



2014

Corporate Social
Responsibility Report

Simple Personal Fair
What a bank should be



Corporate Social Responsibility Report 2014

Santander UK plc operates primarily in the UK. It is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA) and is part of the Banco Santander group (the Santander Group).

3	CEO statement	20	Communities
4	Business model and strategy	24	Environment
6	Business update	26	Suppliers
8	Governance	28	Key Data
10	Risk	30	Materiality report
12	People	32	GRI index
14	Customers	35	Verification statement

CEO statement

Our purpose is to help people and businesses prosper as we build the best bank in the UK – a bank that is simple, personal and fair.

I joined Santander UK as Deputy CEO in August 2014 and succeeded Ana Botín as CEO following her appointment as Executive Chairman of Banco Santander in September.

Ana has left a great legacy and a clear strategy for Santander UK: to become a sustainable, customer focused business. We are committed to achieving our vision and every day we are striving to build a bank that is simple to deal with, has personal understanding of its customers and treats everyone fairly.

In 2014, we continued to embed 'Simple, Personal, Fair: the Santander Way' into everything we do and we launched a balanced scorecard we call our 'Compass' to help us track progress against our goal to be the best bank for our stakeholders.

We are seeing the results of this concerted focus and in 2014 we attracted more loyal and satisfied retail customers and customer satisfaction increased, largely closing the gap between us and our top three peers.

We grew our corporate banking capability to provide a better service to businesses and increased our network of Corporate Business Centres to 66 which contributed to £1.8bn of new lending in 2014.

For our people, we invested over £10 million in training in the year and we implemented the Living Wage and London Living Wage for our direct employees, and worked with the Living Wage Foundation to extend this to indirect employees.

We are committed to playing our part in the communities where our branches, business centres and offices are located and almost £22 million was invested in community projects around the UK. Our primary support is for education and through Santander Universities 5,000 students were helped through scholarships for study, research and internships.

We are conscious of our wider impact on society and we are working to ensure our day-to-day business operations take into consideration our environmental footprint. We invested almost £20 million in new LED lighting for our branches and offices to further reduce our energy use and carbon emissions.

You can read more in the following chapters about our initiatives in these key areas and our progress in the year on our journey to transform our business and become the best bank for all our stakeholders, our people, our customers, shareholders and communities.

Nathan Bostock, CEO



Business model & strategy

We are one of the leading financial services companies in the UK, serving more than 14 million customers with 20,000 employees.

Our purpose

To help people and businesses prosper

Our aim

To become the best bank for our people, customers, shareholders and communities

Our values

The Santander Way

Simple

We will offer our customers a service that is convenient and products that are easy to understand, however and whenever they choose to bank with us.
We will make our processes better so they are easy and clear for our customers and our people.

Personal

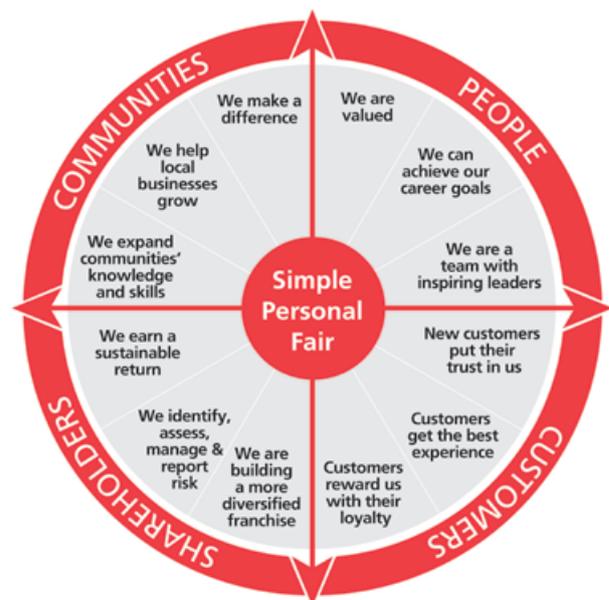
We will treat our customers as valued individuals, providing a professional service they can trust.
We will support our colleagues to develop their skills and achieve their ambitions.

Fair

We will be open, honest and treat others as we would like to be treated.
We will earn our investors a sustainable return and do our part to help our communities.

Our Compass

Keeps us on track and helps measure progress



Code of Ethical Conduct: Santander UK is committed to maintaining high ethical standards, adhering to laws and regulations, conducting business in a responsible way and treating all stakeholders with honesty and integrity. These principles are outlined in our Code of Ethical Conduct which sets out the standards expected of all our people.

Changing our culture

Our stakeholders have told us they want a bank that is simple to deal with, has a personal understanding of its customers and treats everyone fairly.

With this guidance we created Simple, Personal, Fair: The Santander Way, which sets out how we work together, how we think and act, how we treat our customers and how we drive change in our business in order to become the best bank in the UK.

In March 2014 a new balanced scorecard – the Compass - was developed. It provides clear direction on what needs to be achieved for our four key stakeholder groups; our people, customers, shareholders and communities, and how it will be measured.

To launch the Compass, the CEO and executives delivered a series of face-to-face roadshows across the country. Progress against the Compass KPIs was communicated through a quarterly update, Santander Snapshot.

At the end of 2014 staff were asked to share their opinions through an online 'Santander Way' survey. Nathan Bostock launched the survey to encourage our people to share their thoughts on our journey to becoming a bank that is simple, personal and fair. He stressed how through listening to and acting on feedback we will continue to evolve.

In 2015 we will continue to embed the Santander Way values across our business.



Business update

We made good progress against our strategic priorities in the year. In 2014 we attracted 1.2 million new customers to our 1|2|3 World, taking the total to 3.6 million. We also increased lending to UK companies by £1.8bn, to £23.9bn, and broadened the range of products and services we offer to them.

Loyal and satisfied retail customers

In 2014, we continued to develop more targeted products and services which, alongside a significant investment in branch refurbishments, better online and mobile banking platforms and a new public website saw us deliver improvements for our customers.

Our loyal customer base grew further, supported by the continued success of the 1|2|3 Current Account. Total deposits held by primary banking customers increased 34%, to £70.3bn at 31 December 2014.

We made a significant improvement in retail customer satisfaction¹. The gap between Santander UK and the average of the three highest performing peers reduced to 0.7 percentage points in December 2014 from 3.8 percentage points the previous year.

'Bank of Choice' for UK companies

We want to increase the business we do with small businesses and larger corporates. To this end, we continued to invest in new regional Corporate Business Centres and to recruit more relationship managers, while expanding the range of products and services we offer. We now have 66 regional Corporate Business Centres (up from 28 in 2011) and 729 relationship managers (up from 457 in 2011) around the UK to support local businesses.

Commercial bank account openings increased by 33% in 2014 with growing use of our corporate banking platform. Business customers benefited from additional services, such as a new corporate internet banking facility and a new trade portal.

We continued to deliver improvements in overall corporate customer satisfaction in 2014, rising 8 percentage points to 58%² making us the most improved bank in corporate customer satisfaction over the last year.

Consistent profitability and a strong balance sheet

Profit before tax increased 26% to £1,399m in 2014, a strong result in an increasingly competitive environment.

We reaffirmed our position as one of the strongest and safest banks on the high street. Our capital position further improved with an increase of both the Common Equity Tier 1 capital ratio to 11.9% and the leverage ratio to 3.8% at 31 December 2014. We also exceeded the Prudential Regulation Authority stress test threshold of 4.5%, with a stressed Common Equity Tier 1 capital ratio of 7.9%.

1 - Source: Financial Research Survey, GfK NOP, December 2014

2 - Source: Business Banking Survey, Charterhouse UK Q3 2014

Our strategic priorities





Looking ahead

Our customer focused strategy, low risk approach and fewer legacy issues leave us well aligned to the UK Government's reform agenda. At the same time, we have done much to recover customer confidence, improve customer satisfaction and to embed our cultural values.

Maintaining control of both costs and credit quality and building our digital business remain key priorities for us along with continuing to achieve further improvements in customer satisfaction.

Approach to tax

Santander UK's approach to tax is governed by a formal tax management policy, which is applied across all business areas and has been shared with HM Revenue & Customs (HMRC). We act in accordance with HMRC's Banking Code of Practice on Taxation for Banks and we are open and transparent in our dealings with HMRC and other tax authorities, seeking their input in relation to all significant transactions.

Key data

	2014	2013
Income statement highlights (£m)		
Net interest income	3,434	2,963
Profit before tax	1,399	1,109
Ratios (%)		
Cost to income ratio ¹	54	54
CET 1 capital ratio ¹	11.9	11.6
Social contribution (£m)		
Salaries and other staff costs	860	978
Total UK taxes paid	525	467
Community contribution	22	21
Other figures		
Number of active customers (million)	14	14
Number of employees	20,676	19,643
Number of branches	921	1,010
Number of corporate business centres	66	50

¹ - See key performance indicators in Santander UK plc 2014 Annual Report

Detailed information about our business performance and activities is available on the About Santander UK website site accessed via www.santander.co.uk

Governance

Corporate governance

Santander UK, although a subsidiary of the Santander Group, has its own autonomous operating framework and is regulated by the PRA and the FCA.

Santander UK has London Stock Exchange listed preference shares making it subject to certain of the Listing Rules and the Disclosure & Transparency Rules. We are committed to achieving the highest standard of corporate governance. Whilst we are not obliged to do so, we apply the principles and provisions of the UK Corporate Governance Code, in a way that is appropriate to our ownership structure.

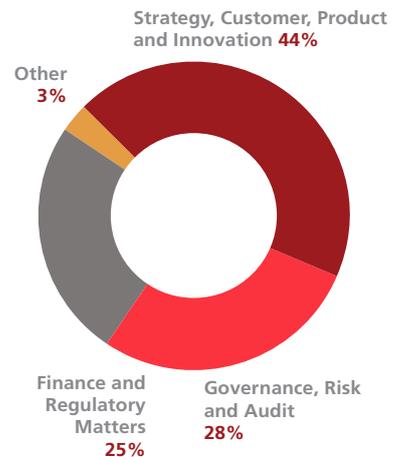
As at 31 December 2014, the Board comprised the Chair, three Executive Directors, six Non-Executive Directors and six Independent Non-Executive Directors. The roles of Chair and CEO are separated and clearly defined. The CEO has delegated authority from the Board for the day-to-day operation of the business and implementation of the Board's strategy and business plan, and in turn the CEO delegates a number of duties to the executive.

The Board has four committees: Board Risk Committee, Board Audit Committee, Board Nomination Committee and Board Remuneration Oversight Committee. Further information on their activities is available on www.santander.co.uk.

Board membership



Time spent by the board



CSR management framework



CSR governance

The Santander UK approach to CSR is based on managing the responsibilities we have to our key stakeholder groups: employees, customers, communities, the environment and suppliers.

We take into account how we deal with our customers and employees, how we manage our ethical and environmental responsibilities, and how we support the communities where we are based. Our CSR programme features a range of initiatives that address the main CSR issues for these primary groups.

- Santander MoneyWise supports financial capability to help people better understand and manage their money.
- Santander WorkWise supports the development of skills, training and job opportunities to help address youth unemployment.
- Santander Property Operations manage our environmental impacts through an Environmental Management System, taking into account our use of energy and water, management of waste and CO₂ emissions.
- Our supply chain management is governed by a procurement policy which includes measures to ensure the fair treatment of suppliers.

Our community investment strategy is based on supporting local communities where our branches, banking centres and offices are located, with a particular focus on education, enterprise and employment.

CSR management

The CSR Committee is chaired by the CEO and it considers and approves CSR strategic plans, policies and reports for onward approval by the Executive Committee and the Board, where appropriate.

CSR reporting

This is Santander UK's 15th annual CSR Report. It covers activities relating to Santander UK's operations for the period January to December 2014 and takes into account developments at the beginning of 2015 where they have a bearing on the content of the report. We use the Global Reporting Initiative (GRI) as a standard for reporting on CSR and this year we have moved to the G4 guidelines. We conducted a materiality assessment and the results, along with our stakeholder engagement and GRI content index are detailed on p30-33.

Risk

As a significant financial services provider, risk management is at the core of Santander UK’s day-to-day activities. The understanding and control of risk is critical for the effective management of the business. We aim to employ a prudent approach and advanced risk management techniques to deliver robust financial performance, to ultimately build sustainable value for all our stakeholders, based on the principles of being simple, personal and fair.

To help strengthen our risk management culture, our employee risk awareness campaign highlights personal accountability at all levels. Called “I AM Risk” the campaign is based on the main steps we ask all our people to follow: Identify, Assess, Manage and Report risk.

During 2014, we continued to embed this work around the business. We launched the “I AM Risk” mailbox which gives everyone at Santander UK the means and the opportunity to report risks or near-misses. It is also used to suggest improvements to our business practices. We also enhanced our suite of mandatory training courses for all staff, including modules on Anti-Bribery and Corruption, Operational Risk and Fighting Financial Crime. Risk management is also a part of everyone’s yearly objectives.

Conduct risk

We continue to place significant attention and resource on seeking to ensure that customers receive the right outcome in every instance. This is reflected in our approach of ensuring that both our products and the conduct of our staff when they are dealing with customers are simple, personal and fair.

Our internal product approval process aims to ensure that customer outcomes are always taken into account. New products have to be approved by the Product Approval and Oversight Committee which seeks to ensure robust governance around the product design and that any risks of customer detriment have been considered and mitigated prior to launch.

Under their terms and conditions of employment, staff are required to act at all times with the highest standards of business conduct in order to ensure our business is free from any risk of corruption, compromise or conflicts of interest and in line with our values.

The Santander Conduct Risk Programme continues to focus on the embedding of four key elements of our Conduct Risk Strategy: Risk Policy, Products, Governance and Reporting and Culture. We are continually improving our business processes, as well as the way we consider, manage and report conduct risks.



Risk culture statement: Santander UK will only take risks that it understands and will always remain prudent in identifying, assessing, managing and reporting all risks. We proactively encourage our people to take personal responsibility for doing the right thing and to challenge without fear. We ensure decisions are taken in the best interests of all our stakeholders and are in line with 'The Santander Way'.

Social, Ethical and Environmental risk

As part of the Santander Group we comply with the Equator Principles, factoring social, ethical and environmental impacts into our risk analysis and decision-making process for financial transactions.

Operational risk

We manage key operational risks and respond to critical developments both within Santander UK and in the wider operating environment. Examples of operational risks include fraud, process failures, system downtime or damage to assets due to fire or flood.

Liquidity and funding

We primarily generate funding and liquidity through UK retail and corporate deposits, as well as in the financial markets through our own debt programmes and facilities supporting our business activities and liquidity requirements. We do this based on the strength of our balance sheet, our profitability and our network of investors. We do not rely on a guarantee from the Santander Group to generate this funding or liquidity.

Financial crime

We continually invest in staff education and improved external and internal fraud detection and prevention systems, in order to counter the increasing threat of financial crime. The introduction of sophisticated internet fraud prevention solutions and use of mandatory identification numbers for payments has reduced the risk of fraudulent account takeovers by organised criminals, enhancing our customer identification protocols in a customer-focussed way.

Money laundering is linked to almost every crime including terrorist financing. Theft, fraud, prostitution, drug trafficking/dealing, and armed robbery all generate cash which criminals attempt to pass through the finance system.

Our Central Anti-Money Laundering (AML) unit is responsible for providing guidance and technical support on AML legislation and other AML policy and technical matters. It is also responsible for the Suspicious Activity Reporting & Court Order Units and ensuring account opening processes meet AML, Sanctions and Terrorism legislative and regulatory requirements.

Data protection

Santander UK's Data Protection Team provide technical support to the business to ensure our products, processes and systems meet the requirements of the Data Protection Act and that the confidentiality and integrity of personal data is not compromised in any way. We treat all personal information as private and confidential, including customers and employees, and all our employees are required to complete data protection training when they join the bank and undertake refresher training on an annual basis.

Bribery & corruption

The Central Anti-Bribery and Corruption Team is responsible for setting policy, on-going monitoring activities and audits, including annual business-wide risk assessments. Our anti-bribery procedures and controls contain strict requirements to be followed by all employees to prevent bribery, corruption and the use of our business for financial crime. We have a zero tolerance policy towards bribery and corruption.

People

Our aim is to be the best bank to work for; it is the key to creating value for all our stakeholders. This means providing excellent career progression and a collaborative and values-based culture. We are committed to supporting diversity and creating an inclusive workplace where all our people feel valued and able to fulfil their potential.

Skilled professionals

We continued to invest in skills development in 2014 supporting our people in achieving regulatory qualifications through access to dedicated online material and exam revision workshops. Our online learning system provides packages of learning that help staff through their training at a pace they choose.

2014 saw the launch of our new Santander Leadership Programme, with 692 managers and leaders from across Santander UK taking part in the first of three modules. The remaining modules are due to be completed in 2015.

Career Choices is our online tool which helps staff to explore and compare roles across the bank and guides them through an action plan to help them achieve their career aspirations. Employees can review their skills and compare them to the skills required in the role they are interested in. A series of Learning & Talent tools then helps them to develop.

We also launched 'Developing Your Potential' in 2014, an online development programme that provides access to feedback tools, a mentoring programme, interactive community sites and a development-focused video library.

Promoting diversity

Our Inclusive Leadership course for managers aims to break down barriers and unconscious bias and during the year more than 240 senior leaders attended.

Our employee networks aim to drive an inclusive culture where our people feel confident and supported in being who they are. They encourage colleagues to connect on issues related to sexuality, disability, gender and culture.

In 2014 we invested in the networks' IT platforms making sure they are simple to navigate and more personal for members. The LGB&T network grew in 2014 as a result, and we are pleased to have actively involved champions across the LGB&T spectrum.

Focus on women

Gender equality is a focus area for us and through our partnership with Everywoman, our people have access to tools and networks to help them in their careers. We launched a new mentoring programme in the year for colleagues to help them fulfil their potential which we hope will be of particular benefit to women looking to progress.

Networks



Embrace



Enable



Women in Business



Cultural Awareness



Disability support

We support disabled colleagues and job applicants to help them maximise and achieve their potential. Our Disability Support Forum works to improve support for disabled colleagues and in 2014 the team launched a simplified fast track delivery process for small ergonomic items.

Social mobility

Santander UK is a signatory to the Business Compact, committing the bank to providing employment opportunities to people from diverse backgrounds. Through our partnerships with Career Academies UK, Common Purpose, Remploy and Social Mobility Foundation we provided 61 young people with paid summer internships in 2014.

Our Early in Career programme provides a co-ordinated approach to attracting young people and people new to our sector to Santander UK. Santander Apprenticeships provide an NVQ qualification in either Customer Services or Providing Financial Services and our Graduate programme has a range of development plans available.

We launched a new work experience programme in 2014, and over 250 people benefitted from work placements across the UK, ranging from a day to a few months, paid for those over 10 days.

Reward and remuneration

Our remuneration approach is designed to attract, retain and motivate high-calibre individuals to deliver our business strategy in line with our values. We use a consistent reward methodology for our employees and we ensure we comply with the PRA's Remuneration Code.

Remuneration for executives generally, and in the financial services sector specifically, has been under close scrutiny in recent years and remains a key topic for regulators and shareholders. Our remuneration policies at all levels, including those for the Executive Directors, aim to encourage staff to deliver strong, long-term sustainable growth, robust risk management processes and appropriate behaviours, as well as the right customer outcomes.

Salary levels are benchmarked against the median levels for the industry. In 2014 we increased the bank's salary levels to match the national living wage and London living wage for both new and existing employees.

We look to provide staff with pension arrangements that are fair, competitive and sustainable. All our employees are eligible to join one of our pension schemes and in 2014 with Auto Enrolment 88% of our eligible colleagues were in a pension scheme.

Health, safety and wellbeing

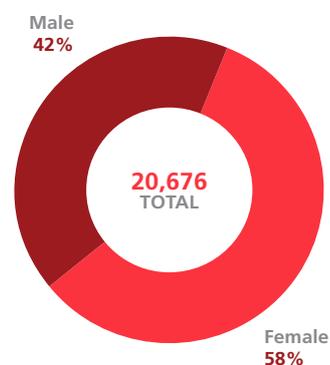
We are committed to creating a safe and healthy environment for our employees. Our Health and Safety Consultants provide on-site assessments, practical advice, training, coaching and support to managers.

We publish quarterly Health and Lifestyle Updates which give employees a broad range of informative and seasonal articles about health, safety and wellbeing, both at work and at home. In 2014, we ran health events in three main office locations, working in partnership with The British Heart Foundation, The NHS and Care first.

We introduced a pilot for Personal Health and Lifestyle Assessments in 2014 to identify the best approach to support physical health and wellbeing. We introduced a new series of guidelines and courses including, Managing Pressure & Building Personal Resilience and Positive About Mental Health.

We provide staff with an Employee Assistance Programme from Care first which offers free, confidential telephone advice and support, face-to-face counselling in appropriate cases, and critical incident support, following events like branch raids.

Employee breakdown



£10.4 million
invested in learning

Customers

We recognise that to be the best bank we need to build lasting relationships with our customers based on providing what customers really want, a bank that is simple, personal and fair and so we aim to:



Offer our customers a service that is convenient and products that are easy to understand, however and whenever they choose to bank with us.



Make our processes better every day, so they are easy and clear for both our customers and our people.



Treat our customers as valued individuals, providing a professional, personal service they can trust.

In 2014, we continued to develop our products and services, improve our branches and invest in our digital platforms.

Day-to-day banking

Our 1|2|3 products are key to delivering on-going value to our customers, helping individuals and families to make the most of their money. Over 3.6 million people are now part of our 1|2|3 World. The 1|2|3 Current Account pays cashback on household bill direct debits and up to 3% interest when the account is in credit on balances up to £20,000. The 1|2|3 Credit Card offers cashback on everyday spending as well as 0% interest, enhanced to 23 months on all purchases in 2014.

We launched a retailer offers scheme in the year which allows our customers to earn up to 15% cashback at a range of major retailers when they use a Santander debit or credit card. We also offered competitive rates on our ISA savings products, including exclusive rates for our 1|2|3 customers.

We began the roll-out of contactless debit and credit cards in the year. They are a convenient and increasingly popular option for everyday purchases and our customers can now also earn cashback by using their cards to pay for journeys on the London Underground.

Helping students

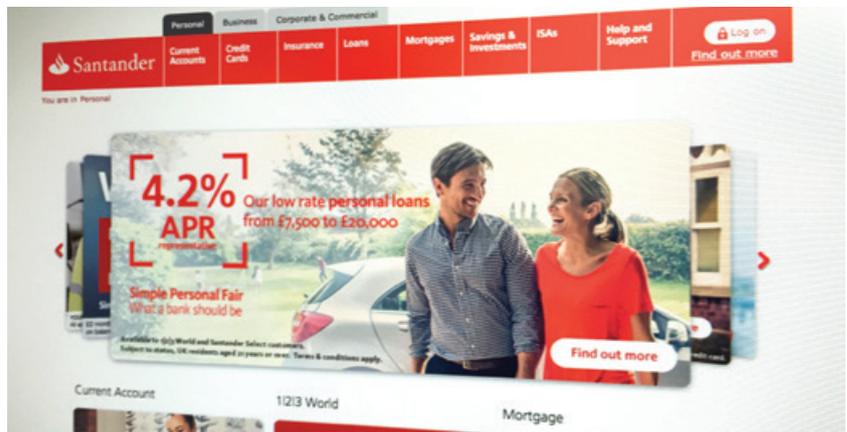
We launched new 1|2|3 student and postgraduate current accounts in 2014 which as well as providing up to 3% interest feature interest-free and fee-free overdrafts, as well as a free 16-25 Railcard to all new applicants.

Starting early

To encourage young people to learn about managing money, we created new 1|2|3 Mini children's accounts available to anyone aged 0 to 18. They reward young customers with 1% on balances from £100, 2% from £200 and 3% from £300, up to a maximum of £2,000.

Mortgage lending

2014 saw the outputs from the FCA Mortgage Market Review come into force, with a focus on affordability. We introduced a system to deliver this in mortgage discussions with customers. In branches we improved the process for managing pre-screening enquiries and reduced the amount of paperwork required. Within our telephony channel we created new roles to facilitate a more personal case management approach for our customers.



Santander UK Website

Customer experience

Investing in technology

We made significant improvements to our digital banking in 2014. Our new website went live in June making it clearer, simpler and easier to use, with additional features including adjusting to the customer's device and the ability to see all their Santander accounts online.

We made further investments in our mobile banking, with the launch of an improved app giving customers more choice on how they access their finances. We also made it easier for customers to complete their banking via mobiles with a simplified log on process and a new look and feel that makes navigation straightforward. And we launched Paym, one of the first in our sector, which allows customers to make payments using their mobile phones.

We also improved our ISA offer with a digital upgrade option allowing customers to upgrade their ISA online without having to phone or visit a branch and we introduced a fast-track upgrade process in branches.

Secure banking

We take online security very seriously and we have a series of security measures in place to protect customers against fraud, including a One Time Passcode for telephone and online banking. We offer tips and advice for staying safe on our online security centre and we regularly send customers advice on improving their account security. We launched a new campaign in 2014 to increase awareness of the possibilities of online fraud, offering tips and advice to customers on how to stay safe in order to protect themselves from falling victim to a scam.

Investing in our branches

Our branch network is important to us and we continued the refurbishment programme begun in 2013, to make them brighter, warmer and more accessible places for our customers. During the year a further 190 branches were refurbished.

Following a strategic review of the retail network in February 2014 we announced the closure of 139 agencies – retail outlets which provided limited banking services under license and Santander's branding. We continued to optimise our network and remove branch duplication and in 2014 we closed 96 branches and opened both new flagship branches in existing locations and new branches in towns where we were not present.

Customer satisfaction

We have achieved a significant improvement in customer satisfaction over the last two years, from a score of 54.2% in 2012 to 59.7% in 2014, just behind the average of the three highest performing peers at 60.4%.* We are the most improved bank for customer satisfaction since December 2012.

* GfK NOP Financial Research Survey.

We gained more customers than any other UK bank as part of the industry-wide Current Account Switch Scheme which was launched in September 2013. One in four current account switchers moved to Santander UK.

Managing complaints

During 2014 we made further improvements to the way we deal with complaints to help us effectively monitor the concerns being raised by our customers about our products and services.

We measure our success by improvements in FCA reportable complaints, Financial Ombudsman Service referrals and customer satisfaction with complaint handling.

Our focus on improving our service over the last two years contributed to a 26% fall in FCA reportable complaints in the year, and the number of personal protection insurance complaints we received fell by 26% in 2014.

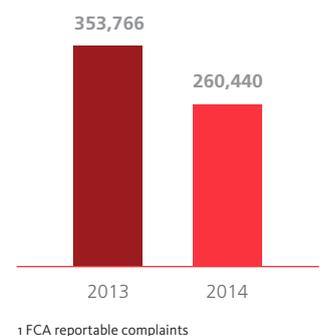
We saw an overall improvement with how many customers chose to take their complaint to the FOS during 2014 for an independent review. We will continue to work closely with the Financial Ombudsman Service in 2015 to better understand how our approach is impacting our customers, and seek to further improve our complaint handling.

+10%

improvement
in customer
satisfaction*

* since 2012

Customer complaints¹



¹ FCA reportable complaints

Financial Inclusion

As a major high street bank in the UK we have a duty to provide a service which is open to all sections of society. We focus our efforts to address financial inclusion in the following three areas:



Access to financial services



Helping customers manage their money



Promoting financial capability

Access to financial services

Basic bank accounts

We believe customers should have access to simple, personal and fair financial products appropriate to their needs.

We worked closely with HM Treasury and other banks on an industry-wide upgrade for basic bank accounts and in late 2014 we agreed to a new set of minimum standards for basic bank accounts. These safeguards will guarantee that people can access an account with a range of payment features without the risk of incurring fees or charges.

The accounts are straightforward and allow customers to receive payments, pay in cheques, withdraw money and set up payments, but do not have an overdraft facility. These new standards will take effect from the end of 2015 and will help bring people without a bank account into mainstream financial services, particularly important in the context of Universal Credit.

Access to banking

We have seen profound changes in how customers choose to bank with us in the last few years, with a significantly increased demand for online and mobile banking. We recognise that not all customers want to or are able to use these channels and we remain committed to our branch network for those who prefer face-to-face banking.

We worked with the Post Office network in 2014 to widen access to banking services and allow more of our customers to use their extensive national network. All Santander UK retail and business customers will be able to carry out a range of banking services through the Post Office in 2015.

Managing money

We aim to provide the information, tools and support necessary to help people make informed and effective decisions about their money, whatever their circumstances.

The technological innovations we have seen in our sector have opened up online and mobile banking to even more of the population providing people with the ability to take control of their finances in a more accessible way.

We provide free text and email alerts to help customers stay up to date with and manage their money. These can be set up to cover a range of scenarios such as if an account balance is close to its overdraft limit or if an available balance won't be enough to cover a standing order, Direct Debit or forthcoming payment.

Financial difficulties

We recognise that some customers may sometimes find themselves facing financial difficulties and we are committed to treating them sympathetically, helping them wherever we can.

We have a dedicated team which provides intensive financial support for customers in financial difficulties to help them regain control of their finances. This includes an online debt advice tool, information on prioritising debts, a budget planner and signposting to free and impartial sources of debt advice including a 'hot key' referral service to StepChange.

During the year we trained our collections advisers to better detect situations where we could offer help to customers. We can offer refinance options, long-term arrangements, breathing space and other tailored solutions.

In 2014 the number of customers struggling to meet mortgage payments reduced significantly and the number of properties repossessed in the year also reduced. Repossession is always a last resort and we strive to find alternative solutions for customers based on their individual circumstances.

Vulnerable people

In September, we launched a fraud campaign to raise awareness of scams, particularly for vulnerable consumers. 30,000 leaflets and advice cards were distributed across our branch network and through MP constituencies. As a direct result of the campaign, staff at our Gateshead branch were able to help save a customer from potentially losing £50,000. Our fraud department have been working with Age UK to deliver sessions to their clients on fraud and common scams.

In 2014 Santander joined the 'Dementia Friend' campaign from Alzheimer's Society and Public Health England. A Dementia Friend is someone who has learnt about what it is like to have dementia, and the small ways someone living with the condition can be helped. In support of the campaign, we rolled-out training, including a video on Dementia, to over 10,000 customer-facing staff.

Understanding money

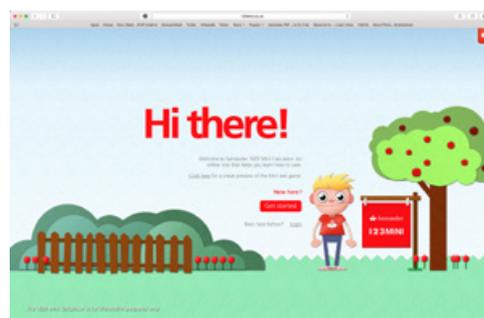
Santander MoneyWise is our financial education programme which aims to promote the vital life skill of good money management. We partner with national charities, provide funding for local charities and share the expertise of our staff through the programme, including:

- Funding for the Pefg (Personal Finance Education Group) Centres of Excellence initiative which supports secondary schools in delivering the highest standards of financial education.
- Santander employees deliver money workshops in schools across the UK, helping secondary school students to understand the basics of good money management.
- Through the Santander Foundation we provide funding through Money Skills grants for local charities to help disadvantaged people improve their financial understanding.
- We provide funding to the Money Advice Trust debtline service which helps people and businesses manage their debts.

1|2|3 Mini Zone

To support parents in taking an active role in their children's financial education we launched an educational microsite, the 1|2|3 Mini Zone, timed to coincide with the introduction of personal finance into the new National Curriculum for secondary schools across England in September.

The 1|2|3 Mini Zone features a savings calculator tool for children to set and track their savings' goals, a fun 1|2|3 Mini Jets game where youngsters collect coins against the clock, as well as helpful information for parents including a guide to financial terms and a video to show them how to use the site.



Supporting Businesses

We want to be the 'bank of choice' for SME and corporate customers and we continued to invest in new regional business centres, to recruit more relationship managers and to expand the range of products and services we offer.

We now have 66 Corporate Business Centres and 729 relationship managers around the UK to support local businesses. In the year we improved our corporate internet banking facility, introduced a trade portal, a new knowledge hub and expanded our work on alternative financing.

Supporting exporters

During 2014 we invested in support for businesses who want to export overseas or find international supply chain partners with initiatives to help SMEs overcome some of the barriers.

Santander Trade Club is an online community open to the Santander Group's 5 million Corporate & Commercial clients across the globe for members to interact, establish commercial links, and access free training and discounts. Santander Passport, for companies with international presence, provides a single service across eight of the Group's markets including the UK, Brazil and Spain.

In June we announced a partnership with the British Chambers of Commerce on their online export platform, Export Britain, designed to showcase opportunities in key international markets and link UK exporters to the support available from British Chambers and their partners around the world.

Advice and insight

We continued our partnership with The Times on 'SME – Successful Modern Entrepreneur', a

series of supplements, summits and an online hub that provided businesses with practical advice on growth strategies. Over 92,000 SMEs accessed the hub, and 440 SMEs attended the four regional summits in the year.

We also launched an online Knowledge Hub for our customers, providing practical information on a range of business topics from HR to Marketing and Finance to International Trade, along with up to date sector news.

Alternative lending

In June we announced a new partnership with peer-to-peer funding provider Funding Circle and we now connect SMEs to this alternate form of finance when we are unable to assist.

In July we launched a new \$100m venture capital fund for financial technology firms to provide them with start-up finance, and to ensure our customers benefit from the latest know-how and innovations in our sector. In November, we also invested £13.5 million into a new Third Sector Loan Fund set up by Social & Sustainable Capital to provide growth finance for charities and social enterprises.



McLaren Masterclass



Brazil Trade Mission

Making connections

In 2014, we launched Community Connections, a series of local networking events to provide a platform for local businesses and the community to come together to discuss the issues affecting their region and to explore opportunities to work together and boost the local economy. 16 branches across the UK hosted events which included local business speakers offering advice, guidance and information to around 1,300 guests.

Santander Breakthrough

Santander Breakthrough was launched in 2011 to help fast-growing SMEs with the ultimate aim of boosting economic recovery and local employment. Alongside specialist finance, we provide SMEs with the resources and knowledge they need to achieve their growth potential.

During 2014 over 370 businesses benefitted from Breakthrough activities including partner events and roundtables which provide an opportunity for peer to peer networking and to learn from other successful entrepreneurs. Our Masterclass series gives SMEs the opportunity to experience first-hand how other fast-growth and iconic businesses have achieved their success. In 2014 we took 117 SME delegates to Saatchi Masius, McLaren, Linn Products, PWC and Crieff Hydro.

Working with Santander Group offices overseas and UK Trade & Investment, we also provide SMEs with overseas trade missions, to meet potential customers and suppliers and identify new opportunities for growth. In 2014 we took 41 businesses on trade missions to Mexico, New York, the United Arab Emirates and Brazil.

International Festival for Business

In 2014 we were an official partner for the International Festival for Business in Liverpool. IFB2014 was a 50 day showcase for British industries designed to connect UK businesses to new markets, new products and new international partners. As well as sponsoring the festival Santander UK ran a number of events to help businesses learn more about exporting, and how to develop trade with other markets for some 650 delegates.

Responsible business

Through our partnership with Business in the Community, we are supporting a range of initiatives aimed at helping SMEs to develop and embed CSR.

In April, Business in the Community's Responsible Business Week saw a day dedicated to SMEs. Around 100 SMEs attended the event, sponsored by Santander, where delegates heard from key speakers Chuka Umunna and Mary Portas on responsible entrepreneurship.

The Seeing is Believing initiative is one of BITC's flagship programmes which takes CEOs from large organisations to witness first-hand key issues affecting communities. In 2014 Santander sponsored the first event for SMEs, highlighting practical ways for entrepreneurs to embed CSR practice into their businesses.

Communities

Our approach to social investment is based on supporting local communities where our branches, banking centres and offices are located. We focus our support to society on education, enterprise and employment and in 2014, Santander UK contributed almost £22 million to community groups across the country.

Funding local charities

The Santander Foundation provides grants to UK registered charities that help disadvantaged people. Learn & Grow and Money Skills grants support education, training and financial capability projects and some £1 million was awarded in the year. Community Plus is for small, local charities and enables customers, staff and charities to nominate a local project for a grant of up to £5,000 and over £2 million was awarded in 2014. In total, the Santander Foundation provided grants of £5.3 million to some 2,700 charities in the year.

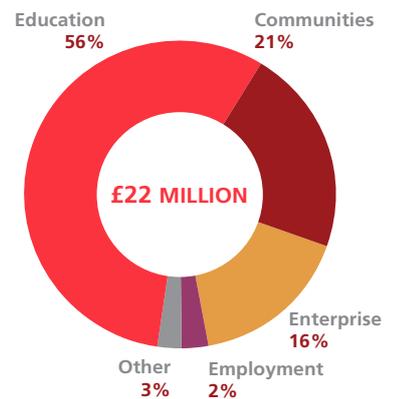
Charities are asked to report back on the impact made by Santander Foundation grants a year after the award. We received an 82% return from the 641 surveys sent out in 2014 with 1% reporting some benefits, 24% benefits in line with those stated in the original application, 44% significant long-lasting benefits and 31%

exceptional long-lasting benefits. The charities also told us that they gained a total of £2.7 million of additional resources as a result of our funding, 79% of added value leveraged from our donations.

Social enterprise support

In 2014 the Santander Social Enterprise Development Awards saw 145 social ventures - 81 charities and 64 social businesses - supported with prizes ranging from £2,000 to £20,000 to fund a growth project. Alongside the prize is a business support programme with quarterly webinars, consultancy advice days and fully-funded internships.

Areas of support



Good Mood Food

Catering company Good Mood Food offers quality hot and cold catering for meetings and events. It is part of Manchester Mind and also provides volunteering and employment opportunities for people with mental health issues. In 2014, 60 people were provided with placements in their community café helping them build confidence and gain valuable experience.

“The SEDA award has helped us to improve our marketing to secure more contracts. As all our profits go to support the work of Manchester Mind growing our business means we will have a direct social benefit.”

Elizabeth Simpson, Director/Service Director, Good Mood Food





Tower of London, WW1 Commemoration poppy planting

The 2013 winners reported an average income growth of 43% a year on, with 86 permanent jobs created from the awards. An additional 145 new jobs were created as a result of the projects and over 2,000 people received training in employability skills.

We also work with UnLtd to fund Spark which provides awards of £500 to help social entrepreneurs share their knowledge and skills with people new to the sector and looking for support. In 2014 over £90,000 was awarded to help 183 social entrepreneurs run events around the country.

Working in partnership with Social Enterprise UK we also supported an initiative called Social Enterprise Places to recognise areas in the UK where there is an active social enterprise community, to increase the profile of the sector and encourage local people to 'buy social'. In 2014 five new Places were awarded; Oxfordshire, Sunderland, Gwynedd, Croydon and Gateshead, joining previous winners Digbeth, Alston Moor, Plymouth, Bristol and Cornwall.

Time for the community

In 2014 over 4,000 employees volunteered their time to support good causes. The most popular volunteering initiative is our Community Days scheme which encourages colleagues to take a day out of the office to support local charities and community groups through practical projects. In 2014, over 2,700 staff helped to make a difference to 256 community projects including gardening, decorating and organising activities for community groups and day care centres.

2014 also saw our staff supporting local schools through the Santander MoneyWise financial education programme which provides 14-16 year old students with workshops on personal finance. Some 8,000 students benefitted from money workshops delivered by our people during the year.

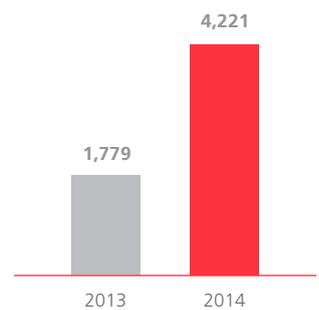
As a result of the launch of the Compass and the Santander Way, we saw employee engagement in our main community programmes double in the year.

Supporting staff fundraising

NSPCC was chosen by staff to be our Charity of the Year partner for 2014 and fundraising events in the year included Total Wipeout events, a 50m Step Challenge and an international volunteering project in South Africa where 30 staff helped to build a school in KwaZulu-Natal. Together, our staff, customers and suppliers raised £1.3 million to fund the charity's ChildLine Schools Service. It will enable the NSPCC to deliver age-appropriate workshops and assemblies to 100,000 children in primary schools, helping 9-11 year olds understand abuse, how to protect themselves and where to get help if they need it.

Staff were also supported in raising funds for hundreds of other UK charities with some £2.2 million contributed to boost their efforts through the Santander Foundation Matched Donation scheme.

Volunteers



Santander Universities

Santander Universities continued to expand in 2014 and almost £11 million of funding was provided to 77 higher education institutions in the year, benefitting some 5,000 students.

In 2014, five new universities joined the programme: Huddersfield, Swansea, Bath Spa, Heriot-Watt, and Brunel, and we widened the scope of our collaboration with our existing partners. We now partner with more than half of UK universities.

Santander Universities UK

- 753 scholarships for students to study in the UK
- 1,722 mobility awards for students and academics to study abroad
- 223 entrepreneurship and enterprise awards
- 201 special projects (business incubators and international symposiums)

SME internships

The Santander Universities SME Internship programme was launched in 2012 in response to the high rate of unemployment among young people, and to support SMEs in attracting graduates. A three-month internship in an SME is co-funded by Santander and the business or the university and we are now working with 75 universities on the initiative.

Since the scheme was launched, over 2,432 internship awards have been made and 838 interns have secured further employment through permanent roles and extended internships.

Encouraging enterprise

In 2014 we launched the Santander Universities Enterprise Portal to support university students in developing their entrepreneurialism. The online tool allows users to learn how to launch their business ideas into the market as well as to connect with budding entrepreneurs, academics and experts who can provide advice on how to achieve their business goals.

The portal features regular competitions such as the “60 second pitch” where young entrepreneurs can send a short video pitching their business ideas for a chance of winning funding of £1,500 and a programme of support from Santander.

In June the annual Santander Universities Entrepreneurship Awards were announced with 10 entrepreneurial projects shortlisted for cash prizes ranging from £1,000 for undergraduates to £20,000 for postgraduates. The six winning entries were selected by a panel of judges from universities, business schools and Santander.

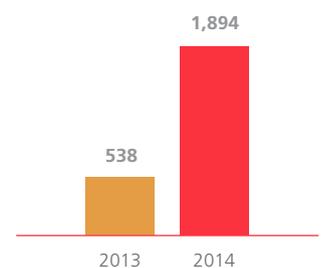
The undergraduate winners were Loughborough University with Version 22 which produces innovative household products that ‘solve everyday problems in ways that make people smile’.

The postgraduate winners were University College London for Bio-Bean, a green energy company which collects waste coffee grounds and recycles them into bio fuels.



5,000
students
benefitted

Internships





Santander Universities Entrepreneurship Awards

Sharing knowledge

Santander UK executives regularly speak to the university community in campuses around the country sharing their insight and knowledge on macro-issues.

In 2014 Ana Botín, at the time Chief Executive of Santander UK gave talks at Imperial College London, Cranfield, Reading, Durham and Leicester. And Steve Pateman, Head of UK Banking spoke on “Rebuilding trust in banks” and “Our progress to economic recovery: the role of enterprise and the banks” in Edinburgh, Salford, Huddersfield, Aston, Bath Spa, Essex, Glasgow, Kingston, Nottingham Trent and Queen Mary.

Smart technology

The Santander Smart Card is used by over 7 million students in more than 270 universities around the world. As well as operating as an ID, library and building access card for the university, it can also be used as a Santander debit card.

Following the UK launch of the Santander Smart Card in 2013 at the University of Roehampton, two further universities, Bath Spa and Salford, have now adopted the card as their main form of student ID and began distributing the cards to their students in September. In total, over 15,000 students are now benefitting from the card.

University internationalisation

We are committed to supporting collaboration between the 1,100+ Santander Group global university partners and our third annual Universia International Vice-Chancellors’ Meeting took place in Rio de Janeiro in July, with 1,103 vice-chancellors from 33 countries attending.

The meeting culminated with a commitment signed by all the universities attending: The Universia 2014 Charter. In the document the vice-chancellors identified 10 underlying trends that are transforming the university institution, and proposed 11 actions to promote internationalisation, digitalisation, university-business collaboration, innovation and social responsibility.

During the meeting Banco Santander announced its intention to invest 700 million Euros in university projects from 2015-17, to support some 90,000 scholarships for students; foster research, innovation and entrepreneurship; and support initiatives aimed at modernising and incorporating new technologies in universities.

Santander Universities Global

- 28,443 scholarships and grants
- 146 million Euro contribution to universities
- 9,529 internships in SMEs



1,151 agreements
across 21 countries



University of Salford Santander Smart Card launch



Ana Botín, University of Leicester

Environment

Our Environmental Management System (EMS) provides a framework for defining responsibilities and processes in relation to waste, energy, water, travel and supply chain management at our 14 major offices in the UK. The head office in London is also compliant with ISO 14001 certification.

The Santander Group energy efficiency project '20-20-15' aims to reduce energy consumption by 20% and CO₂ emissions by 20% by 2015.

Energy efficiency

Smart meter technology is installed across the UK business* to allow us to track the individual performance of our properties. This allows us to monitor ongoing consumption profiles, and alter plant operational times in line with the requirements of each property, reducing energy wastage. Our energy use in 2014 reduced compared to the previous year, electricity by 4.8% and gas by 12%.

* Excluding NI

We are making a substantial investment in new technologies to further reduce our energy usage including £19 million in LED lighting for our branch network and main office buildings. The branch roll out began in September with the offices starting in January 2015. The project is due to be completed by the end of 2015.

Our electricity is sourced from green supplies - on the British mainland from bio-mass via Haven Power and in Northern Ireland from wind and other forms of natural green energy via Airtricity - meaning our energy has zero carbon emissions.

Green financing

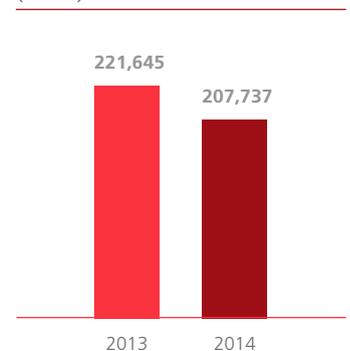
We are one of the largest financiers in the renewable energy market in the UK and in 2014, Santander UK financed c. £70 million of bilateral renewable energy generating and energy efficiency assets. Amongst these was the largest 100% community-owned wind farm project in the UK, Point and Sandwick, on the Isle of Lewis in Scotland.

Santander provided £11 million funding to Point and Sandwick which will help provide 9MW of renewable energy and supply 6,000 homes per year once completed. Profits from the wind farm will support eight community projects, including the insulation of 350 homes, promotion of local crofting skills and renovation of local villages.

Resource management

Around 98% of the waste generated through our business operations including paper, plastic, aluminium, glass and food waste is either recycled or diverted from landfill through Material Recovery Facilities, Energy from Waste facilities, Energy Recovery Facilities and other similar methods.

Energy usage (MWh)



£70 million
renewable
energy lending



Wind Turbine Blades on Old Pentland

We have made improvements in the recording of food and IT hardware waste, and even with this additional data we have seen a reduction in the overall waste generated from our sites of 23% compared to 2013.

Paper usage

We use a relatively significant amount of paper as part of our everyday business for head office printing, photocopying, stationery supplies and customer and marketing literature. Our print suppliers have ISO 14001 certification and maintain full FSC chain of custody.

In 2013 we launched a project to automatically move our online banking customers to paperless statements (with an opt-out option). The benefit of this is now showing in the 2014 figures: an overall reduction in paper usage of 16% compared to 2013, with photocopier and printing paper decreasing by 12% and envelopes decreasing by 26%. This is also a result of work to reduce printing and rationalise the number of envelopes used by various business areas.

In 2015 we will be rolling out automatic double-side printing in our offices, and private print settings to reduce the use of paper further.

Business travel

2014 saw an increase in overall travel of 6% year-on-year, in line with the increasingly global development of the Santander Group. We are committed to reducing CO₂ emissions through employee travel and in September we launched our first Travel Free Week, challenging staff to avoid travel to internal business meetings and encouraging them to use 'smarter alternatives'

such as teleconferencing. This resulted in a cost reduction of 22% versus the typical weekly average, driven by a reduction in car and train mileage.

Through the "Change the Way We Work" programme we continued to promote video and telephone conferencing, and invest in technology in our main office locations to enable more flexible working.

Employee engagement

Our Go Green campaign aims to encourage staff to adopt more environmentally-friendly and sustainable behaviours. The Green Club now has 1,315 employees enrolled as Green Champions, an increase of 73% compared to 2013.

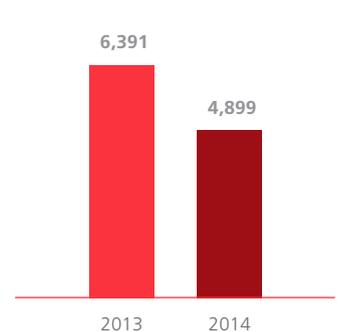
Over 1,000 colleagues attended the annual Go Green roadshows that took place in six main offices during the summer. Staff were able to talk to experts and take part in environmentally-themed games and competitions.

Green Club Forums

In 2014 we launched a new initiative designed to enable our Green Champions to lead environmental activities in our main offices. The forums give staff the opportunity to regularly meet with senior management and develop local campaigns that support sustainability and encourage colleagues to be greener.



Waste
(tonnes)



Suppliers

Our key areas of spend are on technology, operations and property and in 2014 we spent £2.2 billion with 2,125 external suppliers and intra-group companies, to purchase the goods and services we need to run the business.

Responsible procurement

We aim to ensure that our purchasing activities are based on the principles of responsible procurement:

- Our Cost Management & Procurement Policy includes a structured process for managing proposals received from suppliers and e-auctions are used whenever possible to minimise subjectivity.
- Staff negotiating with suppliers are required to abide by our Manual of Conduct in Supplier Relationships that includes the need to be unbiased in all dealings and to avoid conflicts of interest.
- New contracts include a clause requiring suppliers to follow the principles of our CSR Protocol which is based on the UN Global Compact and covers human rights, labour standards, environment and anti-corruption.

Driving improvements

We are continually working to improve our responsible purchasing processes and engagement with our suppliers, and developments during the year included:

Prompt Payment Code - we are a signatory to the Code and we are actively working to address issues that delay invoices being paid. Our standard terms are 30 days and we aim to pay our suppliers in line with agreed payment terms. Independent figures from Experian show that our payment performance in 2014 was an average of 10 days beyond terms compared to our industry average of 37 days.

Living Wage - we implemented the Living Wage for our employees in March 2014 and during the year we worked with the Living Wage Foundation to develop a plan for employees of our suppliers who work on Santander sites. The Living Wage is now being incorporated into relevant supplier contracts as they come up for renewal. The first was for branch cleaning which was tendered in 2014 and the new requirements came into effect with the contract launch on 1 March 2015.

We are now accredited to the Living Wage scheme and expect all Santander UK-based supplier staff to be paid the Living Wage by the end of 2015, benefitting almost 1,600 people.

Business Disability Forum - following an audit of our recruitment process with the Business Disability Forum, in 2014 we signed the BDF's Recruitment Protocol. The protocol commits us to working with our recruitment suppliers to ensure the processes are barrier-free and welcoming to disabled job seekers.

Supplier Forums - our programme of supplier engagement continued in 2014 and five Forums were held covering building refurbishment, complaints handling, market research, parcels and the Living Wage. The Forums are a chance to discuss sector-related issues with suppliers and potential suppliers with the aim of improving our understanding of industry dynamics, and to forge positive partnership-based relationships.

The Writer

The Writer is a small business based in London with some 40 employees and they were appointed to work with Santander's marketing team following a competitive tender. Their brief was to support the bank's brand team to align our communications with the new Simple, Personal, Fair principles. As part of this work they produced language guides and trained 50 SPF champions across the business.

"Working with The Writer has been a positive experience for us. They are one of the smallest agencies we work with but their team has professionals from brand consultancy, journalism and advertising backgrounds which has meant they have a wealth of knowledge they have been able to share with us. They have proved to be flexible and accommodating to our changing requirements and we would wholeheartedly recommend them."

Keith Moor, Chief Marketing Officer, Santander UK



Supporting SMEs

We are a signatory to Business in the Community's Access Pledge, a supply chain initiative to help level the playing field for SMEs, committing us to review our procurement practices and improve transparency in order to encourage more SMEs to bid for contracts. Of 308 new contracts agreed during 2014, 40% (2013: 35%) were awarded to SMEs*. This represents over £40 million of value provided to SMEs through our purchasing.

* SME is defined as less than £10m turnover or 250 employees.

Access the Buyer

We continued our funding of BITC's Access the Buyer programme which helps SMEs to learn how big businesses source their suppliers and how to secure contracts with them. Seven regional events took place for SMEs working in media, estate management, gifting, food and drink, mobile and wireless, construction and engineering in 2014. Buyers from large businesses in the sectors took part in the events and talked about their processes, providing advice to around 170 SME delegates.

Seeing is Believing

In November 2014 we sponsored a BITC Seeing is Believing Procurement event for 12 directors. The event highlighted the challenges faced by SMEs seeking to procure contracts, with SMEs sharing their experiences with the delegates.



Access the Buyer event in Hull: Construction Engineering

40% of contracts awarded to SMEs

Key data

CUSTOMERS	2014	2013
Number of active customers (million)	14	14
Customer satisfaction ¹	59.7%	58%
Customer complaints ²	260,440	353,766

1. GfK NOP Financial Research Survey. The overall satisfaction score refers to proportion of extremely and very satisfied customers 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. Data shown is for the 12 months ending 31 December 2012 and 12 months ending 31 December 2014. The competitor set included in this analysis is Barclays, Halifax, HSBC, Lloyds Bank (including Lloyds TSB) and NatWest. 2. FCA Reportable complaints.

EMPLOYEES	2014	2013*
Total employees ¹	20,676	19,822
Total female employees	11,829	11,573
Total male employees	8,847	8,249
Total full-time employees	17,903	17,039
Total part-time employees	2,773	2,783
Total ethnic minority employees ²	1,852	1,803
Total employees aged over 50	3,160	2,889
Average days absent per employee	6.67	6.54
Employee turnover	13.01%	12.75%
Average length of service (years)	8.32	8.57

1. Total FTE Santander UK plc employees at 31.12.2014. 2. Based on FTE who complete the voluntary self-declaration option on profile monitoring forms.

* Re-stated due to company changes

Learning

Total number of training days ¹	107,974	97,042
Average number of training days per employee ²	4.55	4.12
Average £ invested in training per employee ³	£438	£425
% of staff to have undertaken eLearning ⁴	95%	96%

1. Total amount of training undertaken by all Santander UK staff (classroom-based, e-learning). 2. Based on total 'delegate days' and average of month-end Santander UK FTE.

3. Based on total budget spend and average of month-end Santander UK FTE. 4. All active Santander UK staff at year-end

Health and Safety

Minor accidents	283	253
Accidents resulting in over 7 day absence	4	6
Major accidents	1	4

COMMUNITIES	2014	2013
Areas of support		
Communities	£4,659,694	£4,658,113
Education	£12,622,652	£9,888,037
Enterprise	£3,553,292	£4,636,266
Employment	£536,656	£1,447,192
Other	£574,392	£1,004,913
Total value of community investment	£21,946,686	£21,634,521

COMMUNITIES CONTINUED	2014	2013
Santander Foundation		
Matching staff fundraising	£2,279,197	£2,018,015
Community grants	£2,023,058	£2,261,416
Central grants	£1,011,627	£1,548,742
Total value of grants	£5,313,883	£5,828,173
Number of donations	2,729	2,556
Volunteering		
Community Days projects	256	124
Total number of volunteers	4,221	1,779
Value of volunteering time	£299,600	£107,675
ENVIRONMENT		
Fuel		
Electricity (Green Biomass, MWh)	170,676	179,228
Gas (MWh)	37,061	42,417
Oil (Litres)	64,746	66,365
Resources		
Waste collected (tonnes)	4,899	6,391
Waste Diverted from Landfill (tonnes)	4,821	6,234
Waste Diverted from Landfill (%)	98.41	97.50
Paper (Kg)	5,712,819	6,720,191
Water (m³)	314,210	300,485
Business travel (km)		
Air travel – domestic	6,362,777	5,955,029
Air travel – short haul Europe	7,581,908	8,207,320
Air travel – long haul International	4,769,341	4,205,554
Car	30,263,853	29,328,033
Rail	12,969,417	10,717,384
Total	61,947,296	58,413,320
CO₂ emissions (tonnes)		
CO ₂ from fuel (gas & oil)	7,017	8,009
CO ₂ from business travel	10,353	10,450
Total	17,370	18,459
Per employee*	0.71	0.76

* No. of UK based FTE employees (2013: 24,421 / 2014: 24,515).

1. Re-stated due to final billing reconciliation

Materiality report

We use the Global Reporting Initiative as a standard for reporting on our CSR activities and this year we have moved to the G4 framework.

Materiality assessment

We conducted a materiality assessment, in accordance with the G4 process, in order to identify the most relevant, critical CSR issues for Santander UK and our stakeholders. This work covered the following four stages:

Phase 1 – Researching the potential issues, based on a benchmark of Santander UK’s peers, financial services sector reporters already using G4 and Santander Group country CSR reports.

Phase 2 – Taking the long-list of issues identified in Phase 1 and defining the relevant issues for Santander UK and both our core and wider stakeholders to create a short-list.

Phase 3 – Validating the short-list of issues through a process of verification with Santander UK business division senior managers with responsibility for engaging with and managing our relations with our core and wider stakeholders. This involved each manager scoring the short-list of issues on a scale of 1-3 (Low-High) from both the bank’s perspective and the stakeholder’s perspective.

Phase 4 – Preparing the 2014 Santander UK CSR Report based on the material issues identified in Phase 3, ie those ranked as Medium or High.

Materiality matrix

The highest ranking issues are primarily related to governance and customer service, reflecting the broader concerns in society following the economic crisis of financial sustainability and the high profile conduct issues which have affected the banking sector over the last 5+ years.

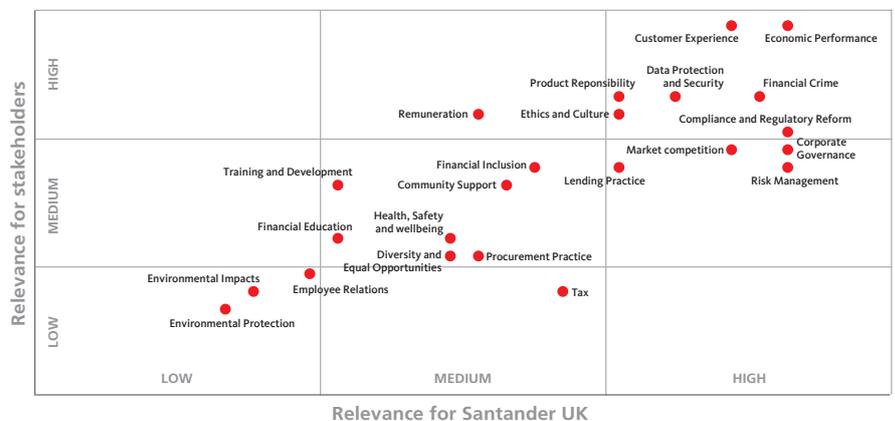
Content development

The CSR team has responsibility for defining the content of the report and it works with representatives from around the business in order to prepare the material.

Information is gathered to make sure the views of our core stakeholders – our people, customers and shareholders – and our wider stakeholders, including regulators, government, the media and consumer groups, are taken into account. This ensures that we cover issues that not only do we believe are important to our business but also those that are deemed as material by society as a whole.

The material aspects reflect the issues that Santander UK has been addressing through its strategic business priorities, and in the previous CSR Reports, however we have included additional information on these issues in the 2014 report as a result of the materiality assessment.

Materiality matrix



Stakeholder engagement

We have a programme of regular proactive engagement with our core stakeholders to make sure we listen to and understand their views in order that we can respond to any concerns. In addition, our wider stakeholders are important for us to engage with in order that we are aware of the opinions of society more broadly and they play an important role in helping us to shape and improve our business. This continual interaction and feedback informs our products, services and procedures and was the source for the materiality assessment.

Listening to our customers

In addition to our daily interactions with our customers we use a series of regular surveys to measure how our customers feel about Santander UK.

We subscribe to the Financial Research Survey, an independent monthly survey of circa 5,000 consumers covering the personal finance sector, run by GfK. The industry benchmarking survey measures customer satisfaction across all major financial brands in the UK.

The Santander Global Competitor Tracker surveys 4,800 Santander and 4,800 of our key competitors' customers every year. This survey measures satisfaction across a series of categories including products, channels, behaviours, brand and trust.

We also use 'Customer First', an internal survey of over 156,000 Santander branch and contact centre customers every year, which is focused on measuring our service performance.

For our business customers, we access the annual Business Banking Survey, run by Charterhouse UK which surveys over 17,000 people and measures customer satisfaction.

Listening to our employees

Our CEO and the Executive deliver face-to-face events every year, reaching Santander employees at every level and from every division of the bank to discuss our purpose, aims, goals and achievements, and what it means to be simple, personal and fair in practice.

Better Together is our crowd-sourcing platform for employees to share ideas and proposals for the bank. So far over 650 ideas have been submitted with 25% of these delivered or in our longer-term plans.

Working with our unions

Santander UK has a successful history of working in partnership with its recognised trade unions, Advance and the Communication

Workers Union (CWU). Both trade unions are affiliated to the Trades Union Congress. We consulted Advance and the CWU on significant proposals and change initiatives within the business at both national and local levels.

Communicating with our shareholders

We arrange meetings and events in cities across the UK for the Group's UK-based shareholders to update them on how our business is progressing, answer their queries and understand and respond to any concerns they may have.

Regulator dialogue

2014 saw the volume of regulatory demands facing the UK banking sector increase. Most significant of these is the UK Government's proposals for major banks to separate their wholesale and investment banking functions from their retail operations – a material reform of banking structures in the future. Also in 2014, the Financial Policy Committee finalised the design for the Leverage Ratio framework and the Prudential Regulation Authority introduced annual concurrent stress testing. Across each of these developments, we have been in close dialogue with our regulators.

Liaising with Government

We engage with the Government and other policymakers as part of our commitment to play an active and constructive role in the policy process.

We contributed to various policy debates in 2014 including finding the right kind of support to foster entrepreneurialism and to help young entrepreneurs succeed, empowering consumers and boosting financial capability through technology, assessing the framework for supporting local economic growth, and examining how local government supports collaboration between businesses and universities.

We also inputted into the Financial Services (Banking Reform) Act, the Small Business, Enterprise and Employment Bill, and the Immigration Bill. The Competition and Markets Authority is currently undertaking an investigation into the retail banking market and will publish its report in 2016. Santander UK is fully participating in this investigation.

Listening to the media

As well as being a valuable litmus of public sentiment, the media is often a channel our customers use when things go wrong so they are an important stakeholder group for us. We engage with the media on a daily basis, both proactively and reactively, and we provide them with information on the company, products and services.

GRI index

General standard disclosures*

* The strategy, governance and ethics disclosures are not audited as part of the CSR Report assurance as these areas are audited separately through the Annual Report verification process.

	Description	Page
Strategy and analysis		
G4-1	Provide a statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	3
Organizational profile		
G4-3	Report the name of the organization	2
G4-4	Report the primary brands, products, and services	Annual Report - P2-3
G4-5	Report the location of the organization's headquarters	Back page
G4-6	Report the number of countries where the organization operates	UK only
G4-7	Report the nature of ownership and legal form	2
G4-8	Report the markets served	Annual Report - P2-3
G4-9	Report the scale of the organization	7
G4-10	Report the total number of employees by employment contract and gender, by employment type and gender, by employees and supervised workers and by gender, by region and gender, and any significant variations in employment numbers.	28
G4-11	Report the percentage of total employees covered by collective bargaining agreements	All employees eligible
G4-12	Describe the organization's supply chain	26
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	n/a
Commitments to external initiatives		
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	10
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	11
G4-16	List memberships of associations and national or international advocacy organizations	British Banking Association Council of Mortgage Lenders
Material aspects and coverage		
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	Annual Report - Inside cover. CSR Report covers the same entities as the Annual Report.
G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content	30
G4-19	List all the material Aspects identified in the process for defining report content	30
G4-20	For each material Aspect, report the Aspect Boundary within the organization	30
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	30
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	28-29
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	n/a

Stakeholder engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization	30
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	30
G4-26	Report the organization's approach to stakeholder engagement	30
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	30
Report Profile		
G4-28	Reporting period	9
G4-29	Date of most recent previous report	9
G4-30	Reporting cycle	9
G4-31	Provide the contact point for questions regarding the report or its contents	Back page
GRI Content Index		
G4-32	a) Report the 'in accordance' option the organization has chosen	Core
	b) Report the GRI Content Index for the chosen option	33
	c) Report the reference to the External Assurance Report	34
Assurance		
G4-33	a) Report the organization's policy and current practice with regard to seeking external assurance for the report	34-35 - Assurance Statement
	b) Report the relationship between the organization and the assurance providers	34-35 - Assurance Statement
	c) Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	Yes
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	8
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes	10
Ethics and integrity		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	4
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organizational integrity such as escalation through line management, whistleblowing mechanisms or hotlines.	10

Specific standard disclosures

Scope: All indicators for Santander UK plc only
G4 DMA: See Customers, People, Communities, Suppliers chapters for each material aspect

Material Aspect/ Ranking	GRI Indicator	Boundary	Page	Validation	
Category: Economic		Material aspect: ECONOMIC PERFORMANCE			
1. Economic Performance	G4-EC1	Direct economic value generated and distributed	Internal and External	6	Yes Via Annual Report - Inside Cover
14. Community Support	G4-EC1	Direct economic value generated and distributed	Internal and External	6	Yes
15. Tax	G4-EC1	Direct economic value generated and distributed	Internal and External	7	Yes Via Annual Report - p226
		Material aspect: PROCUREMENT PRACTICES			
16. Procurement Practice	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Internal and External	26	Yes
Category: Social		Sub-Category: Society Material aspect: LOCAL COMMUNITIES			
13. Financial Inclusion	FS14	Initiatives to improve access to financial services for disadvantaged people	Internal and External	16	Yes
14. Community Support	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	Internal and External	20-23	Yes 100% of operations - all branches, banking centres and main offices
20. Financial Education	FS14	Initiatives to improve access to financial services for disadvantaged people	Internal and External	16	Yes
		Material aspect: ANTI-COMPETITIVE BEHAVIOR			
9. Market Competition	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Internal and External	Annual Report	Yes Via Annual Report - p131
		Material aspect: COMPLIANCE			
4. Compliance/ Regulatory Reform	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Internal and External	Annual Report	Yes Via Annual Report - p131
		Material aspect: OCCUPATIONAL HEALTH AND SAFETY			
17. Health, Safety, Wellbeing	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Internal and External	28	Yes (Partial reporting - total figures reported)
		Material aspect: TRAINING AND EDUCATION			
18. Training and Development	G4-LA9	Average hours of training per year per employee by gender, and by employee category	Internal and External	28	Yes (Partial reporting - total figures reported)

Material Aspect/ Ranking	GRI Indicator		Boundary	Page	Validation
Sub-Category: Labor Practices and Decent Work					
Material aspect: DIVERSITY/EQUAL OPPORTUNITIES					
19. Diversity and Equal Opportunities	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Internal and External	28	Yes Via Annual Report - p18
Sub-Category: Product Responsibility					
Material aspect: PRODUCT AND SERVICE LABELING					
2. Customer Experience	G4-PR5	Results of surveys measuring customer satisfaction	Internal and External	14	Yes
8. Product Responsibility	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements	Internal and External	10	Yes 100% products covered by requirement
Material aspect: CUSTOMER PRIVACY					
7. Data Protection and Security	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Internal and External	10	Yes (Partial reporting - approach reported)
Material aspect: PRODUCT PORTFOLIO					
11. Lending Practice	FS7	Value of products/services designed to deliver a specific social benefit broken down by purpose	Internal and External	16-17	Yes (Partial reporting - service details reported)
	FS8	Value of products/services designed to deliver a specific environmental benefit broken down by purpose	Internal and External	24	Yes

See General Disclosures Index for:
5. Corporate Governance G4-34
6. Risk Management / 3. Financial Crime G4-45
10. Ethics and Culture G4-56

See Annual Report for:
12. Remuneration G4-51



ASSURANCE STATEMENT

SGS UNITED KINGDOM LTD'S STATEMENT ON SUSTAINABILITY ACTIVITIES IN THE SANTANDER UK PLC CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2014

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS United Kingdom Ltd was commissioned by Santander UK to conduct an independent assurance of the Corporate Social Responsibility (CSR) Report 2014. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and 2014 data in accompanying tables, contained in the following sections of the report: Customers: People; Communities; Santander Universities; Suppliers; Environment; Key Data; GRI Index.

The information in Santander UK plc's CSR Report 2014 and its presentation are the responsibility of the directors and the management of Santander UK plc. SGS United Kingdom Ltd has not been involved in the preparation of any of the material included in the Santander UK plc CSR Report 2014.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of the verification set out above with the intention to inform all Santander UK plc's stakeholders.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines G4 (2013), including the Financial Services Sector Supplement.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at the Head Office in London and Milton Keynes; documentation and record review; and validation with external bodies and/or stakeholders where relevant, such as evaluation of the report for materiality.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS United Kingdom Ltd affirm our independence from Santander UK plc, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the verified information and data contained within the CSR Report 2014 is accurate, reliable and provides a fair and balanced representation of Santander UK plc's sustainability activities in 2014.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

**GLOBAL REPORTING INITIATIVE SUSTAINABILITY REPORTING GUIDELINES G4 (2013):
CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

In our opinion the Santander UK plc CSR Report 2014 is presented in Accordance with the Core option for GRI G4 (2013) and fulfills the required content and quality criteria.

Principles – In our opinion the content and quality of the report adheres to the ten GRI Principles.

Standard Disclosures – We are satisfied that the General Standard Disclosures and Specific Standard Disclosures on Aspects identified as Material have been addressed in line with the Core requirements of GRI G4 (2013).

This is the first year that Santander UK plc has reported using the GRI G4 standard, with reference to the Financial Services Sector Supplement. We welcome this development in the maturity of the company's reporting approach. In particular, we welcome the disclosure of the materiality analysis performed and how stakeholder feedback was used to identify material issues, and additional information on financial inclusion.

Opportunities were identified for consideration in future reporting cycles to ensure continual improvement, including:

- More information could be provided on how stakeholder engagement has directly informed report development. This could include more detailed information on the issues that arise from engagement with different stakeholder groups in the reporting year.
- Reporting on the Management Approach to the Material areas of sustainability could be improved by expanding on and clarifying information on responsibilities, governance and how performance data is used to evaluate and improve management.
- The inclusion of, and linkage of performance to, the organisation's medium and long term sustainability goals would provide a wider context for understanding the organisation's sustainability strategy, and improve the reader's ability to assess performance and progress.
- Inclusion of 5 year data sets for key performance indicators would help stakeholders better understand long term trends in performance and the effectiveness of management approaches.

It is also recommended that the organization considers assurance against the AA1000 AS (2008) standard for future reports.

**SGS United Kingdom Ltd
Birmingham**

WWW.SGS.COM

Authorised by:-



Jan Saunders

UK SSC Business Manager

For and on behalf of SGS United Kingdom Ltd

**Reg Office: Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN
Registered in England No: 1193985**

This document is issued by the Company under its General Conditions of Service accessible at <http://www.sgs.com/en/Terms-and-Conditions.aspx>. Attention is drawn to the limitation of liability, indemnification and jurisdiction issues defined therein.

Any holder of this document is advised that information contained hereon reflects the Company's findings at the time of its intervention only and within the limits of Client's instructions, if any. The Company's sole responsibility is to its Client and this document does not exonerate parties to a transaction from exercising all their rights and obligations under the transaction documents. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.

Contact details

Sharon Squire, Head of CSR
Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

www.santander.co.uk
community@santander.co.uk

We want to make sure this report is sent to you in the best format. So, if you need it in large print, Braille, audio or in some other format, please let us know using the above contact details.

Santander UK plc. Registered Office: 2 Triton Square, Regent's Place, London, NW1 3AN, United Kingdom. Registered Number 2294747. Registered in England. www.santander.co.uk. Telephone 0870 607 6000. Calls may be recorded or monitored. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Financial Services Register number is 106054. You can check this on the Financial Services Register by visiting the FCA's website www.fca.org.uk/register or by contacting the FCA on 0800 111 6768. Santander and the flame logo are registered trademarks.

