands of work in the future.

Dojo is a global Santander Group learning and development initiative that connects all Santander countries to one global learning and development ecosystem.

Our Career Mobility strategy, supported by our online hub, is helping to create a culture where moving roles feels effortless. Colleagues can search for openings across Santander UK through the website. It also provides career resources and is regularly updated to highlight relevant changes to careers within Santander UK. Since May the hub has received over 40,000 hits and in 2021 75% of all hires were from internal talent.

We have also launched Workday in the UK, Santander Group's Global Human Capital Management platform. Workday provides a seamless view of colleagues' skills and competences, while making it easier to communicate internally and work together.

### Recognition

Recognition is becoming increasingly important for our colleagues and Santander UK, especially with the impact of the pandemic creating a more geographically-dispersed workforce.

In response, we launched a new UK-wide recognition platform, Kudos, in 2021. The platform gives colleagues the opportunity to give and receive praise – or kudos – to other colleagues or teams, including adding relevant skills or tags, such as our Simple, Personal, Fair values, Santander Behaviours, and I AM Risk (our risk culture programme). Kudos directly supports our strategic priority to engage, motivate, develop and retain talented and diverse teams, and is an essential tool for colleague engagement.

Employee reward is another essential part of recognising our employees. Our reward framework is reviewed annually against the external marketplace and we are proud to have been an accredited Real Living Wage employer since 2015. Salary ranges and pay progression arrangements are visible to all colleagues and any salary reviews or changes to reward policies are assessed for adverse impacts on a particular group. We embrace transparent pay reporting and through our detailed Pay Gap Report we voluntarily publish our ethnicity pay gap alongside gender pay gap reporting. We also disclose our CEO pay ratio in our Remuneration Implementation Report in our Annual Report, 2021.

### Working in partnership with recognised trade unions

We continued to work in partnership with our two recognised trade unions, Advance and the Communication Workers Union (CWU), on our approach to supporting colleagues through the pandemic. Consultation with representatives on changes associated with our business transformation have continued and we have maintained stable industrial relations.

## Award winning wellbeing programme

In 2021, we won the Working Families award for 'Best for Mental Health and Wellbeing'. We're proud to have developed award-winning wellbeing initiatives to support our people such as:

Our digital wellbeing hub that brings together all the support at Santander and has been accessed this 160,000 times in two years.

Our Thrive: Mental Wellbeing App that offers live chat with trained psychologists and more to all Santander UK colleagues. It has been downloaded 6,400 times since launch and offered 4,300 live chat sessions.

Being recognised as Pregnancy and Parenting at work Champions by Tommy's in 2021 and providing expert menopause support to over 650 of our colleagues to date through our trained Menopause advocates.

**Our reporting on creating a thriving workplace is split across our annual report and ESG supplement. Information on the following topics can be found in our Annual Report 2021, Sustainability review.**

- Culture
- Wellbeing
- Ways of working
- Inclusion and belonging
- Fair Pay & Transparency

# Our performance continued

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## Better communities



Category	Unit		2021	2020	2019	Notes
<b>Customers</b>						
Active customers	£m		<b>14</b>	14	14	
Net Promoter Score (NPS) <sup>1</sup>	#		<b>1.1</b>	0.5	11.5	
Customer complaints	#		<b>160,381</b>	197,769	490,575	
Number of branches	#	<b>AS</b>	<b>450</b>	564	616	
<b>Suppliers</b>						
Value of procurement	£m		<b>1,629.0</b>	1,491.3	1,644.8	
Suppliers	#		<b>992</b>	1,256	1,349	
Payment days beyond terms	days		<b>11</b>	19	15	
New SME contracts	#		<b>13</b>	44	77	
Value of new SME contracts	#		<b>3.1</b>	23.9	28	
SME supplier contracts/total supplier contracts	%		<b>18</b>	45	69	
<b>Communities</b>						
People Financially Empowered (cumulative)	#		<b>751,720</b>	502,869	248,090	
Other people supported	#		<b>21,082</b>	26,352	22,130	
Support for communities	£m	<b>AS</b>	<b>12.8</b>	16.0	12.7	



# Our performance continued

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## Better communities continued



Category	Unit	2021	2020	2019	Notes
<b>Santander Foundation</b>					
Matched donations	£	<b>450,218</b>	509,319	1,464,714.62	
Grants	£	<b>1.6m</b>	3.0m	346,292	
Value of donations and grants	£m	<b>3.45</b>	3.5	1.8	
Number of donations	#	<b>362</b>	581	1,769	
<b>Volunteering</b>					
Staff volunteers	#	<b>464</b>	2,591	7,742	
<b>Santander Universities</b>					
Value of donations and grants	£m	<b>9.2</b>	10.0	9.3	
University partners	#	<b>86</b>	86	86	
Total scholarships and awards	#	<b>10,225</b>	10,249	15,313	
<b>Santander Breakthrough</b>					
Total investment	£	<b>670,258</b>	473,000	232,087	
Masterclass and workshop delegates	#	<b>547</b>	–	300	
International connectivity events	#	<b>–</b>	–	679	
Other Breakthrough beneficiaries	#	<b>702</b>	–	4,637	
Total Breakthrough beneficiaries	#	<b>1,307</b>	3,511	5,616	

# Better communities

## Helping customers and communities prosper

### Our ambition

Financial inclusion is an important element in Santander UK's aspiration to become a digital bank with a human touch. It is a key priority in our sustainability strategy and in driving better communities, and we have made good progress in recent years. To enhance this further, we developed a new financial inclusion strategy in 2021 focusing on three areas: financial knowledge; an inclusive portfolio of products and services; and customer care. A new financial inclusion working group is coordinating our approach and working to enhance collaboration across Santander UK. A key goal of the strategy is to help customers become more financially resilient and support them with appropriate, fair and simple products and services.

### Community financial inclusion

We know that financial knowledge provides an important benefit to communities across the UK. Confidence with numbers and money matters, especially in young people, is a key skill that supports financial inclusion. We focus on these topics through several initiatives and partnerships, including:

**The Numbers Game:** this is our flagship programme in partnership with Twinkl, the world's biggest online education hub, where we educate children and young people on maths and financial skills. During 2021, our free curriculum compliant financial education resources have educated 553,300 people

creating a solid foundation for a new set of financial education modules and assets which we'll expand on this year.

**Wise sessions:** an internal volunteering initiative for colleagues to teach relevant subjects in schools. The sessions are designed to improve the skills and knowledge of young people in the UK on money, work and other related matters. In 2021, 107 colleagues volunteered their time through Wise sessions.

**My Money Week:** we are the lead sponsor of My Money Week, Young Enterprise's flagship initiative. Each year Young Enterprise delivers My Money Week resources and activities to schools across the UK giving students a valuable introduction to finance. These resources are approved and certified by Young Money, ensuring they meet the highest standards from the UK regulator.

**National Numeracy:** since 2019, we have partnered with National Numeracy, supporting their ambition to help people in the UK to feel more comfortable with numbers and changing the attitude people have towards engaging with and using numbers. In May 2021, we ran a targeted social media campaign in three cities – Glasgow, Belfast and Blackpool – to inspire adults with low number confidence and skills to take action towards improving their numeracy. Over the course of the campaign the adverts reached 250,000 people across the three cities, prompting more than 2,300 actions on the National Numeracy Challenge website.

### Supporting our vulnerable customers

The four pillars of our vulnerable customer strategy – personalisation, build capability, specialist provision and assure best outcomes – continue to direct new initiatives that help us to identify and support our vulnerable customers.

In 2020, we launched our Supported Banking proposition and Customer Support facility. During 2021 we focussed on embedding activity to build knowledge and confidence with these and other vulnerable customer initiatives. We also raise awareness on a wide range of vulnerabilities by regularly sharing real life customer stories across Santander UK.

To help our customers understand the wide range of support options available and different ways to bank with us, we launched ten virtual 'Your Ways to Bank' events from April to August, attended by 638 customers. We also rolled out a new customer support initiative across Santander UK where a customer can inform us of their situation or circumstances and the support they need with a 'tell us once' approach. The initiative allows colleagues to understand the customer's personal situation and identify what adjustments or considerations are needed to provide the best banking experience for them.

Another focus area is protecting customers from financial harm through gambling and with our gambling strategy we concentrate on three areas – prevention, intervention and support. We strengthened our approach in 2021 through our close working relationship with GamCare and partnering with other organisations that are experts in this area.

## Disclosure Campaign for our customers

Our Alzheimer's Society partnership aims to make Santander UK's culture and banking services dementia-friendly. A dementia diagnosis can be frightening for everyone affected, but it is possible to live well with dementia. Working with our vulnerable customers team, we launched a campaign in 2021 encouraging customers with dementia to inform us of their diagnosis. Following the campaign, 6,654 customers had a customer support note added to their account. This allows us to offer the best customer support possible, including products from the Supported Banking range, such as the Carers Card.

**Our reporting on better communities: helping customers and communities prosper is split across our annual report and ESG supplement. Information on the following topics can be found in our Annual Report 2021, Sustainability review.**

- Inclusive digitalisation
- Supporting SMEs through economic recovery
- Meeting our customers' changing needs
- Santander Foundation
- Santander Universities

# Better communities continued

## Helping customers and communities prosper continued

Our approach has enabled us to identify more than 10,000 customers that might be at high risk of financial harm through gambling and to contact them to provide information and support, and guidance on sources of help.

### Becoming the UK's best dementia-friendly bank

We are in the third and final year of our award-winning partnership with Alzheimer's Society. Together we are focusing on how to better support customers with dementia as we aim to become the UK's best dementia-friendly bank. A unique element of the partnership is our Dementia Steering Group, which aims to improve our products and services through the lived experience and expertise of people with dementia, their carer's and other experts, including colleagues from Alzheimer's Society and Santander UK.

During 2021, the Steering Group influenced and improved 16 Santander UK products and services, including creating a series of videos to help people affected by dementia understand complicated financial topics, helping to develop Santander's successful dementia disclosure campaign, and providing insight to an innovation sprint seeking solutions to banking challenges.

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aims to improve our products and services through the lived experience and expertise of people with dementia, their carer's and other experts, including colleagues from Alzheimer's Society and Santander UK. During 2021, the Steering Group influenced and improved 16 Santander UK initiatives, including creating a series of videos to help people affected by dementia understand complicated financial topics, helping to develop Santander's successful dementia disclosure campaign, and providing insight to an innovation sprint seeking solutions to banking challenges.

Internally, we continue to encourage our colleagues to take our Dementia Friends e-learning so that we fulfil our guarantee that at least 50% of our employees are equipped to understand dementia. Our fundraising for Alzheimer's Society also continues through charitable activities. We raised over £692,793 in 2021 taking the total raised since the start of the partnership to over £2m.

### Data privacy and cyber security

With more and more customers adopting our digital services, we need to ensure we deliver mobile and online products our customers can trust. We aim to deliver a secure but seamless experience for everyday digital banking and we have multiple layers of security beneath the digital interface our customers experience.

We protect all of our online systems and the data and information they store through our global resilience framework. The framework is structured around the principles: defend, anticipate, engage. It works to protect data assets, including customers' data, by detecting, responding and recovering from cyber security

threats. Our data protection policy and processes are updated regularly and cover how we collect, handle, store, share, use and dispose of personal information. They also set robust controls for third party suppliers. Compliance with data protection laws is overseen by the Data Protection Officer (DPO) who reports to the highest management level. Data protection concerns raised by individuals are addressed by the DPO.

Measure	2021
Number of beneficiaries of digital education sessions <sup>1</sup>	11,529
Voice ID customers registered in 2021 <sup>2</sup>	1,267,056
Mobile app rating	4.8 (iOS) 4.1 (Android)

1. Only includes 'GoDigital' beneficiaries.

2. Voice ID has been a key transformation project, so there has been a whole programme of activities driving increase including customer/colleague education through contact centres, VIB and branches and technical initiatives that open up more enrolment opportunities for customers.

## An award winning programme

Our unique partnership with Alzheimer's Society has won many awards:

- Winner of Charity Times Award for Corporate National Partnership Award
- Winner of Financial Times' Diversity in Finance Awards for Championing Disability Inclusion
- Winner of Dementia Heroes Award for Best Dementia Friendly Organisation
- Highly Commended Award for Business Charity Awards Best Charity Partnership with a Financial Institution
- Silver Award for Corporate Engagement Awards for Best Charity, NGO or NFP Programme

### Financial Inclusion strategy

**Ambition:** To be financially inclusive where caring and supporting customers is at the heart of the guidance and education programmes we provide and the portfolio of products and services we offer to customers whenever they need us.

#### Strategic pillar 1 Financial Education and Knowledge

Ensure individuals and businesses across the UK improve their financial skills and access to our products and services through high quality education, guidance and advice.

#### Strategic pillar 2 Inclusive Portfolio of Products and Services

Ensure the design of our solutions enables more individuals and businesses to access, at a fair price, the financial products, services, and support they need, and that they have the best chance of being in good financial health.

#### Strategic pillar 3 Customer Care

Ensure we support and care for our customers before and during their time of need, proactively engaging externally to gather insights on the financial challenges people face in the UK to inform our response as a bank.

# Our performance continued

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## Healthy environment



Category	Unit		2021	2020	2019	Notes
<b>Energy use</b>						
Electricity	kWh		<b>88,824,038</b>	94,424,732	107,441,227	
Gas	kWh		<b>29,349,057</b>	26,522,601	24,841,627	
Oil	kWh		<b>353,160</b>	463,594	372,040	
Transport fuel used	kWh		<b>1,036,158</b>	1,741,568	6,812,506	
Total energy use	kWh		<b>119,562,413</b>	123,152,495	139,467,400	
<b>Waste</b>						
Waste collected	tonnes		<b>2,315</b>	2,857	5,893	
Waste diverted from landfill	tonnes		<b>2,310</b>	2,837	5,867	
Waste diverted from landfill	%		<b>99.8</b>	99.3	99.6	
<b>Paper usage</b>						
Consumables	kg		<b>3,480</b>	4,557	187,873	
Total paper usage	kg		<b>879,088</b>	603,246	2,918,567	
<b>Financing</b>						
Green finance raised and facilitated (total)	£m	<b>AS</b>	<b>3,967.1</b>	1,268.2	1,086.6	
Green finance (facilitated): Already disbursed	£m		<b>3,834.3</b>			
Green finance (facilitated): Direct vehicle acquisition	£m		<b>97.8</b>			
Green finance (facilitated): Derivatives and potential future exposure	£m		<b>34.9</b>			

# Our performance continued

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## Healthy environment continued



Category	Unit		2021	2020	2019	Notes
<b>Water use</b>						
Water	m <sup>3</sup>		<b>133,663</b>	151,259	236,925	
<b>Travel</b>						
Air travel – domestic	km		<b>135,023</b>	410,808	1,960,835	
Air travel – short haul (Europe)	km		<b>300,396</b>	1,221,192	5,653,286	
Air travel – long haul (international)	km		<b>187,317</b>	813,615	3,573,155	
Car	km		<b>743,259</b>	2,510,032	9,141,391	
Rail	km		<b>66,354</b>	1,645,205	7,262,174	
Total travel	km		<b>1,432,349</b>	6,600,852	27,590,841	
<b>Emissions</b>						
Scope 1 CO <sub>2</sub> e emissions	tCO <sub>2</sub> e	<b>AS</b>	<b>6,074</b>	5,937	6,266	
Scope 2 CO <sub>2</sub> e emissions:			–	–	–	
location-based	tCO <sub>2</sub> e		<b>18,860</b>	22,014	27,463	
market-based	tCO <sub>2</sub> e	<b>AS</b>	<b>0</b>	0	1	
Scope 3 CO <sub>2</sub> e emissions (business travel only)	tCO <sub>2</sub> e	<b>AS</b>	<b>247</b>	515	2,427	
Total CO <sub>2</sub> e emissions	tCO <sub>2</sub> e	<b>AS</b>	<b>6,321</b>	6,452	8,693	
CO <sub>2</sub> e emissions per employee	tCO <sub>2</sub> e/FTE	<b>AS</b>	<b>0.35</b>	0.31	0.37	
Retired Verified Carbon Units	#		<b>6,321</b>	6,452	n/a	
Net emissions	tCO <sub>2</sub> e		<b>0</b>	0	8,693	

# Healthy environment

## Fighting climate change and supporting the green economy

### Tackling Climate change

#### Our ambition

At Santander, we recognise that climate change is one of the biggest challenges facing society. We remain fully committed to the objectives of the Paris Agreement on climate change, and to supporting the transition to a zero-carbon, climate-resilient economy.

**Our reporting on tackling climate change is split across our annual report and ESG supplement. We are fully committed to meeting the requirements of the Taskforce on Climate-related Financial Disclosures (TCFD) and more information can be found in our Annual Report 2021, TCFD section. This includes details on our approach to climate change in line with the four pillars of the TCFD recommendations: Governance, Strategy, Risk Management, and Targets and metrics.**

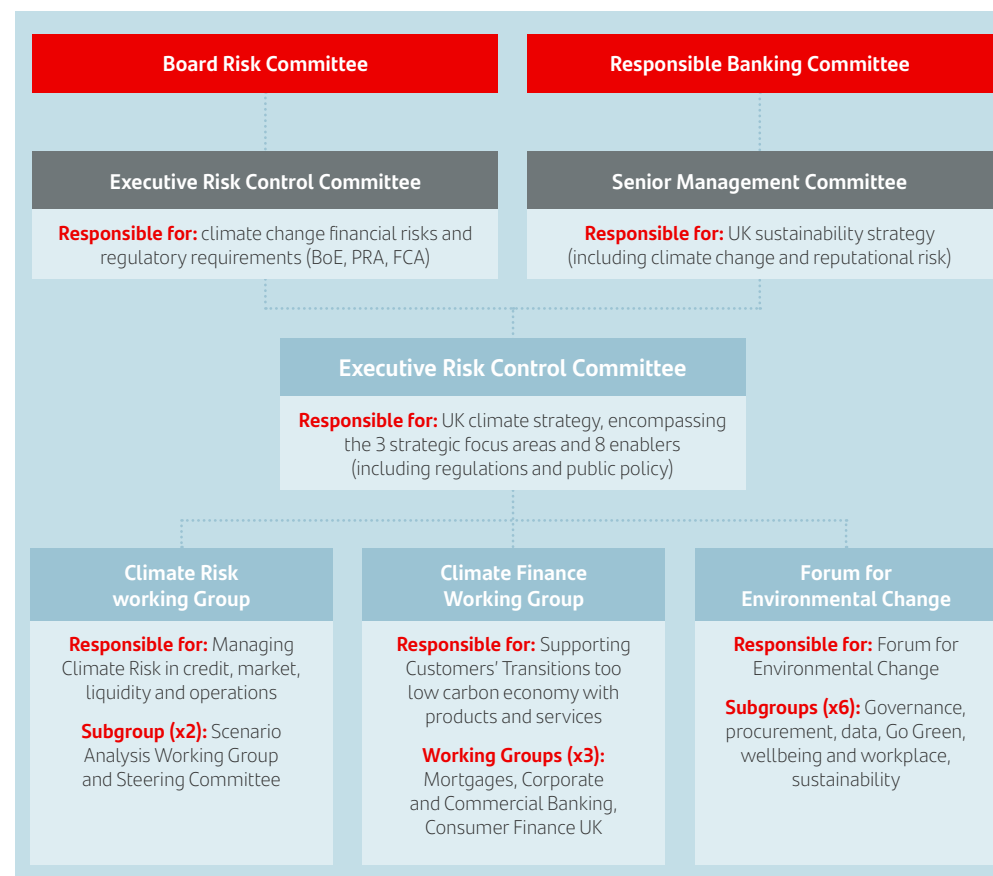
### Strategy

Santander UK's approach to climate change is centred on three strategic focus areas. The strategy was designed to comprehensively cover the material aspects of climate change for Santander UK.

The three focus areas of Santander UK's climate change strategy are:

- 1. Managing climate risks** by integrating climate considerations into risk management frameworks, screening and stress testing our portfolio for climate-related financial risks.
- 2. Supporting our customers' transition** by developing products and services that promote a reduction in CO<sub>2</sub> emissions.
- 3. Reducing emissions in our operations and supply chain** by focusing on continuous improvement in our operations, environmental management, procurement and employee engagement.

Within the strategy, we have also identified eight enablers, which include training on climate change launched last year to all employees, and selecting strategic partners who can support us to achieve our climate ambition. For more information on our Climate Change strategy, please see our Annual Report 2021, TCFD section.



# Healthy environment continued

## Financing the green transition

We undertook several initiatives that support financing the green transition in 2021, highlights of which are shown below.

### – Carbon footprint tracker for customers

Santander UK launched a pilot carbon footprint tracker for retail customers in partnership with leading sustainability fintech CoGo. The tracker provides customers with insight into the environmental impact of their spending and encourages them to shop at vendors with externally verified sustainability credentials.

### – Extending how we measure green finance

Following a successful pilot in Corporate and Commercial Banking, we have adopted Santander Group's new SFCS. The classification system identifies, tracks and reports green and social finance activity in a consistent and credible manner. Corporate and Commercial Banking, Mortgages and Consumer Finance are already tracking green finance in accordance with the SFCS. For more information, please see our Annual Report 2021, Sustainability review.

### – Piloting Green and Social Lending

Before implementation, Corporate and Commercial Banking launched a pilot for green and social loans in 2021. Corporate and Commercial Banking has launched a pilot for Green and Social loans in 2021. The loans will support the transition to a greener, more inclusive economy by providing funding to businesses whose activity meets the eligibility criteria for a Green or Social Loan, as determined by the SFCS.

### – Carbon offsetting for consumers

Consumer Finance has successfully established a carbon offsetting solution for consumers in partnership with iOffset Ltd. Consumers can calculate their CO<sub>2</sub> emissions based on their vehicle make and model, and anticipated annual mileage. Emissions are offset by contributing towards UN Backed, Verra and Gold Standards carbon reduction projects.

### – EnergyFact home energy report for homeowners

Santander Mortgages, in partnership with Countrywide Surveying Services, launched EnergyFact, a free, practical home energy report that provides existing Santander mortgage customers with guidance to improve their home's energy efficiency. The main objective of the EnergyFact report is to raise consumer awareness of green retrofitting options, informing about viable energy efficient home improvements. The aim is to tackle an identified gap in consumer knowledge and EnergyFact is seen as a key first step in preparing the market for green finance products, which have so far seen very low take up amongst those offering 'green' badged mortgage products. The Green Finance Institute (GFI) has provided independent endorsement of our EnergyFact report.

### – Green deposit pilot for businesses

Corporate and Commercial Banking developed a green deposit pilot for businesses with turnover of £6.5m or above. Customers benefit from a higher interest rate than our instant access accounts, providing the required notice period is given to make a withdrawal. Deposited funds will be used to provide term loans for green organisations and projects. Green organisations and projects are identified using Banco Santander SFCS, which includes renewable energy, sustainable transport solutions and land conservation/restoration projects amongst others.

## External collaborations and engagement

Tackling climate change requires active engagement and collaboration with multiple stakeholders. We work closely with government, regulators, academia, expert consultants, investors, customers, and industry groups alongside our peers. To support our net zero strategy and help develop a credible transition plan we are continuously assessing external partners and initiatives that can help us accelerate our journey.

### Regulatory Consultations

We continuously monitor UK government and regulatory policy through dedicated teams, in addition to broader international developments. We engage with all relevant climate-related policy consultations, either bilaterally or through the trading associations of which we are members.

### Investor meetings

Sustainability and Investor Relations teams hold regular meetings with our investors on ESG. This two-way dialogue includes a climate focus and informs our strategy and disclosures while sharing progress. We've also incorporated further ESG and climate updates into our quarterly investor updates.

### Customer support

Recognising a growing demand from our customer base, we are looking at developing new products and services that will support our customers to reduce their impacts and transition to a more sustainable way of living.

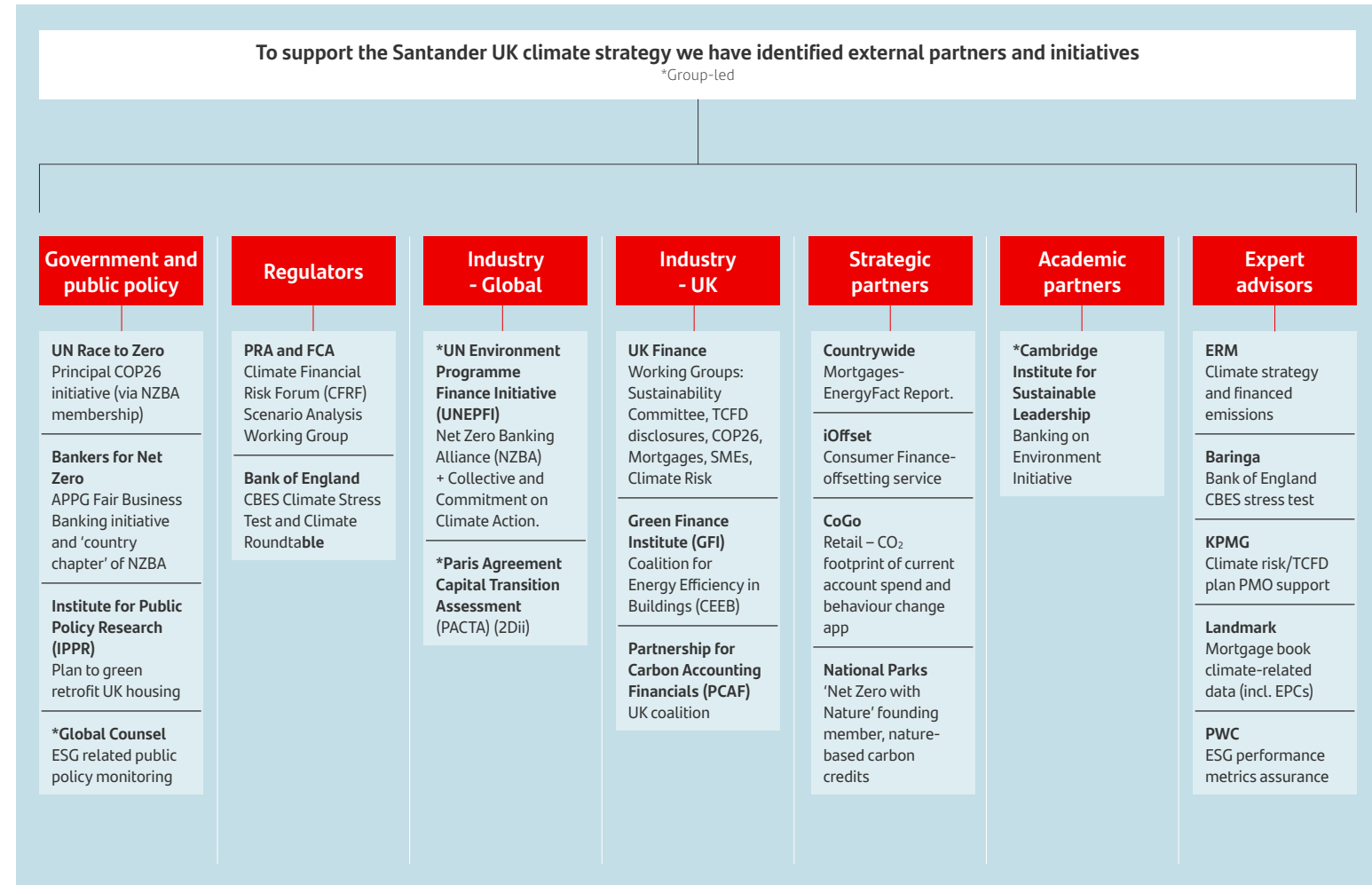
# Healthy environment continued

## Industry initiatives

Santander Group and UK teams are involved in a number of industry-wide initiatives to advance the banking sector's response to climate risks and opportunities.

A summary of our industry initiatives can be found in the table (opposite) and examples of external stakeholder engagements can be seen on the next page.

Fig2. Santander UK overview of external partners and initiatives





# Healthy environment continued

## PRA/FCA Climate Financial Risk Forum

In 2019, the Climate Financial Risk Forum (CFRF) was established as a joint venture between the Financial Conduct Authority (FCA) and Prudential Regulatory Authority. The CFRF consists of four technical working groups, each focused on one of the four key pillars of climate-related risks: disclosure, scenario analysis, risk management and innovation. Santander UK participates with other financial industry participants in the scenario analysis working group. In June 2020, the scenario analysis working group chapter was published within the Session 1 CFRF Guide and sets out how firms might approach identifying and quantifying risks through climate scenario analysis. In October 2021, the working group published the Session 2 guide ahead of COP 26, providing further guidance on how scenario analysis can be used to assess climate risk and inform strategy and decision making.

## Engaging UK Government Business Energy and Industrial Strategy (BEIS) and UK Finance on greening homes policies

Santander UK has actively participated in several lender roundtables hosted by UK Finance and BEIS, in addition to holding bilateral calls with BEIS, to discuss the proposals contained within the 'Improving Home Energy Performance through Lenders' consultation paper.

Additionally, Santander UK's Mortgage team have actively lobbied UK Finance (UKF) to move green and sustainability up their mortgage agenda and we are a founder member of UKF's newly established Mortgages Sustainability Working Group.

## UK Green Finance Institute (GFI)

Santander UK's mortgage teams have taken a lead role in working closely with the Green Finance Institute (GFI), actively advising on GFI initiatives, such as the Home Retrofit Principles, Green Building Workstream and Zero Carbon Heating Taskforce. More recently, Santander has become a lead member of the Coalition for the Energy Efficiency of Buildings member (CEEB), the flagship initiative established by the GFI and the European Climate Change Think Tank, E3G. CEEB has already been successful in developing cross-industry initiatives including the launch of the 'Lenders Handbook on Green Home Retrofit and Technologies' and deploying a framework for Building Renovation Plans/Passports.

## Institute of Public Policy Research (IPPR)

Santander UK commissioned the Institute of Public Policy Research (IPPR) to undertake an independent report looking into the challenges of retrofitting the UK's housing stock in order to meet the government's legally-binding net zero targets. Launched ahead of COP26, the report takes a deep dive into the current challenges, including the substantial cost to households, lack of a skilled retrofitting industry supply chain and low levels of general public awareness. It looks at international peers such as Germany, France and Italy, and how these countries are addressing the issue of retrofitting in comparison to the UK's current approach. Finally, it makes a number of recommendations in the areas of setting standards and targets, creating a skilled retrofitting industry, financing retrofitting and ensuring that homeowners have the information they need to improve their homes.

## Partnership Highlight: National Parks Net Zero with Nature

Ahead of COP26, National Parks UK and Santander UK announced a pioneering new partnership that highlights how nature restoration in National Parks can contribute towards combating climate change and restoring biodiversity across the UK.

Santander is a Founding Partner of a new initiative, 'Net Zero With Nature', which defines the role that the National Parks can play in the UK's fight against climate change and the biodiversity crisis. Santander will fund a new project involving the restoration of 220 hectares of damaged peatland in the Cairngorms National Park in Scotland. The restoration will help avoid more than 16,000 tonnes of CO<sub>2</sub> emissions over its first five years and will help to establish nature-based solutions in the UK at scale.

Each carbon credit will be assured by a UK government-recognised standard and independently validated by qualified auditors. The restoration project will be designed and validated in accordance with the Peatland Code methodology.

Peatland carbon will play a significant role in meeting the UK's Net Zero target. In December 2020, the statutory Climate Change Committee set a target of restoring 79% of the UK's peatlands by 2050. Peatland restoration is also a key component of the Scottish Government Climate Change Plan to meet net zero by 2045. National Parks area clear area of focus, containing almost a quarter (24%) of the UK's peatland and offering a significant opportunity for emissions mitigation. Ecologists estimate that restoring degraded peat could mitigate nearly 5% of the UK's entire annual CO<sub>2</sub> emissions. However, the UK's peatlands are mostly degraded with just one fifth in a near-natural state. Degradation can increase flood risk and result in rising emissions as carbon that would have been safely stored underground is released. Restoring damaged peatland stops emissions and leads to improved biodiversity and reduced flood risk.

# Our performance continued

## Being responsible, in everything we do



### Our ambition

Ethics and integrity are the foundation to prosperous businesses and society. They are a clear priority in how customers choose their bank. Santander UK is committed to being a fair, transparent and responsible bank. At the heart of this is fair treatment of our customers and we deal with any form of fraud against our customers or financial crime as a priority. A key focus is raising customer awareness on financial crime. We are also determined to uphold the highest ethical standards in our operations, promote human rights and ensure a responsible corporate culture.

**Our reporting on Ethical standards and fighting financial crime is split across our annual report and ESG supplement. Information on the following topics can be found in our Annual Report 2021, Sustainability Review.**

- Responsible lending
- Anti-financial crime and anti-bribery and corruption

### Focus on financial crime

We reviewed our financial crime operating model this year and strengthened it with additional resources. We will continue to build a sustainable and enduring financial crime control framework in order to better protect our customers and communities and demonstrate compliance to our regulator. We have supported our colleagues to enhance their understanding

of emerging risks such as proliferation finance and crypto assets. For 2022, we are committed to increasing awareness of financial crime linked to environmental crimes, such as wildlife trafficking and illegal logging.

### Protecting customers from fraud

In the digital age, protecting customers from fraud and scams is extremely important. Our virtual scam awareness sessions continued in 2021 and we held 31 virtual scam awareness events providing 1,113 customers with information on how to protect themselves from fraud and scams. From October, we also launched digital scam warnings through our online banking and mobile app. These enhanced fraud controls present customers with questions and warnings for potentially high-risk transactions during their payment journey.

Push Off Politely is a media campaign we ran in July to raise awareness of how to handle suspicious phone calls. Our research has shown that Britons receive around 150 million suspicious calls a week, but almost half don't hang up. The campaign delivered a very simple message – hang up the phone on suspicious callers.

### Ethical supply chain

We want to do business with companies who share our values. Our standard supplier contracts include requirements to respect human rights and ethical labour practices based on the principles of the UN Global Compact.

We continue to improve our third-party risk management framework and processes. Our supplier control questionnaire was again updated in 2021 to maintain alignment to best practices. This included a review of suppliers' approaches to complying with human rights standards and support of the Real Living Wage.

We worked with Stop the Traffik in 2021 on a detailed supplier risk-mapping exercise, which included developing a modern slavery self-assessment questionnaire for suppliers. This improves our understanding of the human rights risk profile of our suppliers based on their geography and sector, and enables us to prioritise mitigation activities. Due to the ongoing Covid-19 pandemic, we continue to conduct supplier assessments remotely. For more information you can read our Modern Slavery statement.

We ask all suppliers to accept our Third Party Code of Conduct on our supplier platform. We updated this in 2020 and again in 2021 to include reference to climate change, inviting suppliers to join our commitment to a low carbon economy.

### Humanitarian focus Afghanistan

In the latter part of 2021, we monitored the ongoing situation in Afghanistan closely. Using our existing mechanism for engaging with UK industry peers, government and NGOs, we developed our understanding of external guidance in this area. This informed our

Measure	2021
% of colleagues trained on AFC (Anti Financial Crime)	98%
% trained on ABC (Anti Bribery and Corruption)	98%
Employees who completed enhanced AFC training	17,955

internal policy on those seeking resettlement in the UK<sup>1</sup> to ensure that we can support resettled individuals from Afghanistan by providing banking products and services where appropriate.

### Financial Sanctions<sup>2</sup> policy exceptions for humanitarian cases

Santander acknowledges and supports important humanitarian work taking place globally. At Santander UK, banking transactions related to humanitarian activity in areas where financial sanctions apply are reviewed on a case-by-case basis. We seek to support humanitarian causes where possible in these cases while ensuring that we adhere to UK and Group policies and continue to meet our legal and regulatory obligations.




<sup>1</sup> Those seeking resettlement in the UK from any country wishing to obtain banking products and services from Santander UK are reviewed on a case-by-case basis where they do not meet our FC Policy requirements.

<sup>2</sup> Financial Sanctions can be imposed or administered by a number of domestic and international authorities including the UN Security Council (UN), the European Union (EU), Office of Financial Sanctions Implementation (OFSI) – a part of Her Majesty's Treasury (HMT) – and overseas Governments (e.g. USA).

## Medium-term scorecard



Over this new articulation of our Sustainability and Responsible Banking strategy, in 2021 we have worked to define medium-term targets that enable us to measure performance and progress against this plan. We have approached this exercise in two ways:

- Metrics that enable Santander UK to strengthen its contribution to existing Group Santander public commitments
- Metrics that enable Santander UK to meet local sustainability priorities and needs

Strategic pillar	Key issue	Medium-term commitment
 <b>Thriving workplace</b>	<b>Diversity, Inclusion and Belonging</b>	<ul style="list-style-type: none"> <li>- 50% (+/-10%) senior female population by 2025</li> <li>- 14% (+/-2%) senior Asian, Black, and other Minority Ethnic population by 2025</li> <li>- 40-60% of women on the Board by 2030</li> </ul>
	<b>Organisational culture and governance</b>	<ul style="list-style-type: none"> <li>- Top 10 Company to work for by 2025</li> </ul>
	<b>Social Mobility</b>	<ul style="list-style-type: none"> <li>- 35% of senior population from a lower socio-economic background by 2030</li> </ul>
 <b>Better communities</b>	<b>Financial Inclusion</b>	<ul style="list-style-type: none"> <li>- 3m people financially empowered by 2025 (cumulative since 2019)</li> <li>- 2.2m children and young people given a meaningful financial education by 2025</li> </ul>
	<b>Community engagement and support</b>	<ul style="list-style-type: none"> <li>- (To be defined based on the approach to Education)</li> </ul>
 <b>Healthy environment</b>	<b>Supporting customers transition to a low carbon economy</b>	<ul style="list-style-type: none"> <li>- £20bn of green finance raised and facilitated by 2025</li> </ul>
		<ul style="list-style-type: none"> <li>- 1.3m customers with properties that have an EPC rating of D or below engaged to improve the efficiency of their homes by 2025</li> </ul>
		<ul style="list-style-type: none"> <li>- 180k customers supported to become greener with products and services by 2025</li> </ul>

# 2021 basis for reporting: principles and methodologies

## Our performance metrics

Thriving workplace	
<b>People</b>	
Employees	
Diversity	
Gender	
Turnover	
Employee learning	
Accidents at work	
Colleague engagement	
Better Communities	
<b>Customers</b>	
<b>Suppliers</b>	
<b>Communities</b>	
People Supported	
People Financially Empowered	
Santander Foundation	
Volunteering	
Santander Universities	
Santander Breakthrough	
Number of digital education sessions	
Voice ID customers	
Mobile app rating	

Healthy Environment	
<b>Environment</b>	
Energy use	
Water usage	
Waste	
Paper usage	
Green finance	
Travel data	
<b>Emissions</b>	
Scope 1, 2 and 3 and total emissions	
CO <sub>2</sub> emissions per person	
Retired verified carbon units	
Net emissions	
Being responsible, in everything we do	
% of colleagues trained on AFC	
% trained on ABC	
Number completed enhanced training	

This section explains our reporting criteria for data points contained within this ESG Supplement.

## Overall reporting principles

### 1. Reporting boundaries

We report on the impact from operations within Santander UK Group Holdings unless stated otherwise, and where material to the business, impacts from third parties such as suppliers, charity partners, and Banco Santander. Limited data from previous years is included where available to allow trend analysis.

### 2. Restatement of data

Data may be restated for previous years, for example due to updated billing information. Where this happens, we've made a note alongside the data.

# 2021 basis for reporting: principles and methodologies continued

## Thriving workplace



	Definition	Scope	Units	Method	Source
<b>People</b>					
Employees –Number	Total number of full-time employees (FTE) and part-time employees (PTE).	Santander UK FTE that work 35 hours or Santander UK PTE that work less than 35 hours. (Excludes UK offshore employees.)	#	Oracle PeopleSoft HR system.	PeopleSoft: All employees can update their ethnicity at any point. Santander does not validate employee claims of their ethnicity.
Employees – Diversity	Number of employees in different Minority Ethnic Groups.	Total number of Santander UK employees that have declared their ethnicity in Black, Asian, or Other Minority Ethnic Groups.  Based on voluntary disclosures, with exclusions of 'prefer not to say' and 'no data'.	FTE or #	Self-reported data available on Oracle PeopleSoft HR system.	PeopleSoft: All employees can update their ethnicity at any point. Santander does not validate employee claims of their ethnicity.
Employees – Gender	Male/female representation across different categories of employees, including Executive and Non-Executive Board Directors.	Total number of Santander UK employees that have declared their gender as male or female. Only includes employees that have declared their gender.  Exclusions of 'prefer not to say' and 'no data'.	FTE or #	FTE or # Self-reported data available on Oracle PeopleSoft HR system.	PeopleSoft: All employees can update their ethnicity at any point. Santander does not validate employee claims of their ethnicity.
Employees – Turnover	Total attrition/turnover percentage for permanent contract Santander UK Staff.	Permanent contract Santander UK employees.	%	Attrition/turnover calculation is the total number of permanent contract leavers in the rolling 12-month period to the end of the previous month, divided by the average permanent contract headcount in the same period. (Exclusions include: end of Fixed Term Contract, transfers, severance and redundancy/early retirement.)	Oracle PeopleSoft HR system

# 2021 basis for reporting: principles and methodologies continued

Thriving workplace (continued)					
	Definition	Scope	Units	Method	Source
<b>People continued</b>					
Employee learning	<p>Total and average days spent on training by employees.</p> <p>Training is defined as all types of training that are on the Learning Management System (LMS). These include: events, external content, online courses, sessions, tests and videos. (Exclusions are any third-party arranged trainings).</p>	Santander UK HoldCo employees.	#	<p>All online training time carried out on LMS is recorded through the system. This includes external content, online courses, tests, internal sessions and videos.</p> <p>Online day courses are estimated at four hours per course and face-to-face/one-day courses are estimated as seven hours, as LMS doesn't record physical time spent training. This includes events, external content, and sessions. Estimated time is based on class setup time, and course design.</p> <p>The dates cover when the learning and evaluation have been completed and training can be done as many times as desired by employees. Therefore, in some cases (typically instructor led and some e-learning), a training will be counted in the following year if that is when the evaluation was completed.</p> <p>Investment in training data includes all third party spend included in account codes for specialist training, study expenses, venue costs and external training courses.</p>	Cornerstone – Corporate Learning Platform
Pension participation	% employees participating in pension scheme.	Santander UK	%	Report run from internal HR systems.	Workday
Accidents at work	Data comprises of all accidents recorded in our HR Online accident reporting tool.	Santander UK	%	Each accident record is reviewed and marked according to the severity noted. Accidents defined as major, minor or resulting in a seven-day absence according to Health and Safety legislation. HR accident data collated quarterly.	Internal systems
Colleague engagement	The metric is an overall employee engagement score which demonstrates the extent to which our employees feel motivated, proud and committed to working at Santander and whether they would speak highly of us externally. The engagement score tells us the percentage of Santander UK colleagues who answer positively on average to five questions in the Global Engagement Survey which all colleagues are invited to take part in.	Santander UK	%	<p>The 2021 Global Engagement Survey was an opportunity for colleagues to provide feedback on what they love about working here and what needs to change to make Santander an even better place to work. The engagement score is calculated by taking the percentage of all colleagues completing the survey who agree with the following five questions:</p> <ul style="list-style-type: none"> <li>– I feel motivated to go beyond my formal job responsibilities</li> <li>– I feel proud to work for Santander</li> <li>– I would recommend Santander to family or friends as a place to work</li> <li>– I would choose to stay with Santander even if offered the same pay and benefits elsewhere</li> <li>– How satisfied are you with Santander as a place to work?</li> </ul>	UK colleague responses to the Global Engagement Survey 2021 (24th May – 12th June)

# 2021 basis for reporting: principles and methodologies continued

## Better communities



	Definition	Scope	Units	Method	Source
<b>Customers</b>					
Number of active customers	Active customers are defined as those having an open account, with more than a set minimum balance along with certain specified transactions in the prior month.	Santander UK	#	Active customer numbers extracted from relevant internal systems.	Internal systems
Net Promoter Score (NPS)	NPS measures customer experience and predicts business growth. This metric provides the core measurement for customer experience management programmes and the loyalty of customers to a company.	Retail customers holding one or more products with Santander UK.	#	<p>The Financial Research Survey (NPS) is a monthly personal finance survey of around 5,000 GB consumers aged 16+ prepared by the independent market research agency, Ipsos MORI.</p> <p>The NPS is based on an 11-point scale (%Top 2 – %Bottom 7) across mortgages, savings, main current accounts, home insurance, UPLs and credit cards, based on a weighting of those products calculated to reflect the average product distribution across Santander UK and competitor brands. Fieldwork is a mixture of online and offline interviews, with the offline methodology changing from face-to-face to telephone.</p>	Ipsos MORI
Customer complaints	Reportable customer complaints as defined by the Financial Conduct Authority received during 2021.	All complaints received during 2021 that meet the FCA reporting requirements.	#	<p>Data from all source systems is queried to identify all complaints received during the reporting period. Any potential exclusions are manually sample-checked to validate that they can be removed from the return.</p> <p>The annual figure is an aggregation of the H1 and H2 2021 Santander UK FCA returns.</p>	Internal systems
Number of branches	A branch is a retail location where we offer a wide array of face-to-face and automated services to our customers.	There are no specific exclusions (i.e. branches temporarily closed due to Covid-19) to the data provided and all open operational branches are included in the year-end figure.	#	Data is validated against existing monthly reporting within the Retail Finance and Analytics department.	Internal systems
<b>Suppliers</b>					
Value of procurement	The dataset includes the amount paid to Santander UK third-party suppliers.	All Santander UK suppliers paid through SAP. Excludes Estates suppliers and Intermediaries; and suppliers not set up through the Santander UK procurement process.	£m	Supplier spend data is extracted from SAP and exclusion criteria applied and checked.	SAP
Number of suppliers	The data includes a count of all active Santander UK third-party suppliers.	All active Santander UK third-party suppliers. (Excludes Estates suppliers and Intermediaries; and suppliers not set up through the Santander UK procurement process.)	#	Using the supplier list extracted from SAP and provided by Aquanima, a filter is placed on 'supplier numbers' and 'active status'. After applying filters, a count is carried out on the remaining number of suppliers.	SAP
Payment days beyond term	Days beyond terms (DBT) is a commonly used business credit term that indicates how long a business has taken to pay its invoices beyond the agreed payment terms.	The reported company Santander UK plc. Data includes financial information regarding Santander UK plc as per submitted financial accounts and figures. A single day metric is provided for the company (Santander UK plc) with a comparison against an industry average.	Days	Data is provided by third-party provider Experian.	Experian – Limited Company Gold Report

# 2021 basis for reporting: principles and methodologies continued

Better communities (continued)					
	Definition	Scope	Units	Method	Source
<b>Suppliers continued</b>					
New SME contracts	Total number of suppliers onboarded within the reported year that have been identified as a Small to Medium Enterprise (SME) each year. SMEs are defined as having less than 250 employees and £10m in annual turnover.	All newly onboarded suppliers each year within Santander UK (see number of suppliers) that fit the SME criteria. (Excludes Estates suppliers and Intermediaries; and suppliers not set up through the Santander UK procurement process.)	#	Suppliers categorised SME are cross-checked against (a) self-declared information or (b) data sourced from third-parties on SME employee numbers and turnover.	SAP; FSQS; Experian; DueDil
Value of SME contracts	Total number of suppliers onboarded within the reported year that have been identified as a SME.	All newly onboarded suppliers each year within Santander UK (see number of suppliers) that fit the SME criteria. (Excludes Estates suppliers and Intermediaries; and suppliers not set up through the Santander UK procurement process.)	£m	Suppliers identified as described above in 'New SME contracts'.  The total value is then determined in one of two ways for all suppliers that meet the criteria stated above:  1. If the SME was onboarded because of a tender/negotiation the Total Award Amount is taken from Aquanima's Negotiation Reports 2. Where a SME was not onboarded because of a tender/negotiation, the total invoice value paid to the SME is taken for the year using data derived from SAP.	SAP; FSQS; Experian; DueDil; Aquanima
% of contracts with SMEs	Total number of suppliers onboarded that have been identified as a SME each year, divided by the total number of suppliers onboarded (within the reported year).	All newly onboarded suppliers each year within Santander UK (see number of suppliers) that fit the SME criteria. (Excludes Estates suppliers and Intermediaries; and suppliers not set up through the Santander UK procurement process.)	%	Suppliers identified as described above in 'New SME contracts'.  All suppliers that meet the criteria stated above are filtered and a total count is taken. This total count is then divided by the total number of suppliers onboarded within the reported year. The result is then expressed as a percentage.	SAP; FSQS; Experian; DueDil



# 2021 basis for reporting: principles and methodologies continued

Better communities (continued)					
	Definition	Scope	Units	Method	Source
<b>Communities</b>					
People Financially Empowered	<p>Number of people, mostly unbanked, underbanked or in a situation of vulnerability who, through our products and services and social investment initiatives are able to get access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education.</p> <p>This metric should only consider initiatives and beneficiaries where Santander UK has gone beyond what is mandated by the regulator, and as it is cumulative it should only consider beneficiaries once in the 2019 – 2025 period.</p>	<p>In 2021, nine initiatives were considered:</p> <ol style="list-style-type: none"> <li>3. Financial education provided by Santander UK colleagues through Work Wise and Money Wise sessions to students and young people</li> <li>4. Financial education provided by Young Enterprise to children and young people – My Money Week</li> <li>5. Financial education provided by The Numbers Game working with Twinkl to tackle the second pillar of financial education, financial literacy</li> <li>6. Support provided by Money Advice Trust</li> <li>7. Support provided to vulnerable customers by the Specialist support team</li> <li>8. Support provided by Stepchange</li> <li>9. Support provided by Payplan</li> <li>10. Support provided by Christians Against Poverty</li> <li>11. Support provided to customers in arrears, where we have enabled them to come out of arrears via self service tools or direct colleague support.</li> </ol>	#	Report on the number of individual beneficiaries from different initiatives delivered or sponsored by Santander that provide access, tailored financial solutions and resilience.	Internal database and supplier reports
Community Investment	Total monies donated and spent on community programmes and initiatives. Programmes and initiatives are agreed and signed off with Finance Business Partners and Executive Committee.	<p>Total spend across the following:</p> <ol style="list-style-type: none"> <li>1. Santander Foundation (2021 matched donations and grants)</li> <li>2. Universities (total donations made in 2021 for 86 university partners, including 2020 accruals)</li> <li>3. Breakthrough (2021 Breakthrough investment, additional Survive and Revive investment, Resource Hub investment and in-kind investment)</li> <li>4. Sustainability and Responsible Banking spend (2021 CSR programmes and memberships spend). Excluded: internal, operational spend improving internal processes, hosting and security for website.</li> </ol>	£m	<p>Spend across the highlighted programmes is calculated and totalled to give one overall Community investment figure.</p> <p>University spend is calculated as payments made in 2021 (this includes accruals from 2020). Santander Foundation, Breakthrough and Sustainability and Responsible Banking is calculated as spend budgeted and committed from 2021 budgets. Community investment accruals from 2021 into 2022 are excluded from our reported figures and will be included in our 2022 reports.</p> <p>All donations are approved by the Anti-Bribery and Corruption Department, and any donations that are 50,000 Euros (~£41,709 as the exchange rate of February 2022) and above, are approved by Santander Group. Non-donations such as membership spend or Breakthrough investment are agreed with Finance Business Partners and Executive Committee at the start of each calendar year. The total community investment figure is notified to the Sustainability team.</p>	Santander Foundation reports; bank's payments system and manual monthly reconciliation aligned to Finance's monthly report
Santander Foundation grants	Santander Foundation Grants awarded in 2021.	Number of grants donated in 2021.	£	Santander Foundation report.	Santander Foundation report
Matched donations	Number of donations approved and paid by the Santander Foundation.	Santander Foundation matched donations programme.	#	Number of donations approved and paid by the Santander Foundation.	External supplier database report

# 2021 basis for reporting: principles and methodologies continued

Better communities (continued)					
	Definition	Scope	Units	Method	Source
<b>Communities continued</b>					
Volunteering	Number of colleagues volunteering, and number of people helped with the activities.	This data comprises number of colleagues that volunteered in the community via opportunities linked to our volunteering strategy.	#	Report on the number of individual beneficiaries from different initiatives delivered or sponsored by Santander that provide support to those in the community.	Internal database and supplier reports
Santander Universities	Total donations through our Universities programme in 2021.	Spend includes the total donations paid in 2021 – including 2020 accruals paid in 2021.	£m	Bank's payments system and manual monthly reconciliation	Santander Universities Donations Tracker
Santander Breakthrough	This data comprises number of businesses (customers and prospects) benefiting from virtual support delivered digitally throughout 2021. No face-to-face activity was held in the time period. Delivery includes the 2020 Women Business Leaders' Mentoring Programme.	Breakthrough-led and Breakthrough-supported specific to Business Banking and the Corporate Bank.	#	Delegate registrations where available (limited), web-traffic data, direct beneficiaries where available.	Web traffic stats, event registration, direct programme beneficiaries
Number of digital education beneficiaries	Beneficiaries of digital education initiatives sponsored by Santander UK in 2021.	Includes beneficiaries from Explore Digital sessions delivered by We Are Digital and GoDigital by Age UK.	#	Collated through supplier reports. Teacher-headcount of students per session.	Supplier reports
Voice ID registrations	Number of customers in 2021 enrolling for Voice ID which enables them to use biometrics to authenticate when they call Santander.	Voice ID is available to Santander retail customers – currently on Banking, Savings, Select, Digital Helpdesk and Credit cards lines.	#	Enrolment data is captured via a dashboard which counts the number of enrolments at daily, weekly and monthly intervals.	Internal systems

## Healthy environment



	Definition	Scope	Units	Method	Source
<b>Environment</b>					
Energy use	<p>Billed consumption of grid electricity, mains gas, oil and associated emissions.</p> <ul style="list-style-type: none"> <li>– Grid electricity: kWh and tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e)</li> <li>– Mains gas: kWh and tCO<sub>2</sub>e</li> <li>– Oil: kWh and tCO<sub>2</sub>e</li> </ul>	Santander UK estate: Large offices, small offices, Carlton Park data centres, retail branches.	kWh	<p>Emissions derived from consumption are converted using Government Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Electricity: external supplier invoices validated against consumption data gained direct from smart meters (remote dial-up).</p> <p>Gas: external supplier invoices validated against consumption data gained direct from smart meters (remote dial-up.)</p> <p>Oil: manual meter readings taken on sites.</p>	Supplier invoices and meter readings
Water use	Mains water, as consumed in metered m <sup>3</sup>	Santander UK estate: Large offices, small offices, Carlton Park data centres, retail branches (grouped).	m <sup>3</sup>	External supplier invoices	Supplier invoices

# 2021 basis for reporting: principles and methodologies continued

Healthy environment (continued)					
	Definition	Scope	Units	Method	Source
<b>Environment continued</b>					
Waste	Tonnes of waste produced. Tonnes of waste diverted from landfill. % of waste diverted from landfill.	Santander UK estate: Large offices, small offices, Carlton Park data centres, retail branches (grouped).	Tonnes	Data is provided by waste suppliers and uploaded to a centralised database. This centralised database is then subject to further processing into the necessary categories for monitoring and reporting purposes.	Supplier reports
Paper use	Weight of paper used in our operations in plain paper, envelopes, and cardboard.	All entities within Santander UK including branches.	kg	Information is provided by the third-party suppliers of print and stationery who source the paper for Santander UK.	Third-party reports
Green Finance raised and facilitated	Includes Santander UK's contribution to green finance either facilitated to customers (e.g lending and facilitating through capital markets) or raised (e.g bond issuance). This metric measures our activity to help customers transition to a low carbon economy. To identify business that can contribute to this metric, we follow the Santander Sustainable Finance Classification System, which enables the Santander Group to have a common understanding of what can be considered as green. For example: mortgages to properties with an EPC rating of A and B; financing for renewable energy instalments and other green energy solutions (including lending and other facilities such as potential future exposure); electric vehicles and other green vehicles, among other financing.	Santander UK, currently covering Mortgage to properties with an EPC rating of A and B, Structured and Project Finance within Corporate and Commercial Banking (CCB) financing for renewable energy instalment and other green energy solutions (including lending and other facilities such as potential future exposure) and Santander Consumer Finance electric vehicles and other green vehicles including bicycles and e-bikes.	£m	In all cases we use the business as usual lending platforms to report against this metric and the strong governance criteria for green lending following the SFCS. Analysis is conducted to identify the deals that fit within the definitions of the SFCS.	Mortgages: Completions data comes direct from our core mortgage platform (SANMF). Landmark data is used to match EPC data to mortgage completions.  CCB: manually maintained spreadsheets by the team who had the responsibility over the green lending.  Consumer Finance: CAP HPI automotive industry data used to identify green vehicles.
Travel	Total business travel km and associated CO <sub>2</sub> e emissions.	Santander UK estate, including offices and retail. Excludes home workers and employees based at business centres.	tCO <sub>2</sub> e	Data is made up of total km travelled by employees across our Head Offices and Retail Branches using various means of travel and the converted CO <sub>2</sub> e figure using UK Government Department for Business, Energy and Industrial Strategy (BEIS) conversion factors. The total figure is then reported each year. Flight data is provided by the third-party provider on a monthly basis.	Mileage claims from internal systems, Capita flight data. Peoplesoft and Certify systems used
Scope 1	Direct emissions from owned or controlled sources.	Scope 1 emissions encompass gas, oil, direct transport, and fugitive gas emissions. Excludes emissions from home working.	tCO <sub>2</sub> e	Consumption and transport data is extracted from relevant source systems and records.  Emissions calculated for gas, oil, direct travel, and fugitive gases using the relevant UK Government Department for Business, Energy and Industrial Strategy (BEIS) conversion factors and collated into a total Scope 1 emissions figure.	Billing invoices, meter readings, mileage claims, maintenance records

# 2021 basis for reporting: principles and methodologies continued

Healthy environment (continued)					
	Definition	Scope	Units	Method	Source
<b>Environment continued</b>					
Scope 2	Indirect emissions from owned or controlled sources.	Scope 2 emissions encompass purchased electricity (and electric fleet/company cars). 'Market-based' reflects the emissions for the electricity we have purchased via our green tariffs. Our electricity is generated via green sources including biomass and wind generation. Excludes emissions from home working.	tCO <sub>2</sub> e	Consumption and travel data (for electric fleet/cars) is extracted from relevant source systems/ records. Indirect emissions are calculated using the relevant UK Government Department for Business, Energy and Industrial Strategy (BEIS) conversion factors and guidance. This is collated into a total Scope 2 emissions figure.	Billing invoices, mileage claims
Scope 3	Other indirect emissions in our value chain.	Scope 3 emissions encompass indirect business travel emissions via road, air, and rail.	tCO <sub>2</sub> e	Business travel (air, rail and road) records extracted from relevant internal systems or provided by the third-party travel admin operator. The travel is then converted into carbon emissions using relevant factors from UK Government Department for Business, Energy and Industrial Strategy (BEIS) and collated into a total Scope 3 emissions figure. Car figures are based on engine size, flight figures are based on average cabin seat class and rail figures are based on national rail conversion factor.	Mileage claims, third-party travel reports
Total CO <sub>2</sub> e emissions	Total reported emissions in 2021, Scope 1, 2 (market-based) and 3 emissions (business travel only).	As defined above.	tCO <sub>2</sub> e	Summation of Scope 1, 2 (market-based) and 3 emissions (business travel only).	Scope 1, 2, and 3 emissions, incorporating market-based Scope 2 emissions
CO <sub>2</sub> e per person	Emissions per employee (intensity ratio)	Total CO <sub>2</sub> e emissions (as defined above) divided by total full time employee numbers in Santander UK	tCO <sub>2</sub> e/ FTE	Total emissions in 2021 divided by total employee numbers in Santander UK HoldCo reported in this ESG Supplement.	
Retired Verified Carbon Units	Retirement of carbon units by Santander UK plc via certified Verra VCS scheme (Verified Carbon Standard).	As defined in Scope 1, 2 and 3	VCU	Verified carbon units purchased under the Reducing Emissions from Deforestation and Forest Degradation (REDD) scheme from projects based in Peru, and Colombia.	Verra VCS certification for 2021
Net CO <sub>2</sub> e emissions	Net CO <sub>2</sub> e emissions in Santander UK operations accounting for retired VCUs.		tCO <sub>2</sub> e	Total CO <sub>2</sub> e emissions incorporating our retirement of VCUs.	

## 2021 basis for reporting: principles and methodologies continued

### Being responsible, in everything we do: Ethical Standards and fighting financial crime



	Definition	Scope	Units	Method	Source
Anti-Financial Crime and Anti-Bribery and Corruption training	Completion of fighting financial crime mandatory training. Covers anti-money laundering, anti-bribery and corruption, counter terrorist financing, facilitation of tax evasion, human trafficking, and sanctions.	Santander UK. The data comprises of the number/ percentage of colleagues that have acquired successful completion of the assessment (80% pass rate).	#	Report from internal systems based on completion (see 'Scope'). Data is held on a dashboard by Learning and Development.	Internal systems
Enhanced training	Completion of fighting financial crime enhanced training. This is enhanced learning for a select audience covering a particular topic/s relevant to their role. The data comprises of the successful completion of the learning and if applicable the accompanying assessment.	Priority audiences as determined by the business or the Anti Financial Crime Academy (AFCA) using data from learning needs analysis, business unit risk assessments, skills matrix.	#	Report from internal systems	Internal systems

# GRI Index and SASB

We report in accordance with the 'core' option for disclosure for the Global Reporting Initiative (GRI) and use SASB\* materiality and indicators where appropriate.

## Reporting standards

As we develop our ESG reporting we take into account developments of standards and common practice. In particular, we've worked this year to comply with the core option of GRI, detailed in the tables below with references across our reporting.

Our reporting also considers the \*Sustainability Accounting Standards Board (SASB) material issues for the categories 'Commercial Bank', 'Consumer Finance' and 'Mortgage Lender'. These material issues align with the topics covered in our reporting and cover business ethics; data security; physical impacts of climate change; access and affordability; and employee engagement, diversity and inclusion.

We will continue to enhance our reporting based on common frameworks and collaborate with standard setting bodies. This report has been prepared in accordance with the GRI Standards: Core option.

Key:  GRI  SASB

Disclosure number	Description	Notes	Reference
<b>GRI 102: General Disclosures</b>			
<b>Organisational profile</b>			
102-1	Report the name of the organisation		Annual Report 2021, Strategic report, page 1
102-2	Report the primary brands, products and services		Annual Report 2021, Strategic report, page 1
102-3	Report the location of the organisation's headquarters		Annual Report 2021, Strategic report, page 1
102-4	Report number of countries where organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report		Annual Report 2021, Strategic report, page 1, 2
102-5	Report the nature of ownership and legal form		Annual Report 2021, Strategic report, page 1
102-6	Markets served		Annual Report 2021, Strategic report, page 1
102-7	Organisation scale		Annual Report 2021, Strategic report, page 2
102-8	Information on employees and other workers		Annual Report 2021, Strategic report, page 2
102-9	Describe the organisation's supply chain		Annual Report 2021, Strategic report, page 2
102-10	Any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain		Annual Report 2021, Strategic report, page 2
102-11	Whether and how the precautionary approach or principle is addressed by the organisation		Environmental, Social and Governance (ESG) Supplement 2021, pages 3 - 5
102-12	List externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses		ESG Supplement 2021, pages 3 - 5, 7
102-13	Memberships of associations and national or international advocacy		ESG Supplement 2021, pages 3 - 5, 7
<b>Strategy</b>			
102-14	Provide a statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability		Annual Report 2021, Strategic report, pages 4 - 5, 11 - 12 Chair's Statement and CEO Review

# GRI Index and SASB continued

Key:  GRI  SASB

Disclosure number	Description	Notes	Reference
<b>GRI 102: General Disclosures continued</b>			
<b>Ethics and integrity</b>			
<b>102-16</b>	Organisation's value, principles, standards and norms of behaviour such as codes of conduct and codes of ethics		<b>Annual Report 2021, Strategic report, pages 2</b>
<b>Governance</b>			
<b>102-18</b>	Governance structure, including committees of the highest governance body		<b>Annual Report 2021, Governance, pages 43 - 45</b>
<b>Stakeholder engagement</b>			
<b>102-40</b>	List of stakeholder groups engaged by the organisation		<b>Annual Report 2021, Strategic report, pages 25 - 32</b>
<b>102-41</b>	Percentage of total employees covered by collective bargaining agreements		<b>Annual Report 2021, Strategic report, page 27</b>
<b>102-42</b>	Basis for identification and selection of stakeholders with whom to engage		<b>Annual Report 2021, Strategic report, page 25</b>
<b>102-43</b>	Approach to stakeholder engagement		<b>Annual Report 2021, Strategic report, page 25</b>
<b>102-44</b>	Key topics and concerns that have been raised, and how the organisation has responded to key topics and concerns, including through reporting		<b>Annual Report 2021, Strategic report, pages 25 - 32</b>
<b>Report Practice</b>			
<b>102-45</b>	Entities included in the consolidated financial statements		<b>Annual Report 2021, About this report</b>
<b>102-46</b>	Defining report content and topic boundaries	a. An explanation of the process for defining the report content and the topic boundaries. b. An explanation of how the organisation has implemented the Reporting Principles for defining report content.	<b>ESG Supplement 2021, page 5</b>
<b>102-47</b>	List of material topics		<b>ESG Supplement 2021, page 5</b>
<b>102-48</b>	Restatements of information		<b>ESG Supplement 2021, page 27</b>
<b>102-49</b>	Changes in reporting	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	<b>ESG Supplement 2021, page 27</b>
<b>102-50</b>	Reporting period		<b>Annual Report 2021, About this report</b>
<b>102-51</b>	Date of most recent report		<b>ESG Supplement 2021, Cover page</b>
<b>102-52</b>	Reporting cycle		<b>ESG Supplement 2021, page 1</b>
<b>102-53</b>	Contact point for questions regarding the report		<b>ESG Supplement 2021, Read more</b>
<b>102-54</b>	Claims of reporting in accordance with the GRI standards	a. The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	<b>ESG Supplement 2021, page 37</b>
<b>102-55</b>	GRI Index and SASB		<b>ESG Supplement 2021, pages 37 - 45</b>

# GRI Index and SASB continued

Key:  GRI  SASB

Disclosure number	Description	Notes	Reference
<b>GRI 102: General Disclosures continued</b>			
<b>Report Practice continued</b>			
<b>102-56</b>	External assurance	<p>a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <ol style="list-style-type: none"> <li>A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</li> <li>The relationship between the organisation and the assurance provider;</li> <li>Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report.</li> </ol>	<b>ESG Supplement 2021, pages 46 - 47</b>
<b>Climate Change and Greenhouse Gases (GHGs)</b>			
<b>GRI 103: Management Approach</b>			
<b>103-1</b>	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, TCFD, pages 74 - 86</b> <b>Strategic report, pages 21, 29</b> <b>ESG Supplement 2021, pages 21 - 24</b>
<b>103-2</b>	The management approach and its components	Including whether offsets were used to meet the targets, including the type, amount, criteria or scheme.	<b>Annual Report 2021, TCFD, pages 74 - 86</b> <b>Strategic report, pages 21, 29</b> <b>ESG Supplement 2021, pages 21 - 24</b>
<b>103-3</b>	Evaluation of the management approach		<b>Annual Report 2021, TCFD, pages 74 - 86</b> <b>Strategic report, pages 21, 29</b>
<b>GRI 305: Emissions</b>			
<b>305-1</b>	Direct (Scope 1) GHG emission	<p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ol style="list-style-type: none"> <li>the rationale for choosing it;</li> <li>emissions in the base year;</li> <li>the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ol> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<b>ESG Supplement 2021, pages 20, 34</b>
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions		<b>ESG Supplement 2021, pages 20, 34</b>
<b>305-3</b>	Other indirect (Scope 3) GHG emissions		<b>ESG Supplement 2021, pages 20, 35</b>



# GRI Index and SASB continued

Key:  GRI  SASB

Disclosure number	Description	Notes	Reference
<b>Climate Change and Greenhouse Gases (GHGs) continued</b>			
<b>GRI 305: Emissions continued</b>			
<b>305-4</b>	GHG emissions intensity	<ul style="list-style-type: none"> <li>a. GHG emissions intensity ratio for the organisation.</li> <li>b. Organisation-specific metric (the denominator) chosen to calculate the ratio.</li> <li>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</li> <li>d. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</li> </ul>	<b>ESG Supplement 2021, pages 20, 35</b>
<b>GRI 201: Economic Impact</b>			
<b>201-2</b>		<ul style="list-style-type: none"> <li>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:               <ul style="list-style-type: none"> <li>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</li> <li>ii. a description of the impact associated with the risk or opportunity;</li> <li>iii. the financial implications of the risk or opportunity before action is taken;</li> <li>iv. the methods used to manage the risk or opportunity;</li> <li>v. the costs of actions taken to manage the risk or opportunity.</li> </ul> </li> </ul>	<b>Annual Report 2021, TCFD, pages 74 - 86</b> <b>Strategic report 2021, pages 21, 29</b> <b>ESG Supplement 2021, pages 21 - 24</b>
<b>Mortgage Finance SASB</b>			
<b>Physical Impacts of Climate Change</b>	Environmental Risk to Mortgaged Properties	<ul style="list-style-type: none"> <li>– FN-MF-450a.1: (1) Number and (2) value of mortgage loans in 100-year flood zones</li> <li>– FN-MF-450a.2: (1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region</li> </ul>	<b>Annual Report 2021, TCFD, pages 74 - 86</b>

# GRI Index and SASB continued

Key: ■ GRI ■ SASB

Disclosure number	Description	Notes	Reference
<b>Financial Inclusion</b>			
<b>GRI 103: Management Approach</b>			
103-1	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, Strategic report, pages 27, 28 ESG Supplement 2021, pages 17 - 18</b>
103-2	The management approach and its components		<b>Annual Report 2021, Strategic report, pages 27, 28 ESG Supplement 2021, pages 17 - 18</b>
103-3	Evaluation of the management approach		<b>Annual Report 2021, Strategic report, pages 27, 28 ESG Supplement 2021, pages 17 - 18</b>
<b>Commercial Banks SASB</b>			
<b>Access and Affordability</b>	Financial inclusion and capacity building	<ul style="list-style-type: none"> <li>– FN-CB-240a.1: (1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development</li> <li>– FN-CB-240a.2: (1) Number and (2) amount of past due and nonaccrual loans qualified to programmes designed to promote small business and community development</li> <li>– FN-CB-240a.3: Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers</li> <li>– FN-CB-240a.4: Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers</li> </ul>	<b>Annual Report 2021, Strategic report, pages 5, 25, 34, 36 ESG Supplement 2021, pages 17 - 18</b>
<b>Diversity and Inclusion</b>			
<b>GRI 103: Management Approach</b>			
103-1	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, Strategic report, pages 14, 27 ESG Supplement 2021, pages 12 - 14, 28 <a href="https://www.santandersustainability.co.uk">https://www.santandersustainability.co.uk</a></b>
103-2	The management approach and its components		<b>Annual Report 2021, Strategic report, page 27 ESG Supplement 2021, pages 12 - 14 Diversity Pay Gap report available at: <a href="http://www.santanderjobs.co.uk/diversity.php">http://www.santanderjobs.co.uk/diversity.php</a></b>
103-3	Evaluation of the management approach		<b>Annual Report 2021, Strategic report, pages 14, 27 ESG Supplement 2021, pages 12 - 14, 28</b>

# GRI Index and SASB continued

Key: ■ GRI ■ SASB

Disclosure number	Description	Notes	Reference
<b>Diversity and Inclusion continued</b>			
<b>GRI 405: Diversity and Equal Opportunity</b>			
<b>405-1</b>	Diversity of governance bodies and employees	a. Percentage of individuals within the organisation's governance bodies in each of the following diversity categories: <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul> b. Percentage of employees per employee category in each of the following diversity categories: <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul>	<b>Annual Report 2021, Strategic report, pages 14, 27 ESG Supplement 2021, pages 12 - 14, 28</b>
<b>Employee Wellbeing and Talent</b>			
<b>GRI 103: Management Approach</b>			
<b>103-1</b>	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, Strategic report, page 27 ESG Supplement 2021, pages 12 - 14, 28</b>
<b>103-2</b>	The management approach and its components		<b>Annual Report 2021, Strategic report, page 27 ESG Supplement 2021, page 12 - 14</b>
<b>103-3</b>	Evaluation of the management approach		<b>Annual Report 2021, Strategic report, page 27 ESG Supplement 2021, pages 12 - 14, 28</b>
<b>GRI 404: Training and Education</b>			
<b>404-1</b>	Average hours of training per year per employee	a. Average hours of training that the organisation's employees have undertaken during the reporting period, by: <ul style="list-style-type: none"> <li>i. gender;</li> <li>ii. employee category.</li> </ul>	<b>ESG Supplement 2021, pages 12 - 14</b>
<b>404-2</b>	Programmes for upgrading employee skills and transition assistance programmes	a. Type and scope of programmes implemented and assistance provided to upgrade employee skills. b. Transition assistance programmes provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	<b>Annual Report 2021, Strategic report, pages 10, 27 ESG supplement 2021, pages 12 - 14</b>
<b>Responsible Investment and Products</b>			
<b>GRI 103: Management Approach</b>			
<b>103-1</b>	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, page 25</b>

# GRI Index and SASB continued

Key: ■ GRI ■ SASB

Disclosure number	Description	Notes	Reference
<b>Responsible Investment and Products continued</b>			
<b>GRI 103: Management Approach continued</b>			
103-2	The management approach and its components		Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, page 25
103-3	Evaluation of the management approach		Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, page 25
<b>Commercial Banks SASB</b>			
<b>Product Design and Lifecycle Management</b>	Incorporation of ESG Factors in Credit Analysis	<ul style="list-style-type: none"> <li>– FN-CB-410a. 1: Commercial and industrial exposure, by industry</li> <li>– FN-CB-410a. 2: Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis.</li> </ul>	Annual Report 2021, TCFD pages 74 - 86 Strategic report, page 29
<b>Consumer Finance SASB</b>			
<b>Selling Practices</b>	Selling practices		Annual Report 2021, page 266
<b>Mortgage Finance SASB</b>			
<b>Selling Practices and Product Labelling</b>	Selling practices and product lending practices		Annual Report 2021, page 99 Strategic report, pages 19, 22 - 24
<b>Organisational Culture and Governance</b>			
<b>GRI 103: Management Approach</b>			
103-1	Explanation of the material topic and its Boundaries		Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, page 25, 36 Modern Slavery Statement available at: <a href="http://www.santandersustainability.co.uk">www.santandersustainability.co.uk</a>
103-2	The management approach and its components		Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, pages 11, 25, 36
103-3	Evaluation of the management approach		Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, pages 25, 36
<b>GRI 205: Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption		Annual Report 2021, Strategic report, page 29 ESG Supplement 2021, pages 25, 36

# GRI Index and SASB continued

Key: ■ GRI ■ SASB

Disclosure number	Description	Notes	Reference
<b>Organisational Culture and Governance continued</b>			
<b>GRI 205: Anti-corruption continued</b>			
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	<p>Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>Total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<b>Annual Report 2021, Strategic report, page 29</b> <b>ESG Supplement 2021, pages 25, 36</b>
<b>Commercial Banks SASB</b>			
<b>Systemic Risk Management</b>	Systemic Risk Management	FN-CB-550a.2: Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	<b>Annual Report 2021, TCFD, pages 74 - 86</b>
<b>Innovation and Digitalisation</b>			
<b>GRI 103: Management Approach</b>			
<b>103-1</b>	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, Strategic report, page 25</b> <b>ESG Supplement 2021, pages 10, 17 - 18, 33</b> <a href="http://www.santandersustainability.co.uk">www.santandersustainability.co.uk</a>
<b>103-2</b>	The management approach and its components		<b>Annual Report 2021, Strategic report, page 25</b> <b>ESG Supplement 2021, pages 10, 17 - 18</b>
<b>103-3</b>	Evaluation of the management approach		<b>Annual Report 2021, Strategic report, page 25</b> <b>ESG Supplement 2021, pages 10, 17 - 18</b>
<b>GRI 418: Customer Privacy</b>			
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorised by:</p> <ul style="list-style-type: none"> <li>i. complaints received from outside parties and substantiated by the organisation;</li> <li>ii. complaints from regulatory bodies.</li> </ul> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	<b>Annual Report 2021, Operational Risk and Resilience, pages 171 - 176</b> <b>ESG Supplement 2021, pages 18, 25</b>
<b>Commercial Banks SASB</b>			
<b>Data security</b>	Data security	FN-CB-230a.2: Description of approach to identifying and addressing data security risks	<b>Annual Report 2021, Operational Risk and Resilience, pages 171 - 176</b> <b>ESG Supplement 2021, pages 18, 25</b>

# GRI Index and SASB continued

Key: ■ GRI ■ SASB

Disclosure number	Description	Notes	Reference
<b>Innovation and Digitalisation continued</b>			
<b>Consumer Finance SASB</b>			
<b>Data security</b>	Data security	FN-CF-230a.3: Description of approach to identifying and addressing data security risks	<b>Annual Report 2021, Operational Risk and Resilience, pages 171 - 176</b> <b>ESG Supplement 2021, pages 18, 25</b>
<b>Customer privacy</b>	Customer privacy		<b>Annual Report 2021, Data Privacy, page 334,</b> <b>Strategic report page 25</b> <b>ESG Supplement 2021, pages 18, 25</b>
<b>Reputation as a responsible bank</b>			
<b>GRI 103: Management Approach</b>			
<b>103-1</b>	Explanation of the material topic and its Boundaries		<b>ESG Supplement 2021, pages 3 - 4</b> <b>www.santandersustainability.co.uk</b>
<b>103-2</b>	The management approach and its components		<b>ESG Supplement 2021, pages 3 - 4</b> <b>www.santandersustainability.co.uk</b>
<b>103-3</b>	Evaluation of the management approach		<b>ESG Supplement 2021, pages 3 - 4</b> <b>www.santandersustainability.co.uk</b>
<b>Ethics and Compliance</b>			
<b>GRI 103: Management Approach</b>			
<b>103-1</b>	Explanation of the material topic and its Boundaries		<b>Annual Report 2021, Strategic report, page 29</b> <b>ESG Supplement 2021, page 25</b>
<b>103-2</b>	The management approach and its components		<b>Annual Report 2021, Strategic report, page 29</b> <b>ESG Supplement 2021, page 25</b>
<b>103-3</b>	Evaluation of the management approach		<b>Annual Report 2021, Strategic report, page 29</b> <b>ESG Supplement 2021, page 25</b>

# Assurance opinion

## Independent Limited Assurance Report to the Directors of Santander UK plc on selected information in the Environmental, Social and Governance ("ESG") Supplement for the year ended 31 December 2021

The Board of Directors of Santander UK plc ("Santander") engaged us to obtain limited assurance on the selected information in Santander's ESG Supplement (together the "Subject Matter Information") as defined below and marked with the symbol 'AS' in Santander's ESG Supplement for the year ended 31 December 2021 (the "Report").

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

### Our limited assurance conclusion

Based on the procedures we have performed, as described under the 'Summary of work performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol 'AS' in Santander's ESG Supplement for the year ended 31 December 2021, has not been prepared, in all material respects, in accordance with the Reporting Criteria set out on pages 27 to 36 of the Report and

referenced in the 'Subject Matter Information and Reporting Criteria' section below.

### Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which Santander is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table below:

Subject Matter	Unit/Measure	Performance in 2021
Asian, Black and Minority Ethnic employees	FTE	2,545
Female employees	FTE	9,783
Male employees	FTE	8,266
Employee turnover	%	9.79
Training days	Days	48,701
Number of branches	#	450
Green finance raised and facilitated (total)	£m	3,967.1
Scope 1 CO <sub>2</sub> e emissions	tCO <sub>2</sub> e	6,074
Scope 2 CO <sub>2</sub> e emissions (market based)	tCO <sub>2</sub> e	0
Scope 3 CO <sub>2</sub> e emissions (business travel only)	tCO <sub>2</sub> e	247
Total CO <sub>2</sub> e emissions	tCO <sub>2</sub> e	6,321
CO <sub>2</sub> e emissions per employee	tCO <sub>2</sub> e/FTE	0.35
Support for communities	£m	12.8

The Reporting Criteria: 2021 basis for reporting: principles and methodologies on pages 27 to 36 of Santander's ESG Supplement for the year ended 31 December 2021<sup>1</sup>.

### Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

### Responsibilities of Santander's directors

The Directors of Santander are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to Santander and the intended users of the Report;

- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying information and a statement of Directors' responsibility, which provides accurate, balanced reflection of Santander's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Santander.

1. The maintenance and integrity of Santander's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information and Selected Statements or Reporting Criteria when presented on Santander's website.

# Assurance opinion continued

## Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

## Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Summary of work performed as the basis for our assurance conclusion

In carrying out our limited assurance engagement we:

- considered the suitability in the circumstances of Santander's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries with Santander's management, obtained an understanding of Santander's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- evaluated whether Santander's methods for developing estimates are appropriate and had been consistently applied;
- performed limited substantive testing on a selective basis of the Subject Matter Information at corporate head office to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported;
- performed analytical procedures by comparing the reported performance for the Subject Matter Information to the prior period reported performance and made inquiries of management to obtain explanations for significant differences we identified; and
- considered the disclosure and presentation of the Subject Matter Information.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Santander's estimate.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Other information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material

inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

## Use and distribution of our report

This report, including our conclusion, has been prepared solely for the Board of Directors of Santander in accordance with the agreement between us dated 1 November 2021 (the "agreement"). Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and Santander for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London,  
WC2N 6RH  
1 March 2022



# Read more



For more information visit

> [www.santandersustainability.co.uk](https://www.santandersustainability.co.uk)

Annual Report 2021

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Diversity

> [www.santanderjobs.co.uk/diversity](https://www.santanderjobs.co.uk/diversity)

Taxation strategy

> [www.santander.co.uk/about-santander/investor-relations/taxation-strategy](https://www.santander.co.uk/about-santander/investor-relations/taxation-strategy)

Modern slavery statement

> [www.santander.co.uk/about-santander/sustainability/modern-slavery-statement](https://www.santander.co.uk/about-santander/sustainability/modern-slavery-statement)

Environment policy statement

> [www.santandersustainability.co.uk/sites/EnvironmentalPolicyStatement](https://www.santandersustainability.co.uk/sites/EnvironmentalPolicyStatement)