

Santander UK Group Holdings plc

# Environmental Social Governance (ESG)

Half year supplement for the six months ended  
30 June 2022

August 2022



# Environmental, Social and Governance (ESG) Half Year 2022 Supplement

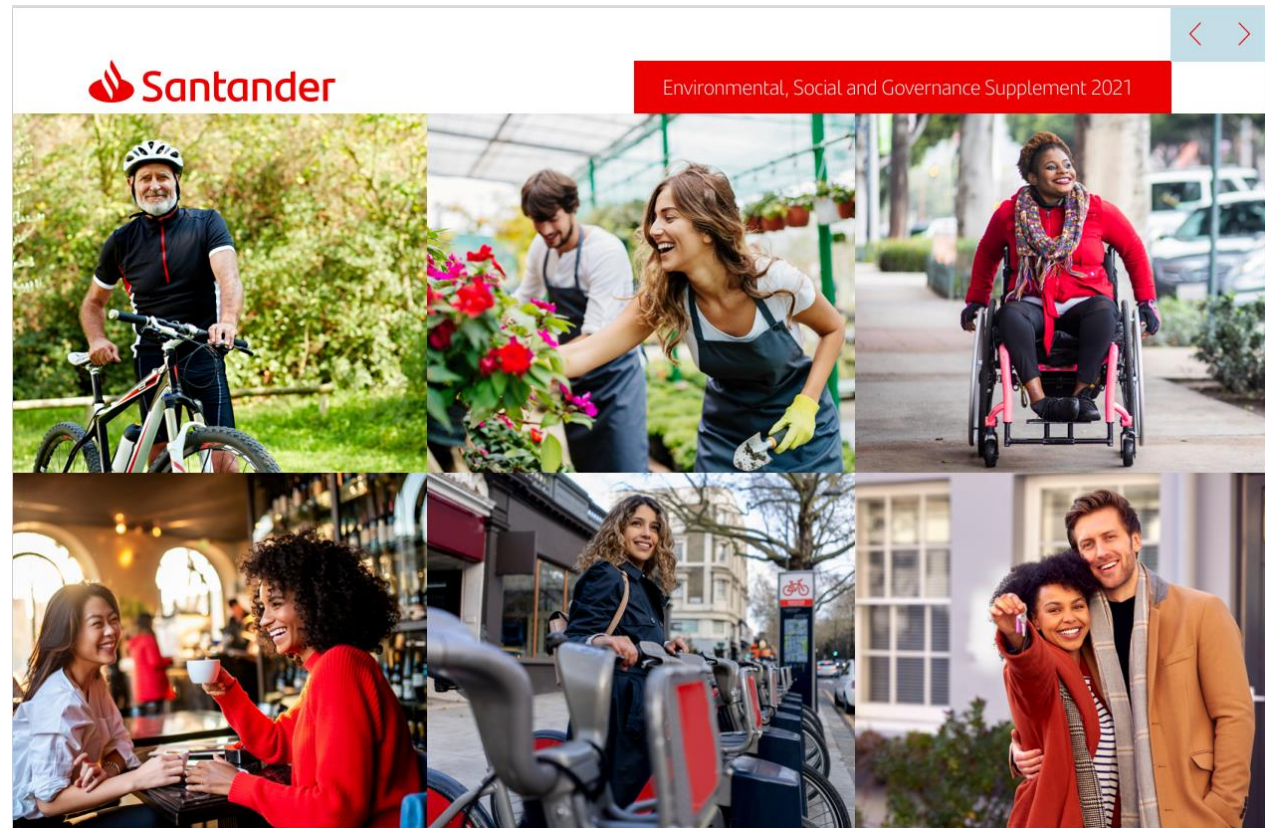
This is our 2022 Environmental Social Governance (ESG) Half Year Supplement. We refer to 'ESG' or 'Sustainability' as synonymous with our approach to responsible banking.

Our aim is to support greater transparency on ESG and respond to increased interest from key stakeholders, providing an update on our strategy and performance, as well as focusing in more detail on our priority areas. This is our second year releasing a half-year update which complements our main financial reporting, and we will continue to seek feedback from our stakeholders to build on our reporting going forward.

Our main focus for disclosure continues to be through our annual reporting suite, including the [ESG Supplement](#) and Strategic Report, as well as our [website](#).

For more on what Santander as a Group is doing, please see our [Banco Santander website](#) and reports.

Please note, half-year figures are not audited.





Our aim remains to be a **responsible and sustainable bank in everything that we do**. This is underpinned by a commitment to transparency and partnership. Our Sustainability and Responsible Banking strategy supports the delivery of our strategic ambition and is based on three key pillars: Thriving Workplace, Better Communities and Healthy Environment.

The first six months of the year have been truly **extraordinary with domestic and international challenges** on a scale not seen for decades. It is at these moments that truly matter that we can play a crucial role in supporting those in need.

I am incredibly proud of how our customers and colleagues responded to the situation in Ukraine. They came together to **donate more than £400,000 to the Red Cross and UNHCR** to help their relief efforts, many of our staff volunteered their time and opened their homes to refugees and we did all we could to ensure that those who came to the UK had access to the banking services they needed.

We are living through incredibly uncertain economic times and our priority remains doing all we can to support our customers and colleagues. We know many of them are worried about the rising costs of living and doing business, so we have given an additional **4% pay uplift for 60% of our lower paid employees** and increased the support available for customers through our digital channels on a range of key issues, including energy costs, spending and budget planning. Our financial care specialists have **offered financial support and help to 2.08m of our customers** since the beginning of the year.

Our drive to net zero has seen some significant milestones achieved in the first half of the year with the **launch of our Green Homes Hub** and a **new discounted loan for mortgage customers to help them improve the energy efficiency of their homes**. We've also teamed up with UK National Parks to create Net Zero with Nature, generating carbon credits to compensate CO<sub>2</sub> emissions.

I am pleased to share this report which sets out the progress we have made against our strategy and targets in the first six months of 2022 and the plans we have in place for the rest of the year. We remain on track to meet our annual objectives but recognise there is always more we can do.

I would like to thank everyone that has played a part in this. Our success reflects a lot of hard work and dedication from our colleagues, our charity partners and a number of community organisations.

Mike Regnier



Strategy Update



Healthy Environment



Better Communities



Thriving Workplace

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

Three key pillars, aligned to areas of increased ambition, over a solid foundation, supporting the delivery of our strategic ambition

- 1 Thriving Workplace
- 2 Better Communities
- 3 Healthy Environment

Foundation: Being responsible in everything we do

Within each pillar, we have identified focus areas to enable us to respond to current opportunities and challenges, delivering real change and key impact for our stakeholders.

## Creating a culture of inclusivity and belonging 1

### Key issues:

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

### 2022 focus:

- Improving social mobility

## Helping customers and communities prosper 2

### Key issues:

- Financial inclusion
- Community engagement and support
- Sustainable finance
- Inclusive innovation and digitalisation
- Privacy, data protection & cyber security

### 2022 focus:

- Education, employability and entrepreneurship including financial education and literacy

### Additional priorities:

- Santander Foundation

## Fighting climate change and supporting the green economy 3

### Key issues:

- Climate risk management
- Portfolio alignment to Net Zero
- Own operational footprint

### 2022 focus:

- Helping to green UK homes and businesses

### Additional priorities:

- Ensuring a just transition

## Being responsible in everything we do

### Key Issues:

- Ethics and compliance
- Human and labour rights
- Responsible supply chain and procurement

### Additional priorities:

- Responsible banking practices
- Financial crime

# Medium term scorecard to measure performance against our strategy

## 1 Thriving Workplace

## 2 Better Communities

## 3 Healthy Environment

Note: See 2021 ESG supplement for definitions and more information.  
 1. This population includes c. 1400 senior managers and those in more senior positions. These represent 7% of Santander UK employees. 2. Cumulative since 2019. 3. Cumulative since 2020. Includes lending to finance properties with an EPC rating of A and B, renewable energy and electric vehicles as well as financing raised and facilitated. 4. Customers with EPC rated of D or below properties engaged to improve efficiency of their homes

Targets	H1 22	Commitments	Target date
Women in senior positions <sup>1</sup>	32%	50% (+/-10%)	2025
Ethnic minorities in senior positions <sup>1</sup>	10%	14% (+/-2%)	2025
Women on the Board	33%	40-60%	2030
Top 10 Company to work for	16 <sup>th</sup>	Top 10	2025
Senior leaders from lower socio-economic backgrounds <sup>1</sup>	28%	35%	2030
Financially empowered people	>1.4m <sup>2</sup>	3m	2025
Financial education to children and young people	1.0m <sup>2</sup>	2.2m	2025
Green finance <sup>3</sup>	>£6.5bn <sup>3</sup>	£20bn	2025
Customers helped to improve their homes' efficiency <sup>4</sup>	n.a.	1.3m customers	2025
Customers supported to become greener with products and services	>23k	180k customers	2025



Strategy Update



Healthy Environment



Better Communities



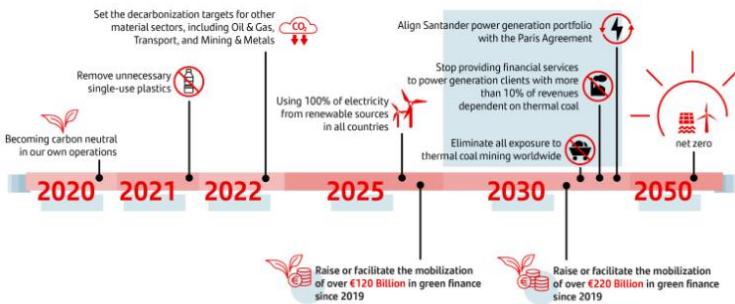
Thriving Workplace

# Healthy Environment: strategy

Our ambition is to help the UK transition to a low carbon economy and fight climate change. To achieve this ambition we have a strategic focus on three areas and eight enablers.

Our Group roadmap to net zero outlines some of our key targets and milestones:

## First steps on our journey to be **net zero** by 2050



### Managing climate risks

- **Integrate climate considerations** into risk management frameworks
- **Screening and stress testing** our portfolio to identify sector-specific 'transition' and 'physical' climate-related financial risks
- **Measure portfolio alignment and set risk appetites** to help steer portfolio in line with the Paris Agreement

1. Governance
2. Policies
3. Targets & KPIs

### Supporting customers

- **Support customers to grow and succeed in the green economy**
- **Develop customer strategies that support their transition to a zero carbon economy:**
  - Create green products and services
  - Develop customer engagement plans

4. Stakeholder Management
5. Competencies & Skills

### Reducing emissions in our operations

- Review **internal policies to consider climate** (e.g., Pension Fund, Company Cars)
- Continuous improvement of ISO certified **environmental and energy management systems**
- **Offset residual CO<sub>2</sub> emissions** to achieve carbon neutrality
- **Engage employees** through the 'green champions' network to create a strong culture
- Procure **100% green electricity**

6. Communication & Brand
7. External Partnerships
8. Reporting & Disclosures



## Healthy environment: progress

Across H1 2022 significant progress has been across our three strategic focus areas. Key highlights include:

- Completed regulatory stress test exercises (Bank of England CBES and ECB's climate stress tests)
- Continuing to progress baseline calculation of financed emissions for two main lending activities for Santander UK (Mortgages and Auto Finance)
- £331m of financing provided by Santander UK Consumer Finance to electric and hybrid vehicles
- Implementing EcoVadis to start understanding and assessing sustainability ratings of our suppliers

For H2 2022 key focus areas will include:

- Identifying transition pathways and work on potential decarbonisation targets for relevant parts of our portfolio
- Working on medium term commercial plans in line with decarbonisation targets for relevant parts of our portfolio
- Defining a sustainable procurement strategy
- The consideration of nature-related risks as driven by the Taskforce on Nature-Related Financial Disclosures (TNFD).

### Progress to date

#### Managing climate risks

- Completed regulatory stress test exercises (Bank of England CBES and ECB's climate stress tests)
- Launched an internal climate stress testing exercise
- Implemented a climate change risk screening tool for suppliers
- Continued to progress baseline calculation of financed emissions for two main lending activities for Santander UK (Mortgages and Auto Finance)
- Launch of ESG Data project to improve ESG data governance and strategy

#### Supporting customers

- Launch of the New Greener Homes hub and the green additional loan for mortgage customers to encourage retrofitting properties
- £331m of financing provided by Santander UK Consumer Finance to electric and hybrid vehicles

#### Reducing emissions in operations

- Commenced a new Green Renewables contract
- Continued to work towards a BREEAM certification for new Head Office in Milton Keynes (Unity Place due 2023)
- Implemented EcoVadis to start understanding and assessing sustainability ratings of our suppliers

#### Enablers

- Updated the Climate change governance to strengthen the framework
- Launching training and education platform
- Ran a climate change Board level workshop with Rt Hon Alok Sharma
- Participating in roundtables of Bankers for Net Zero (B4NZ) the Country chapter of Net Zero Banking Alliance (NZBA)

### 2022 deliverables

#### Managing climate risks

- Completing internal stress test and use results to inform climate risk strategy
- Launching a Climate Risk Assessment Model for CCB to support clients and embed climate risk in credit risk management processes
- Identifying transition pathways and work on potential decarbonisation targets for relevant parts of our portfolio

#### Supporting customers

- Working on medium term commercial plans in line with decarbonisation targets for relevant parts of our portfolio

#### Reducing emissions in operations

- Developing a supplier engagement plan to understand, track and support suppliers on their own journeys to reduce GHG (Scope 1-2 and travel) emissions
- Defining a sustainable procurement strategy

#### Enablers

- Extending 2022 TCFD disclosures and respond to regulatory disclosure requirements (Pillar 3 ESG)
- Increasing staff engagement on climate change through National Parks partnership and Go Green network initiatives
- Expanding sustainability and climate related training opportunities for colleagues and staff

# Healthy Environment case studies: Greener Homes Hub

For more information please visit [here](#)



- Currently circa **22% of the UK's carbon emissions come from homes.**
- To address this issue the UK government wants to have as many UK homes as possible reach a **minimum Energy Performance Certificate (EPC) of C by 2035.**
- However, currently **only around a third of UK Homes achieve C or above at the moment.**
- Households are currently assumed to bear the cost of retrofitting homes and with the increasing cost of energy impacting the UK we are supporting our mortgage customers through the **launch of the first phase of our new online Greener Homes.**
- The **hub provides information** on the role housing will play in the transition to net-zero, helping UK customers to be more informed about energy efficiency, providing easy access to the free EnergyFact report, and our new green additional loan products.

# Healthy Environment case studies: Green Retrofit Loan

For more information please visit [here](#)



- In June we launched a **home improvement loan** with a 25bps discount for mortgage customers aiming to improve the energy efficiency of their home with green retrofits. These are available for any of the following home improvements, up to £25,000:
  - **Heating:**
    - Heating system upgrades;
    - Gas boiler (must meet Boiler Plus standard – min 92% ErP / A rated);
    - Air source heat pump / ground source heat pump; and,
    - Smart energy controls.
  - **Energy Efficiency:**
    - Insulation (wall, floor, loft, roof, tanks and pipes);
    - Replacement windows / double glazing (min Window Energy Rating (WER) Band C); and,
    - Replacement doors (min Door Set Energy Rating (DSER) Band E).
  - **Solar, storage and charging systems:**
    - Solar PV, solar thermal and home batteries; and
    - Electric car charging point.

## Healthy Environment case studies: Battery Storage

For more information on 2022 battery storage examples see below:

- <https://www.santander.co.uk/about-santander/media-centre/press-releases/construction-begins-on-tagenergy-50mw-chapel-farm>
- <https://www.santander.co.uk/about-santander/media-centre/press-releases/4-renewable-energy-powers-on-into-the-uk-renewables>
- **Battery storage is key** to ensuring the UK's homes and businesses can be powered by renewable energy.
- It plays an **important role in boosting the nation's capability** to capture, store and release renewable energy, providing a more reliable and regular supply.
- Supporting the growing market of renewables and battery storage, Santander UK has established a **market-leading position** in financing battery storage projects.
- With more **£250m of funding committed to the sector between 2019 and Q2 2022**, Santander UK has proven to be the primary lender in the nascent market, supporting the low carbon transition and continuing to build a strong pipeline of project opportunities.



Strategy Update



Healthy Environment



Better Communities



Thriving Workplace

# Better Communities: strategy

The rising cost of living and current energy prices is starting to impact UK households and their feelings towards their personal finances.

As such we aim to ensure financial inclusion by supporting customers with guidance and education programmes to improve financial skills, through a suite of products and services and by caring for our customers at the moments that truly matter.

To achieve this ambition we have a strategic focus on three areas.

## Financial knowledge

Our ambition:

To ensure **individuals and businesses across the UK improve their financial skills** and access to our products and services. We hope to achieve this through high quality education, guidance and advice

## Inclusive portfolio of products and services

Our ambition:

To 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

## Customer care

Our ambition:

To 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

# Better Communities: progress

Across H1 2022 significant progress has been achieved across the three strategic areas, with particular highlights from the following initiatives:

- The Numbers Game: 520k beneficiaries
- Young Enterprise: 77k beneficiaries
- Wise Sessions: 1.5 beneficiaries

## The Numbers Game

**520k** beneficiaries by the end of Q2 2022

Our mission is for the Numbers Game to be the go to hub for schools and parents. In addition to the 520k beneficiaries 1.6 million+ people have seen our strong press coverage fronted by [Ant & Dec](#) - featured in The Sun, The Mirror, and The Express. The campaign is now live with more to come.

## Young Enterprise

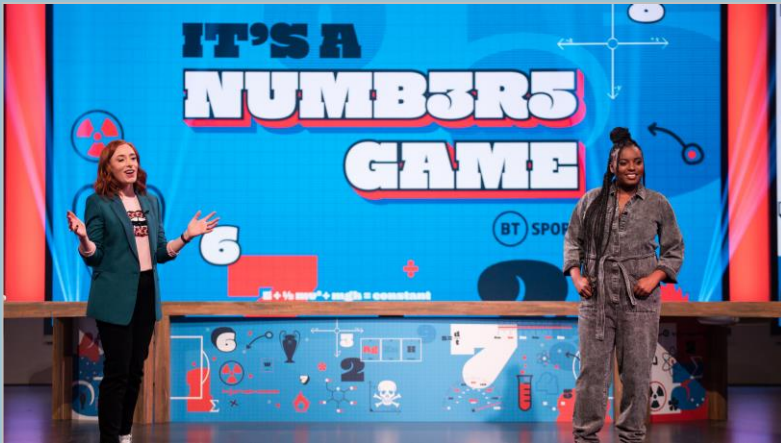
**77k** beneficiaries by the end of Q2 2022

Through this partnership, we provide a fantastic opportunity for young people to gain the skills, knowledge and confidence in money matters to thrive in society.

## Wise Sessions

**1.5k** beneficiaries by the end of Q2 2022

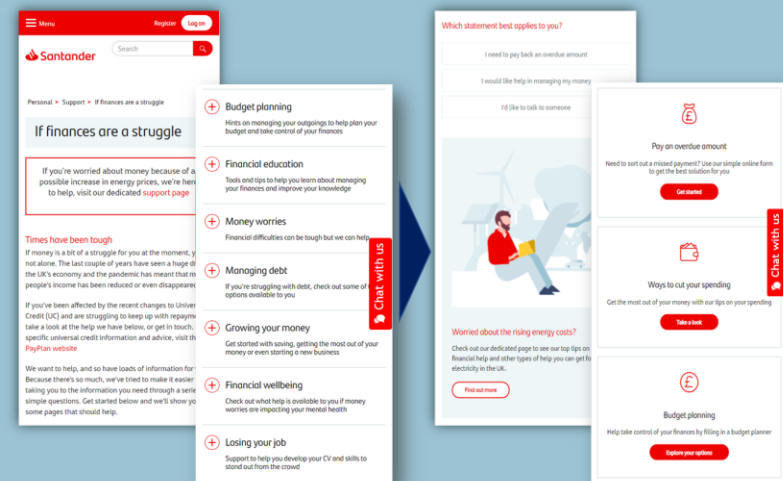
This is our internal volunteering initiative designed to improve skills and knowledge of young people in the UK.



# Better Communities case studies: Financial Support Hub

In addition to the launch of the Financial Support Hub our financial care specialists have offered financial support and help to 2.08m of our customers since the beginning of the year.

- The **rising cost of living is starting to impact UK households** and their feelings towards their personal finances.
- **Money Advice Trust Survey (March 2022) indicates that 22% of UK households, equivalent to 11.6m people, worry about money every day**, rising to 34% for those in receipt of benefits. Additionally, the survey indicates that over a third of UK adults have already cut down on non-essential spending.
- To combat this we introduced a **Financial Support Hub** within the Mobile Banking App that enables customers to find help and support available to them, to manage overdue amounts and speak with Santander UK colleagues as needed.
- We also are **on hand to provide dedicated support** to help customers stay on top of their spending, plan budgets and manage energy bills.





## Better Communities case studies: Ukraine

For more information please visit see the following:

- <https://www.santander.co.uk/personal/ukraine-support>
- <https://www.santander.com/en/press-room/press-releases/2022/03/santander-responds-to-the-war-in-ukraine>

- Since the invasion of Ukraine began earlier this year, we have been working to support the **humanitarian relief effort**.
- Our customers and colleagues have come together to **donate more than £400,000 to the Red Cross and UNHCR** to help their relief efforts. Many of our **staff volunteered their time and opened their homes to refugees**.
- We also continue to ensure that those who come to the UK have **access to the banking services they need**.
- Santander condemns the invasion and stands with the people of Ukraine. **Supporting the response to the humanitarian crisis remains the bank's utmost priority.**

## Better Communities case studies: Macmillan Cancer Support

For more information please visit [here](#)

The logo for Macmillan Cancer Support, featuring the words "MACMILLAN" and "CANCER SUPPORT" in a bold, green, sans-serif font, stacked vertically.

“At Santander we’re committed to helping our customers at the moments that matter. Working alongside charity partners has brought vital outside perspectives to how we think and operate so we’re delighted to be working with Macmillan over the next three years to help transform financial support for people affected by cancer and make money one less worry.”

**Mike Regnier**  
CEO of Santander UK

- There are currently **3 million people living with cancer in the UK** and 1 in 2 of us are facing a cancer diagnosis in our lifetimes.
- We have therefore chosen **Macmillan Cancer Support as our new national Charity Partner** for 2022-2024, following a selection process that included a vote by thousands of Santander employees across the UK.
- The ambition of the new partnership with Macmillan is to work together to **improve financial inclusion and support for those affected by cancer** who may struggle to cope with the financial challenges following diagnosis, **making money one less worry.**
- The partnership will **focus on helping remove barriers and creating pioneering new, innovative tools and services** to better support customers and colleagues living with cancer.



Strategy Update



Healthy Environment



Better Communities



Thriving Workplace

# Thriving Workplace: strategy

Our ambition is to create a thriving workplace that attracts, retains and rewards talented and committed people. Our culture promotes inclusion and diversity, prioritises wellbeing and develops the skills of our people.

More details on our approach including our latest initiatives, partnerships, and work of our eight great people networks can be found on our careers site [here](#).

- Our aim is to be a truly **inclusive and diverse organisation** that reflects our customer base and the communities in which we operate. A place that supports our people to thrive, focusing on their wellbeing each day and providing support in the moments that matter most.
- Through our **Everyday Inclusion strategy**, we celebrate diversity and create a culture of belonging where everyone can learn, grow and succeed while being themselves. We aim to attract, recruit, develop and retain the most talented and diverse people. We believe in doing the right thing, contributing to positive change in society by championing inclusion for all and speaking out against all forms of discrimination.
- Our **award-winning approach to wellbeing** aims to provide holistic support spanning physical, mental, social and financial wellbeing. We aim to put wellbeing at the heart of what we do each day, prioritising taking a proactive approach to wellbeing to help our people thrive, with timely and personalised additional support for our people when it's most needed.
- We work with a **range of external experts with a focus on sharing best practice and continuously improving our approach** to inclusion, belonging and wellbeing. Our partners include Business in the Community, Stonewall, Business Disability Forum, MyGwork, Working Families, Tommy's Pregnancy & Baby Loss Charity, Peppy and more.

# Thriving Workplace: progress

In H1 2022 we have been recognised through a range of awards for our approach to creating a Thriving Workplace

- Our culture, **The Santander Way**, encompasses our purpose, values, behaviours and ways of working. Our values – Simple, Personal, Fair – reflect how we work.
- This year we **launched and rolled out an evolved set of behaviours** T.E.A.M.S.



- Our continuous people listening approach “Your Say” **generates a real-time snapshot of employee experience** and is key in our measurement of The Santander Way.
- In **H1 2022** our score was **7.7/10**, this is an average for all staff who completed the Workday Peakon monthly survey and was a **+0.4 improvement since 2021**.
- The survey also gives staff the **chance to speak up** and share their thoughts on our culture and suggestions that help shape our employee experience

## Thriving Workplace case studies: Winner of Best for Mental Health and Wellbeing Award 2022

For more information please visit [here](#)



- Our wellbeing support is recognised as industry leading and we were thrilled to win the **Working Families Award – Best for Mental Health and Wellbeing** for the wide range of support that we have in place across our four pillars of wellbeing (physical, mental, social and financial).
- The **ability to work flexibly** is a key aspect of the award criteria, to promote overall wellbeing for colleagues and those with family responsibilities. Adding working hours to email signatures, taking quiet hours, utilising leave, and having conversations with managers about working patterns is encouraged to establish positive flexible working.
- Feedback from our people was also taken into consideration, our regular survey on wellbeing, disability, and flexible working showed that **79% of colleagues think the organisation takes a genuine interest in their wellbeing and 89% agree that their manager supports them in having a good balance between their work and personal lives.**

## Thriving Workplace case studies: Black Talent Programme

"I believe The Black Talent Programme is a necessity. Real inclusion is about taking action to support disadvantaged groups, to rise as far as their talent and discipline might take them.

"I am delighted to be supporting the programme as a supplier, because the real innovation is the programme design that is sure to accelerate Black talent in the bank. Engaging Black suppliers will also address a preferred supplier list that is diverse and inclusive. To actively remove barriers to Black-led SME becoming suppliers is true allyship in action.

"Thank you, Santander UK, for being courageous to take this bold step to address inclusion. In the words of Barack Obama 'when courage meets necessity, there is no telling what we can achieve'."

**Dennise Hilliman:**

SME founder of LEAD curriculum

- **Forty colleagues from a broad career background and varying experience levels from both our front line and head office business areas. are currently taking part in the nine-month programme.**
- Participants **receive Senior leadership development from inspiring Black role models** and benefit from becoming part of an empowering learning community. To support wider societal change, we have opened the programme externally to five participants from smaller organisations within the Financial Services Sector.
- The programme **provides colleagues with a personal talent profile to recognise strengths and development opportunity areas.** This includes input from key stakeholders, and engagement from their direct managers to help turn the skills learnt and showcased on the Black Talent Programme into tangible development opportunities and career progression.
- **75% of participants have progressed their career,** for example moving roles internally, since being part of the programme.
- A further benefit of this programme is **increasing the diversity of our supplier chain,** co-creating uniquely designed content with academics and role models from the wider Black Community and SME Business owners.

## Thriving Workplace case studies: Times Top 50 for Women

In 2022 we were again named as a Top 50 Employer for Women by The Times



We were again named as a Top 50 Employer for Women by The Times - recognising employers that make gender equality part of their business strategy at all levels. We continue to focus on progressive action to ensure Gender equality including:

- **Creating a Women in STEM Taskforce** to retain, develop and attract more women into our technology roles and accelerate careers through a variety of new initiatives;
- Enhancing our Family Leave steadily over recent years, **now offering 23 weeks fully paid maternity, adoption and shared parental leave and five weeks paternity leave;**
- **Launching Career Playbooks** to support people and their managers focus on career development and growth;
- Signed up to **Tommy's Pregnancy and Parenting at Work** scheme and gained 'champion accreditation' for our support towards pregnancy loss and stillbirth, fertility, surrogacy and adoption; and
- **Partnered with Peppy, a menopause support app**, to provide access to expert guidance for more than 600 of our people.



# Santander UK Group Holdings plc

## Read more

**For more information visit:**

<https://www.santandersustainability.co.uk>

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

