

Santander ISA Managers Limited (SIM)

Annual MIFIDPRU public disclosure Report:
2026

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The terms 'we', 'us', 'SIM' and 'our' are used in this document to refer to Santander ISA Managers Limited.

Introduction

Santander ISA Managers Limited (**SIM**) is a wholly owned subsidiary of Santander UK plc. The main function of SIM is to distribute a range of investment products to UK retail clients. SIM is authorised by HM Revenue & Customs as a stocks and shares ISA Manager. SIM is also the custodian of the Santander Personal Pension. SIM is regulated by the Financial Conduct Authority (**FCA**), number 171448. SIM's registered office is 287 St Vincent Street, Glasgow, G2 5NB.

In January 2022, the FCA introduced the Investment Firms Prudential Regime (**IFPR**). This is a regime for UK firms authorised under the Markets in Financial Instruments Directive (**MiFID**). The regulation that formalises this regime is called **MIFIDPRU**.

MIFIDPRU seeks to address the potential harm posed by investment firms to their clients and the markets they operate in. These rules are publicly available and can be found by searching 'MIFIDPRU' at handbook.fca.org.uk/handbook

This document sets out information relating to our business that we're required to make publicly available under this regime.

The disclosures in this document are solely in respect of SIM.

Changes from the previous disclosure report

The below items have changed since the 2025 public disclosure report:

- Updates to the SIM board members and the number of directorships held by each member.
- Updates to the figures in tables 1 and 2 in the 'SIM's Own Funds held' section following the publication of SIM's Annual Reports and Accounts as at 31 December 2025.
- Updates to the figures in the 'Own Funds regulatory requirements' section.
- Updates to the wording and figures in the 'Remuneration' section.

Content of the disclosures

This document covers the following key areas:

1. Basis of disclosures – important information about how these disclosures have been formed
2. Risk management – how SIM manages risks within its business
3. Governance arrangements
4. SIM's Own Funds held – the levels of Own Funds in SIM with a full breakdown
5. Own Funds regulatory requirements – the levels of Own Funds in SIM and the regulatory thresholds
6. Remuneration.

1. Basis of disclosure

This document sets out the disclosures that we're required to make publicly available under MIFIDPRU. The disclosures haven't been audited and don't form part of the annual audited financial statements. They shouldn't be relied upon in making any judgment about the financial position of SIM.

These disclosures are calculated as at 28 February 2026 in accordance with MIFIDPRU. However, all information related to SIM's Annual Report and Accounts are as at 31 December 2025, which is SIM's financial year end.

These disclosures are made on an annual basis, as soon as practical, after the publication of SIM's Annual Report and Accounts. They may be made more frequently where appropriate, for example, in the event of a major change to our business model.

2. Risk management

The principal activities of SIM are to act as the platform service provider and the stocks and shares ISA manager for investments. These include investments on the Santander Investment Hub and investments advised through the Santander UK plc financial planning service. SIM is also the custodian for the Santander Personal Pension available through the Santander Investment Hub. SIM is a private limited company regulated by the Financial Conduct Authority (**FCA**). The Investment Hub is an online platform that gives customers the ability to invest in a wide variety of investments and manage those investments online. All advised business from the Santander UK plc financial planning service is serviced on the Investment Hub.

Santander UK plc maintain an Internal Risk Management & Control System. This is a set of tools, documents and processes that support the management and control of risk. The Internal Risk Management & Control System includes risk descriptors, risk appetites (i.e., how much risk the company is willing to take on), and a series of policies and procedures to support the Risk Framework.

In general, SIM will use the Santander UK plc Risk Framework. You can find the approach to Santander UK plc's Risk Framework at [santander.co.uk/about-santander/investor-relations/santander-uk-group-holdings-plc](https://www.santander.co.uk/about-santander/investor-relations/santander-uk-group-holdings-plc). This includes descriptions of how Santander UK plc assess the adequacy of its Risk Frameworks.

Below, we describe the potential for harm associated with SIM's business strategy. SIM's business strategy is to enhance and expand the range of services offered on the Investment Hub. This is aimed at increasing customer numbers through both the direct digital channel and through the Santander UK plc advised distribution. SIM aims to grow customer loyalty by providing an outstanding customer experience, to further simplify and digitise the business for improved efficiency and to embed sustainability across the business.

As a result of its normal business activities, SIM is exposed to a variety of risks. The most significant of which are operational (non-financial) risk, credit risk, market risk and liquidity risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes regulatory, legal and compliance risk. Market risk is the potential for loss of income or a decrease in the value of net assets caused by movements in the levels and prices of financial instruments. Credit risk is the risk that counterparties will not meet their financial obligations. Liquidity risk is the risk that we do not have the liquid assets to meet our obligations when they fall due, or we can only get them at high cost.

There is also the risk of failures in incident management, inadequate complaints servicing, poor service through forecasting failure in customer contact centres and a loss or severe restriction in critical servicing.

Strategic and Business Risk is managed at the Santander UK plc Group level. The focus is on maintaining a low to medium risk appetite; reviewing risks to ensure SIM stays within its risk appetite range; mitigating risk through having a clear and consistent strategy and an effective planning process; and monitoring and managing risk. All material risk exposures, either on-balance sheet or off-balance sheet, are Identified, Assessed, Managed and Reported in a timely and accurate manner. Material risks are risks that have material impacts. These key processes are aligned to the Banco Santander S.A. set of processes within the Group Risk Framework.

SIM uses the 'three lines of defence' model to manage risk. This model is widely used in the banking industry and has a clear set of principles. It does this by separating risk management, risk control and risk assurance:

Line 1: Business Units and Business Support Units. These identify, assess and manage the risks which originate and exist in their areas, within our Risk Appetite.

Line 2: Risk Control Units. These are independent monitoring and control functions. They are under the executive responsibility of the Chief Executive Officer, but responsible to the Chief Risk Officer, for overseeing the first line of defence. They make sure Business Units and Business Support Units manage risks effectively and within our Risk Appetite. The Risk Control Units are: Financial Crime; Conduct & Compliance (who are responsible for controlling reputational and conduct & regulatory risks); Legal; and Risk (who are responsible for controlling credit, market, liquidity, capital, pension, strategic and business, non-financial and model risks).

Line 3: Internal Audit. This is an independent corporate function. It gives assurance on the design and effectiveness of our risk management and control processes.

Although each of the three lines of defence has a separate organisational structure and a degree of independence, they should collaborate where necessary to ensure the objectives of the business are met.

A thorough Internal Risk Management & Control System is in place to enable effective risk management and control in accordance with the agreed overriding principles, minimum standards, risk appetite, policies, mandates and delegated authorities.

You can find more information within the Santander UK Group plc Annual Report.

Below are some specific risks that SIM is exposed to, broken down into those that relate to SIM's own funds requirement, concentration risk and liquidity risk.

Own Funds' risks

Own Funds are a measure of the firms' financial resources, after allowing for its liabilities (that is, the amount that it owes to others). The level of Own Funds is important as they must meet certain threshold levels set out in the FCA's rules. These threshold levels reflect, amongst other factors, the potential harm that might be incurred by a firm's clients and the markets they operate in, for example, significant market downturns or defaults by key parties.

SIM's Own Funds assessments look at the following risks, although this list is not exhaustive:

- Supplier Management – SIM engage with a number of third-party suppliers
- Operational & Regulatory Control
- The FCA Client Assets Sourcebook (**CASS**) Framework
- Data Management
- Fraud and financial crime
- Complaints
- Operational Resilience & Business Continuity
- Capital & Liquidity Risk
- Concentration Risk
- Legal Risk
- Interest Rate Risk.

The chance of a risk appearing, and the financial impact if it materialises, are reflected in the assessment of the Own Funds. This assessment determines the minimum amount of Own Funds SIM must hold at all times. These assessments are refreshed as and when risks alter, or new risks emerge given business activities.

The level of SIM's Own Funds held can be found in the 'SIM's Own Funds held' section below.

Concentration risk

High exposure to certain counterparties, business lines or channels can result in an increased risk to SIM. The concentration risks identified for SIM are:

- **Fund concentration:** Where a small number of funds make up the majority of SIM's Investment Hub platform. A significant fall in the value of these funds could give rise to a substantial fall in the fees received by SIM. We manage this risk through regular monitoring of fund performance.
- **SIM client money concentration:** SIM places its client money (money held on behalf of retail clients) with third-party banks. It may also place some client money with Santander UK plc. SIM accepts that it does have concentrations of exposures to banking counterparties. This could give rise to an increased level of risk. However, SIM attempts to reduce this risk by placing money with a range of different banks and meeting the CASS rules at all times.
- **SIM cash concentration:** All SIM's own cash is placed with Santander UK plc. In the event of a default by Santander UK plc, SIM would rank amongst other creditors in respect of the amount deposited. SIM assess that Santander UK plc have sufficient liquidity held aside for these exposures.
- **Customer concentration:** A dominant customer could leave the SIM Investment Hub platform, causing a significant drop off in the Platform Service Fee. This risk is considered extremely slight as the largest customer holding is significantly less than 1% of the overall customer assets held.

Liquidity risk

This is the risk that SIM either doesn't have sufficient resources available to allow it to meet its obligations when they're due or can only secure them at an excessive cost.

SIM is exposed to liquidity risk in the event of sharp downturns in the value of the assets under custody, where SIM's recurring revenue is insufficient to meet SIM's overheads. SIM manages this risk through regular monitoring of the liquid assets held against the thresholds. In addition, SIM assesses the liquidity position in stressed conditions over future years to ensure it maintains sufficient liquid assets.

SIM is also exposed to liquidity risk in respect of payment obligations to its clients and product providers. There is liquidity risk related to the settlement timing of corresponding cash inflows and outflows. This arises primarily due to the requirement to fund client money and client asset shortfalls under the CASS rules. SIM also has an arrangement in place relating to the settlement of customer trades to mitigate the issues with delayed settlements. SIM holds all client money with several UK banks. SIM is exposed to liquidity risks in respect of these holdings. However, SIM manages these risks by diversifying the client money across these banks.

SIM's own assets are predominantly liquid assets. This is cash held with a bank – in our case, Santander UK plc.

3. Governance arrangements

The SIM Board recognises that risks will be present throughout the activities that SIM undertakes. The SIM Board meets four times a year and is responsible for making sure that SIM has a robust Governance and Risk Management Framework in place. This is intended to make sure that risks are adequately identified, assessed, and mitigated. This is ultimately to make sure that clients' and SIM's own assets are suitably protected.

Additionally, there is a SIM Risk Meeting which reports directly to the SIM Board.

Each has a Terms of Reference clearly stating its responsibilities, membership, and escalation procedures.

The SIM Board

The Santander ISA Managers Limited (**SIM**) Board is responsible for promoting the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. It has overall responsibility for oversight of the business and affairs of SIM. This involves the establishment and periodic assessment of SIM's strategy, establishment and oversight of SIM's risk strategy, monitoring of regulated capital as applicable, and the maintenance of high standards of corporate governance.

The Board monitors and oversees SIM's operations, ensuring competent and prudent management, sound planning, appropriate policies for the provision of customer services, proper procedures for the maintenance of adequate accounting and other records and systems of internal control, and compliance with statutory and regulatory obligations.

The SIM Board is the 'responsible body' under the Internal Capital and Risk Assessment (**ICARA**) process. These are the processes that a firm must follow to identify and manage potential material harms. The SIM Board is required to review and approve the content of the SIM's ICARA document, and in particular, the underlying key assumptions.

The table below details the directors on the SIM Board and the number of directorships held by each person across both the wider Santander UK plc business and outside of Santander UK plc as at 28 February 2026.

Name	Number of directorships (executive and non-executive) held by each member of SIM, including Santander UK plc
Gail Russell	2
Stephen Affleck	7
Stewart Livingston	4

The SIM Risk Meeting

The monthly SIM Risk Meeting is responsible for ensuring the effective management of risks. This should enable SIM to achieve its business objectives in accordance with Santander Risk Frameworks, policies and standards.

Risk types will include, but not be limited to, operational (financial, customer, regulatory, reputational), strategic and conduct. This meeting is also supported by the SIM CASS Governance Meeting. The SIM CASS Governance Meeting covers risks specifically related to CASS, including those relating to custody of client assets and client money.

This Risk Meeting is not a formal risk committee. SIM does not, and is not required to, maintain a risk committee. This is the case providing that the thresholds relating to on-balance sheet and off-balance sheet items in MIFIDPRU 7.1.4R are not exceeded.

Promoting inclusion and diversity

SIM adopts the Santander UK plc framework for inclusion and diversity. Santander has diversity and inclusion at the top of its agenda. This is to attract, train and retain the best employees; attain long-term and sustainable results; and contribute to a better future for everyone. Group-wide programmes and initiatives have earned us recognition in the Bloomberg Gender Equality Index 2023. Santander registered the highest score in the finance industry and the second highest overall worldwide, which recognises excellence and commitment to equality.

The SIM Board aims for a composition that is balanced and diverse in terms of experience, nationality, ethnicity, age and gender of the individual members. The SIM Board recognises that diversity, and especially diversity of thought, can bring insights and behaviours that may make a positive contribution to its effectiveness.

4. SIM's Own Funds

Own Funds can be made up of different categories of capital called: common equity tier 1 capital, additional tier 1 capital, and tier 2 capital. The items that fall into each of these categories can be seen in Table 1 below.

Under MIFIDPRU, SIM is required to disclose:

1. A breakdown of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the Own Funds of the firm. See Table 1 below.
2. A breakdown of 1 (above) with the capital in the balance sheet in the audited financial statements of the firm. See Table 2.
3. A breakdown of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm. See Table 3.

The disclosures are shown in the three tables below based on the SIM Annual Reports and Accounts as at 31 December 2025.

Table 1: Composition of regulatory Own Funds			
	Item	Amount (GBP Thousands)	Source based on reference numbers/ letters of the balance sheet in the audited financial statement
1	OWN FUNDS	43,946	n/a – sum of items below
2	TIER 1 CAPITAL	43,946	Page 9, total equity
3	COMMON EQUITY TIER 1 CAPITAL	0	
4	Fully paid-up capital instruments	5,000	Page 9, share capital
5	Share premium	0	
6	Retained earnings	38,946	Page 9, retained earnings
7	Accumulated other comprehensive income	0	
8	Other reserves	0	
9	Adjustments to CET1 due to prudential filters	0	
10	Other funds	0	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
19	CET1: Other capital elements, deductions and adjustments	0	
20	ADDITIONAL TIER 1 CAPITAL	0	
21	Fully paid up, directly issued capital instruments	0	
22	Share premium	0	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
24	Additional Tier 1: Other capital elements, deductions and adjustments	0	
		0	
25	TIER 2 CAPITAL	0	
26	Fully paid up, directly issued capital instruments	0	
27	Share premium	0	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	0	
29	Tier 2: Other capital elements, deductions and other adjustments	0	

Note: all of SIM's Own Funds are made up of Common Equity Tier 1 capital, without deduction.

Table 2 below shows the assets, liabilities and shareholders' equity of SIM. These cross-reference to Table 1 above.

Table 2 - Own Funds: reconciliation of regulatory Own Funds to balance sheet in the audited financial statements				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to Table 1 statement
		As at period end	As at period end	As at period end
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements (GBP Thousands)				
	Trade and other receivables	3,355	n/a	n/a
	Cash and cash equivalents	50,120	n/a	n/a
	Total assets	53,475	n/a	n/a
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements (GBP Thousands)				
	Trade and other payables	7,853	n/a	n/a
	Other tax	1,676	n/a	n/a
	Total liabilities	9,529	n/a	n/a
Shareholders' equity (GBP Thousands)				
	Share capital	5,000	n/a	Item 4
	Retained Earnings	38,946	n/a	Item 6
	Total shareholders' equity	43,946	n/a	Item 2

Table 3 - Own Funds: main features of own instruments issued by SIM	
Issuer	Santander ISA Managers Limited
Governing law(s) of the instrument	Scottish
Transitional Basel III rules	Common Equity Tier 1
Post-transitional Basel III rules	Common Equity Tier 1
Eligible at solo/group/consolidated	Solo
Instrument type (types to be specified by each jurisdiction)	Equity
Amount recognised in regulatory capital (£m)	5
Par value of the instrument (£m)	5
Issue price of instrument	100%
Redemption price of instrument	n/a
Accounting classification	Shareholders' Equity
Original date of issuance	05/01/1995
Perpetual or dated	Perpetual
Original maturity date	n/a
Issuer call subject to prior supervisory approval	No
Optional call date, contingent call dates and redemption amount	n/a
Subsequent call dates, if applicable	n/a
Fixed or floating dividend/coupon	Variable
Coupon rate and any related index	n/a
Existence of a dividend stopper	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	Non-convertible
Write-down feature	No
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a

5. Own Funds regulatory requirements

The level of regulatory capital that must be held to absorb losses is the 'Own Funds Threshold' requirements. SIM is required to hold Own Funds in sufficient quantity and quality in accordance with MIFIDPRU. This is to ensure that unexpected losses can be covered at all times.

We have shown the level of actual Own Funds held by SIM in the tables above. This section describes how we have arrived at the Own Funds Threshold for SIM.

Components of the assessment

To determine the own funds requirement of SIM, an assessment of three key items is required. These are:

1. The Permanent Minimum Capital. This is defined by regulation and is £150,000 for SIM.
2. The Fixed Overhead Requirement. This is a level equal to a quarter of SIM's overheads. This level is £2,125,373.
3. The 'K' factors. These factors are applied to three key metrics for SIM. These are explained below. For SIM, the K factor total is £3,618,301.

The 'Own Funds' requirement is the largest of these three key items. So, for SIM this is £3,618,301.

The rules to determine the level of the Own Funds Threshold also require that additional amounts need to be held in case they're required to support an orderly wind down. The Threshold should also reflect the assessment of risks that relate to SIM. This has led SIM to conclude a higher figure is required of £15,267,718. This is SIM's Own Funds Threshold level.

SIM have also assessed, following further stress tests, that additional capital is not required to be held over and above this figure.

SIM's 'K' Factors – more detail

There are three 'K' factors:

- K-ASA – this is 0.04% multiplied by the amount of assets SIM is holding on behalf of its customers. Note that this is not the same as the 'Own Funds' of SIM. 'Own Funds' belong to SIM, the company.
- K-CMH – this is 0.4% multiplied by the amount of client money that SIM is holding on behalf of its customers.
- K-COH – this is 0.1% multiplied by the value of the orders that SIM is handling on behalf of its customers. This covers both requests to invest money and remove money and other types of orders.

We show the K factor figures below, in line with MIFIDPRU:

K factor	Value (£)
K-CMH + K-ASA	£3,613,420
K-COH	£4,881
Total K factor assessment	£3,618,301

MIFIDPRU also contains detail on other K factors which do not apply to SIM.

Meeting the Overall financial adequacy rule

SIM must always meet the 'overall financial adequacy rule'. This rule states that SIM must, at all times, hold Own Funds and liquid assets which are adequate, both in their amount and quality, to make sure SIM is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities. In addition, SIM must ensure that it has adequate own funds and liquid assets so that its business can be wound down in an orderly manner. This is intended to minimise harm to consumers or to other market participants.

SIM meets this requirement through regular monitoring of:

- The Own Funds held by SIM compared with the Own Funds Thresholds calculated according to MIFIDPRU.
- The liquid assets held by SIM compared with the Liquid Assets Thresholds calculated according to MIFIDPRU.

These assessments are dynamic and reflect movements of the 'K' factors above. They also reflect the assessments of risks explained earlier. However, based on this yearly snapshot, we can see that the Own Funds level of £43.95m is significantly in excess of the £15.27m Own Funds Threshold level.

Level of Own Funds held	Own Funds Threshold	Excess held
£43.95m	£15.27m	£28.68m

Data based on final audited accounts dated 31 December 2025 for Level of Own Funds held. Data as at 28 February 2026 for the Own Funds Threshold.

The equivalent position for liquidity is as follows:

Core liquid assets	Liquid Assets Threshold	Excess held
£48.57m	£15.98m	£32.59m

Data as at 28 February 2026.

ICARA process

The Internal Capital Adequacy Assessment Process (**ICARA**) is central to a firm's risk management framework under the regulatory regime. The process is integral to how firms manage risk and also central to how the FCA manages the risk of the firms that it supervises.

As part of the ICARA process the SIM Board oversees and assesses:

- SIM's processes, strategies and systems.
- The major sources of risks faced by SIM that may impact its ability to meet its obligations.
- The results of internal stress testing of these risks.
- The amounts and types of financial resources and internal capital. This includes Own Funds and liquidity resources. The SIM Board assesses whether these are adequate in terms of amount and quality to ensure that there is no significant risk that its liabilities can't be met as they fall due.

The outcome of the ICARA is formally approved by the SIM Board at least annually. More frequent reviews take place if there is a fundamental change to the business or the operating environment.

6. Remuneration

The following disclosure for SIM is prepared in accordance with the FCA Handbook (MIFIDPRU 8.6). It provides details of the remuneration of SIM's Material Risk Takers (**MRTs**) for the financial year ending 31 December 2025. It provides an explanation of the remuneration policies, practices and governance arrangements which apply to SIM as a subsidiary of Santander UK plc. It also provides quantitative disclosures, where appropriate, in line with SIM's status as a non-small, non-interconnected firm and where doing so would not enable an individual MRT to be identified from the information provided.

Remuneration principles

SIM is a wholly owned subsidiary of Santander UK plc. Individuals who are identified as MRTs in respect of SIM are all employees of Santander UK plc (the ring-fenced bank, **RFB**). As such, they are paid in accordance with the policies of Santander UK plc, which are designed to:

- a) Encourage a high-performance culture, where people are rewarded and recognised for their performance in both what they do and how they do it.
- b) Encourage responsible business conduct and customer-centricity, and seek to deliver good outcomes for all customers and clients.
- c) Promote an effective risk culture and effective risk management with the maintenance of a solid capital base.

A consistent approach is applied to the reward of all Santander UK plc employees. This is aligned to our values of Simple, Personal and Fair. The design of our remuneration framework ensures continued alignment with our strategic priorities, values and behaviours. It also reflects the views and experience of our various stakeholders. This includes our workforce, customers and the wider Banco Santander Group.

Governance framework

Our remuneration governance framework is made up of a Remuneration Committee for Santander UK plc and a Remuneration Committee for Santander UK Group Holdings plc.

During 2025, the Remuneration Committees used the advice and support of Deloitte LLP (**Deloitte**) as an independent remuneration consultant. Deloitte are typically invited to attend all Remuneration Committee meetings. They offer a view on market practice and the implications of our approach to remuneration considering the broader shareholder and regulatory environment and the communities in which we operate.

The Remuneration Committees are responsible for setting the principles and parameters of the remuneration policy across the group. This extends to MRTs as well as oversight of the implementation of remuneration policies for other employees across Santander UK plc.

Remuneration at Santander UK plc is made up of fixed pay (typically base salary, pension and other benefits) and performance variable pay. All employees are eligible to participate in an annual variable pay plan. The purpose of this is to align participants' rewards with Santander UK plc's financial and non-financial performance over the financial year. Outcomes also consider Santander UK plc's risk appetite and individuals' contribution. All MRTs in respect of SIM participated in the Santander UK plc Variable Pay Plan in 2025.

Variable pay and link to performance

Santander UK plc's performance management framework is the basis for measuring individual performance. It determines the level of awards to individuals. The assessment of performance considers the behaviours and delivery of objectives through 'how' and 'what' measures, with a potential individual 'risk' modifier.

Our annual Variable Pay pools are determined by a combination of financial and non-financial measures, using a balanced scorecard. The measures are linked to Santander UK plc's strategy. For 2025, the measures included:

- sustainable profitability (RORWA SVA)
- transformation (fees over costs, growth in active customers, cost per active customer)
- capital (capital generation).

In addition, a qualitative assessment takes account of how Santander UK plc has performed against the following categories:

- Environmental, Social and Governance (**ESG**) measures
- the risk and compliance environment
- network collaboration
- performance compared to peers.

Variable pay varies in line with Santander UK plc performance. Performance is measured on a quantitative and qualitative basis to ensure a balanced assessment. A profit underpin applies for senior roles, whereby the bonus pool can be reduced where certain profit metrics are not met.

Remuneration adjustment

The performance of SIM is captured within the ex-ante and ex-post risk adjustment process. The individual performance assessments determine how the pool is allocated. Performance is therefore assessed at a firm, individual and business unit level.

All variable remuneration can be adjusted for current and future risks through our Additional Risk Adjustment Standard. Our Additional Risk Adjustment Standard provides:

- An assessment of alignment to Board Risk Appetite, either via a quantitative approach, a qualitative assessment or situational considerations, where a risk type requires distinct focus.
- An additional qualitative event-based overlay for other exceptional events.
- A view on the control environment from Internal Audit.

The outcome of these considerations may result in a downward risk adjustment of up to 100% of the bonus pool or individual awards at the discretion of the Remuneration Committee.

Our Individual Remuneration Adjustment Standard provides a framework for the process, governance and standards for decisions in relation to individual adjustments, including malus and clawback. Performance adjustments may include, but are not limited to:

- Reducing a bonus outcome for the current year.
- Reducing the amount of any unvested deferred variable remuneration.
- Requiring a bonus which has been awarded (but not yet paid) to be forfeited.
- Requiring repayment on demand (on a net basis) of any cash and share awards received.

MRT identification and quantitative disclosure

MRTs are identified in accordance with our MRT Identification Framework. Identification of MRTs of SIM was determined based on the qualitative criteria and regulatory guidance set out in the MIFIDPRU Remuneration Code.

In addition to the qualitative criteria, a localised risk and compliance assessment takes place to ensure that all material risk types that could impact the business are considered under internally developed criteria. If appropriate, additional MRTs can be identified as a result.

Broadly, the following types of individuals have been identified as MRTs of SIM (this is not an exhaustive list):

- Those individuals who are members of the SIM management body (in an executive or non-executive capacity).
- Those individuals who are otherwise deemed to be members of senior management of SIM.
- Those individuals with managerial responsibilities for the activities of a control function in relation to SIM.
- Those individuals who have responsibility for managing other activities detailed under 19G.5 of the MIFIDPRU Remuneration Code.

For 2025, 11 individuals were identified as MRTs of SIM under SYSC 19G.5. Note that the majority of these colleagues were also identified as MRTs of Santander UK plc and/or Santander UK Group Holdings plc, and as such, their details will have also been disclosed under the Pillar 3 remuneration disclosure published here: **Santander UK Regulatory Remuneration Disclosure 2025.pdf**

As per MIFIDPRU 8.6.8 (7)(a), details of the remuneration awarded to senior management and other MRTs has been aggregated to avoid the disclosure of any specific individual's information. The total amount awarded to senior management and individuals identified as MRTs under SYSC 19G.5 was £6,890,203. £4,033,980 of this was fixed remuneration and £2,856,223 was variable remuneration. All individuals are remunerated for their roles as employees of Santander UK plc, with services to SIM typically forming an incidental part of their duties. SIM does not directly employ any individuals and therefore has no 'other staff' for the purposes of this disclosure.

Specific remuneration structures

Guaranteed variable remuneration is only awarded in exceptional circumstances. It is limited to new hires and in their first year of service and only when sustainable according to SIM's capital position.

Severance payments are non-contractual and non-statutory payments made on termination of employment. Severance payments are made on termination of employment in exceptional circumstances and on a case-by-case basis. Generally, payments will only be made in circumstances where not making the payment would put SIM or Santander UK plc at greater or unnecessary risk. Payments will not be made where there is an issue of conduct or performance which allows for the immediate dismissal of the individual. SIM will not reward failure or misconduct.

No severance payments or awards of guaranteed variable remuneration were made to SIM MRTs in 2025.

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