

Santander UK Group Holdings plc

Sustainability Report 2015

Simple Personal Fair
What a bank should be



Sustainability Report 2015

Our purpose is to help people and businesses prosper.

We are guided in everything we do by the values of Simple, Personal and Fair as we uphold our broader responsibilities not only in the way we run our business in ethical and environmentally conscious ways, but also in how we treat customers and employees.

The Santander UK approach to corporate social responsibility (CSR) and sustainability is based on 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 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.
- We address 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 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.

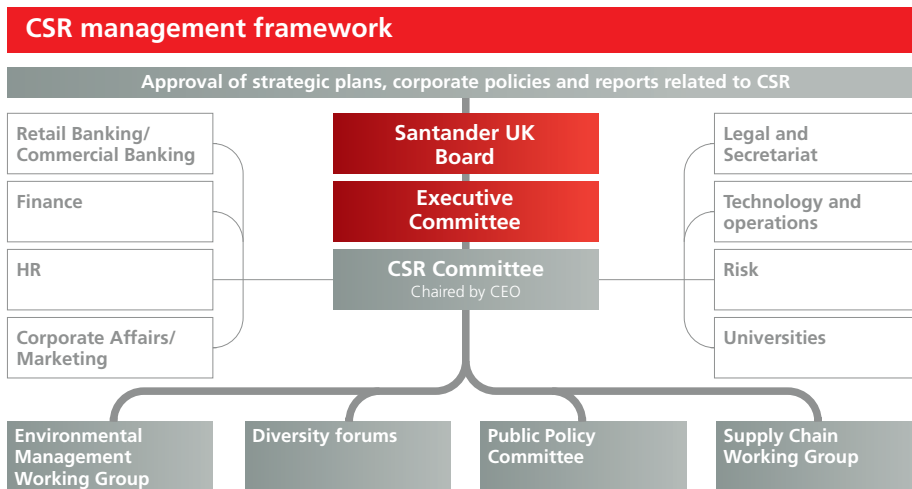
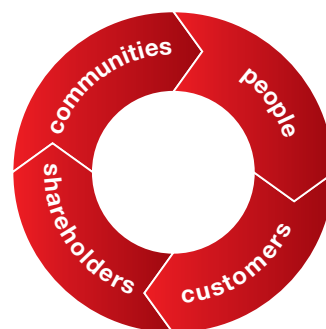
Management

We use a balanced scorecard, the Compass, to align our day-to-day activities with the overarching strategy of the bank. It helps us measure progress towards our strategic priorities and our aim of being the best bank for our stakeholders. The Compass sets out our KPIs across four quadrants – one for each main stakeholder group.

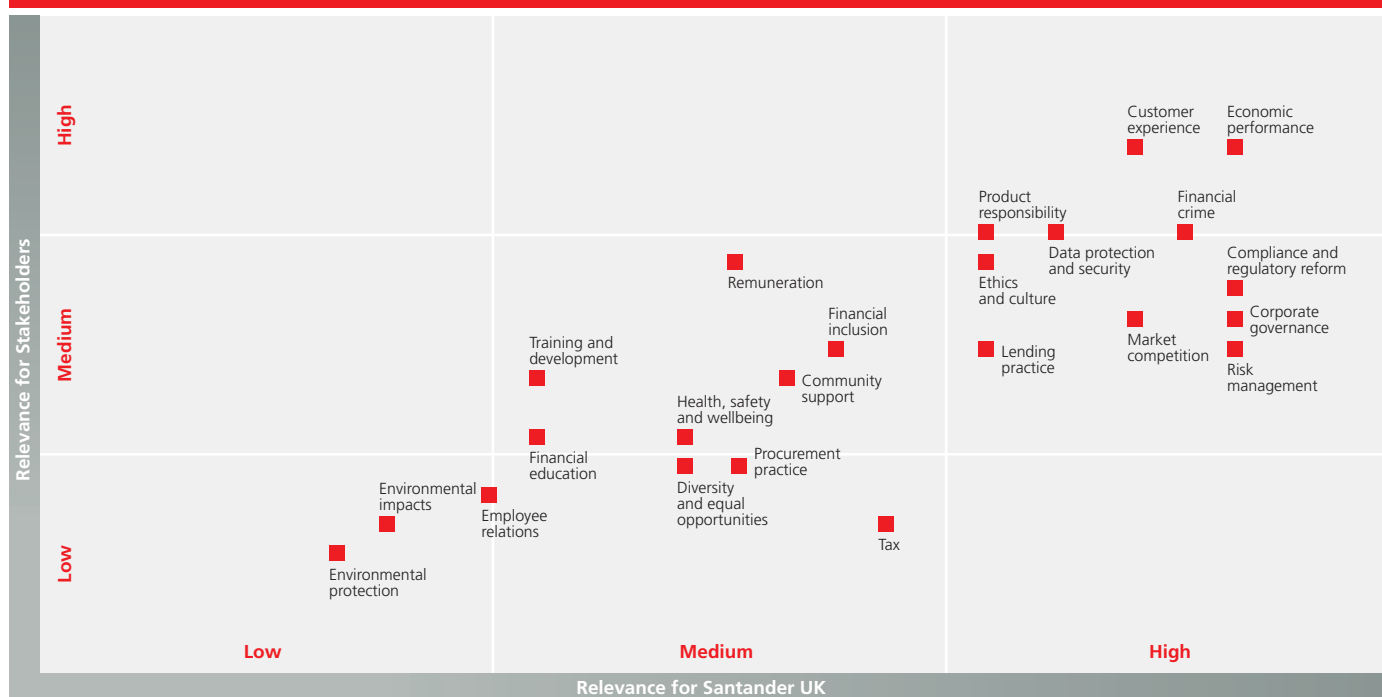
The CSR Committee is chaired by the CEO and it considers and approves CSR strategic plans, policies and reports for onward approval by the Executive Committee and the Board, where appropriate.

We use the Global Reporting Initiative G4 framework as a guide for reporting on our CSR activities.

The Santander Compass



Materiality matrix



Reporting

The 2015 Annual Report for Santander UK includes a Strategic Report section that helps people assess the Bank's performance and future prospects. We are committed to high ethical standards in everything we do and we take our responsibility to our stakeholders seriously. On a practical level, the sustainability work of our business is not separated from our strategic direction and to reflect this in 2015 we have integrated our sustainability reporting into the Strategic Report.

The new Sustainability Review section of the report outlines the key information that was previously only covered in a separate CSR report. It is an important development in the way we manage our responsibilities.

We have produced this standalone version of that section for those who are interested in just our CSR and more detailed data on our performance, but we strongly recommend the Strategic Report is read to gain a full understanding of our business.

Materiality assessment

We conducted a materiality assessment in 2014, in accordance with the G4 process, in order to identify the most relevant, critical CSR issues for Santander UK and our stakeholders.

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 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 historic conduct issues which have affected the banking sector over the last 5+ years.

We will update the materiality assessment in 2016.

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.

People

We aim to attract, retain and reward the most talented and committed people with first-class development schemes and a workplace that empowers people, encourages individuality and promotes collaboration. A highly motivated and engaged workforce provides the best service for customers.

Career training and development for our people

We provide a full range of skills development, training modules and career support for our people to develop their potential. Our people undertook over 140,000 training days in 2015 and we invested £12.3m in employee learning and development.



Employee training spend in 2015

£12.3m

invested in learning and development

In addition to providing funding, materials and workshops for external qualifications, we also offer specialised programmes to develop our talent pipeline and guide employees in achieving their career goals. Our people can develop an action plan to acquire the skills and experience needed for the roles they aspire to through our Developing Your Potential and Career Choices schemes.

The Santander Apprenticeship scheme offers successful applicants a role as a full-time employee and they receive between 12 and 24 months of training. In 2015, we took part in the UK government-sponsored Trailblazer Apprenticeship working group, looking at the development of a new standard for the financial services sector, to support people early in their career and career changers. We will reflect the new standard that was subsequently agreed in our 2016 scheme.

Fair compensation to attract and retain the best people

Our approach is to fairly reward and motivate our people with a competitive package of pay and benefits, based on compliance with the PRA Remuneration Code. Salary levels are benchmarked against the median level for the industry. We are a national living wage and London living wage employer.

We offer a range of benefits that can be personalised to an individual's needs with 18 different options including extra holiday allowances, health benefits and a bike-4-work scheme. In March 2015, we launched a Group Income Protection Scheme to provide our employees with financial support in the event of a long-term absence due to illness or injury.

Our people are also provided with pension arrangements that are fair, competitive and sustainable. The Santander Retirement Plan has been our primary pension scheme since 2009. Eligible employees are automatically enrolled and have the choice to opt-out. In 2015, 88% of our people were in a pension scheme.

Pension participants

88%

eligible employees in the pension scheme

Employee share-ownership

We offer two HMRC-approved share schemes so that our people can share in the value that we create: Save-As-You-Earn (SAYE) and Share Incentive Plan (SIP). The schemes allow employees to purchase Banco Santander SA shares from their gross salary. We increased SIP limits in 2014 to £1,800 per year or 10% of pay (whichever is lower). We also increased the maximum saving contribution to SAYE from £250 to £500 per month, and 28% of participants increased their contribution to above £250.

Our other incentive plans include the Banco Santander SA Long-Term Incentive Plan for senior management and shares to employees with vested deferred bonus awards.⁽¹⁾ Overall, 50% of employees have chosen to participate in our share save schemes.

Actively listening to our people

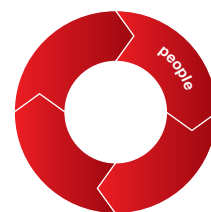
Our people have direct contact with senior management and are actively encouraged to feedback on policies, strategies and procedures. Through our online crowdsourcing tool, Better Together, we ask employees to tell us their ideas for how we can improve. In 2015, we asked them to share their thoughts on what key systems and processes needed to be enhanced. Over 1,000 colleagues took part and we actioned five of their top ideas – including the introduction of our new freephone number, offering customers a self-service option for setting holiday flags on their accounts and offering customers the ability to instantly reset their online banking credentials.

We offer a range of ways for our people to stay informed and hear first-hand from senior executives including monthly conference calls and regional roadshows.

Our intranet encourages employees to share information, ideas and best practice. It features daily updates of internal news and financial, economic and strategic developments at Santander UK and the Banco Santander group.

We also have a successful history of regularly consulting with our recognised trade unions on significant initiatives within the business at both national and local levels. Advance and the Communication Workers Union are both affiliated to the Trades Union Congress.

(1) See Note 40 to the Consolidated Financial Statements of the 2015 Annual Report for details of the plans and the related costs and obligations.



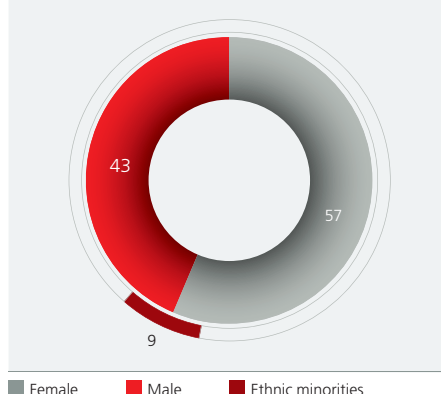
Our annual employee survey is a key performance measure for engagement and we saw 83% of our people take part this year. Through actively listening to our employees we can assess our strengths and areas for improvement. One of the highest scoring questions was 'does the company understand and appreciate diversity among employees' with 91%, an increase of 11% on the previous year.

Reflecting the diversity of our communities

We want our people to reflect the diversity of the communities where we operate and creating an inclusive culture is a priority for us. Employees are encouraged to be confident in who they are and our dedicated networks provide support and advice to people of different cultures, gender, disability and sexuality. Each network is employee-led and championed by a member of the Executive Committee. Our Diversity and Inclusion Forum is chaired by our CEO, demonstrating the importance of this topic to Santander UK.

Gender equality is an important issue for us, as well as for the industry. Our Board consists of 31% women (9 male and

Gender and ethnicity breakdown (%)



4 female members at January 2016) which meets the recommendations made in the Lord Davies report. However, our proportion of female senior managers was 20% in 2015. We are keen to improve this further. We partner with Everywoman and in 2015 piloted Accelerating You, a programme to support women as they advance their careers.

We actively support disabled employees to achieve their potential with us. We embrace the 2010 UK Equality Act and

provide disabled applicants with accessible assessment and interview support. Wherever possible, we provide continued employment, training and care to those who become disabled while they work for us.

Health, safety and wellbeing programmes for our people

A safe and healthy workplace is fundamental to helping our people prosper. Health and safety consultants provide on-site assessments, practical advice, training and support to employees throughout the business.

Our managers are given the tools to foster psychological well-being for their teams with a series of guidelines and courses such as Keeping Pressure Positive and Managing Pressure & Building Personal Resilience. The Employee Assistance Programme gives free and confidential telephone advice, face-to-face counselling and critical incident support, following events like branch raids.

In partnership with the Bank Workers Charity, our people also have access to Santander Personal Support Services that provide practical, emotional and, in some cases, financial support for a broad range of lifestyle issues.

Focus on culture

We are 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.

Under their terms and conditions of employment, our people are required to act with the highest standards of business conduct at all times to protect our reputation and contribute to a culture that is free from corruption, risk of compromise or conflicts of interest. These principles are set out in our Code of Ethical Conduct.

Our values of Simple, Personal and Fair are at the heart of The Santander Way, the culture that underpins our goal to be the best bank in the UK.

In 2015, our CEO and Executive Committee led a series of regional town hall events across the UK to develop a set of behaviours to support the values. Over 2,000 employees attended the workshops. The nine behaviours which were developed as a result are shown below. They provide a framework for how we all interact to deliver the best outcome for our people, customers, shareholders and communities.

Managers were invited to interactive regional events to learn more about the behaviours from the Executive Committee. The sessions were well received with more than 90% of managers saying the events helped them understand their role in embedding the behaviours and they felt equipped to model the behaviours in their teams.

Through a dedicated communications campaign, every month we explore one of the behaviours in more detail. Videos and toolkits enable managers and their teams to discuss the behaviour and how it can be put into practice.



Bring Passion



Talk Straight



Embrace Change



Show Respect



Speak Up



Keep Promises



Give Support



Truly Listen



Actively Collaborate

Customers

We aim to build lasting relationships with our customers based on what they want: a bank that is Simple, Personal and Fair. By providing innovative, market-leading products and continuing to invest in our network and first-class customer service, we aim to be the best bank in the UK.

Helping our customers make the most of their money

Over 4.6 million of our customers are now part of the Santander 11213 World. Our 11213 products provide ongoing value to individuals and families that help our customers make the most of their money.

11213 World customers

4.6 million

The 11213 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 monthly fee on the 11213 Current Account increased in January 2016 while the rates of interest paid and cashback remained unchanged and the account continues to offer value for customers.

We remained the first choice for customers switching their current account provider in 2015. Since the introduction of the Current Account Switch Service (CASS) in September 2013, one-in-four customers who moved their current account chose Santander UK.

In 2015, we helped UK homebuyers with gross mortgage lending of £26.5bn, including £4.5bn to first-time buyers. Although we withdrew from the UK Government's Help to Buy scheme in September, we continued to offer mortgages under the same terms with a LTV of over 90%, and in November we launched a Help to Buy ISA. The government will contribute a 25% bonus (max £3,000 on £12,000 of savings) when a customer uses their ISA savings to purchase their first home.

Investing in technology to give our customers convenience

We have 3.7 million digital customers and expect this to double in the next three years.

Our investment in technology has given customers the choice of how, when and where they can access and manage their money.

Customers can stay on top of their account balance with free text and email alerts to provide an early warning when nearing an overdraft limit, or if an available balance won't cover a standing order, direct debit or upcoming payment.

The Santander UK mobile banking app allows customers to transfer money and make payments with a simple log in process and straightforward navigation.

We launched a series of apps in 2015 to further help our customers manage their money including Spendlytics that tracks and analyses spending on Santander cards; Paym, a service to securely send and receive money using a mobile number; and KITTi a virtual cash kitty to manage shared finances, such as flat share bills and coffee clubs.



Santander UK was also one of the first UK banks to offer Apple Pay in July 2015. Both debit and credit card customers can make use of easy and secure contactless payment options for in-store purchases under £30.

We protect our customers against fraud with security measures such as a one-time passcode for telephone and online banking. Our online security centre also offers tips for staying safe online and we regularly send our customers advice on how to improve their account security.

Listening to our customers, managing complaints and customer satisfaction

To earn our customers loyalty we must offer more than just the products they need and so our focus is also to provide the service our customers want. Over the last three years we have invested in improving our customer satisfaction. We continued to build on our progress in customer satisfaction this year, and in November 2015 reached our highest ever score.⁽¹⁾

Improved management of customer complaints has also helped to make our customer experience better. We monitor the effectiveness of our processes by measuring the number of FCA reportable complaints, Financial Ombudsman Service (FOS) referrals and customer satisfaction with complaint handling. Our FCA reportable complaints fell from 353,766 in 2013 to 223,235 in 2015.

(1) Customer satisfaction as measured by the Financial Research Survey (FRS) run by GfK, December 2015.



Helping customers through financial difficulties

A dedicated team provides intensive support to those customers facing financial difficulty by helping them regain control of their finances with tailored solutions such as refinancing options, long-term arrangements and breathing space on payments. Services include an online debt advice tool, a budget planner and signposting to free and impartial debt advice experts such as StepChange.

In 2015, the number of our customers struggling to meet mortgage payments reduced 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.



Access to financial services for all sections of society

As a major high street bank, we have a duty to serve all sections of society. For customers that cannot access our main banking products, we provide specialised services and products including a basic bank account and a preloaded debit card. Basic accounts allow customers to receive payments, pay in cheques, make withdrawals and set up payments. They do not have an overdraft facility.

The preloaded card was introduced following a 2015 government and financial industry agreement to help low income customers manage their finances.

From November 2015, users of British Sign Language can now access our products and services via relay video calls with an interpreter through our new partnership with SignVideo.

Improving our branch service to maintain face-to-face banking

Although customer habits are changing, we recognise that our branches remain important to many of our customers. An ongoing refurbishment programme is making them brighter, warmer and more accessible and through them we offer a broader range of services including digital ATMs and Wi-Fi.

Through the BBA Access to Banking Protocol, the industry has agreed to work with customers and communities to minimise the impact of branch closures. We continue to review our branch network by reducing duplication and increasing alternative points of contact to support customers who need face-to-face banking. In 2015, we closed 67 branches and opened two new branches. Our customers are able to carry out a range of banking services at the Post Office.

Focus on SMEs

Our 70 Corporate Business Centres provide support to local businesses around the UK. In addition to our banking products, we offer a range of complementary services and funding to support the businesses that sustain our local communities.

Santander Breakthrough focuses on five pillars of support to help ambitious businesses achieve their growth plans – Talent, International, Connections, Knowledge and Finance.

Over 5,000 businesses benefited from Breakthrough Connections events in 2015. SME Summits and Red Box events provided peer-to-peer networking and learning opportunities. Over 70 SME delegates attended our Iconic Masterclass events that provide specialised courses taught by market leaders including Saatchi Masius, Jaguar Land Rover and McLaren.

With the help of Banco Santander group offices and UK Trade & Investment, 40 of our SME customers attended trade missions to Spain, Poland, Mexico, UAE and USA to meet potential customers and identify new opportunities for growth.

Some of our customers have the potential for significant growth and require capital as well as advice. Since its launch in 2012, our Growth Capital Finance has provided £92m of growth capital and £162m of senior debt to 73 SMEs, without diluting company equity. The Santander SME housebuilder scheme dedicated £100m in 2015 to support a market segment where access to finance is a primary constraint and our US\$100m InnoVenture capital fund provides seed money for financial technology firms. Social & Sustainable Capital set up a Third Sector Loan Fund in the year with a £13.5m contribution from Santander for growth finance for charities and social enterprises.

We refer SME customers that we cannot directly assist to our partner Funding Circle, the peer-to-peer lending specialist.



Breakthrough Red Box, Cardiff

Shareholders

We aim to deliver a long-term, sustainable return for our shareholders while taking account of the impact of our business on the world around us. By managing our environmental impacts and supply chain, we benefit from improved efficiencies, effectively manage risk and ultimately protect our reputation.

Creating a sustainable business for our shareholders

Banco Santander has a strong commitment to responsible business, through its financial activities, by supporting social development and reducing its impact on the environment. At Santander UK, we share that commitment and embrace projects to reduce our energy consumption, waste and CO₂ emissions.

These have created year-on-year savings and identified investments that provide our shareholders with consistent returns.

Environmental governance

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 main offices in the UK. Our head office in London is accredited to the ISO14001 standard.

Focus on energy and emissions

We have made a substantial investment in new technologies over the last two years to further reduce our energy usage including £18m in lighting, heating and ventilation systems for our branch network and office buildings.

Smart meter technology now allows us to track the individual energy performance of our properties. We can monitor ongoing consumption and alter plant operating times in line with the requirements of each property, reducing energy wastage.

In 2015, we delivered the largest ever lighting retrofit in the UK of energy-efficient LED lights. Over 90,000 LED lights were installed in 16 office buildings and more than 700 of our branches. The project cut lighting costs by more than 50%. It will also reduce greenhouse gas emissions with annual expected savings of over 7,000 tonnes of CO₂.

These improvements contributed to an annual reduction of 11% in electricity and 9% in gas usage.

CO₂ emissions generated by fuel and business travel fell from 18,459 tonnes in 2013 to 15,921 tonnes. In 2015, representing a 13% reduction per employee (0.76 tonnes of CO₂ per employee in 2013 compared to 0.65 tonnes in 2015).

Our electricity is sourced from green supplies and has zero carbon emissions.

Addressing travel impacts

Business travel represents around 60% of our total CO₂ emissions and with the increasingly global nature of our business we encourage staff to avoid travel for internal business meetings by making use of technology such as teleconferencing. Our bi-annual Travel Free Week raises awareness of the alternatives available.

Engaging employees to support our objectives

Our Go Green campaign encourages staff to adopt environment-friendly behaviours. The Green Club has 1,690 employees enrolled as Green Champions. Green Club Forums at our major offices enable our Green Champions to lead environmental activities and give staff the opportunity to regularly meet with senior management.

Managing resources for efficiency

About 99% of the waste generated by our operations, primarily paper, aluminium, plastic, glass and food, is either recycled or diverted from landfill. The waste is processed through facilities like Material Recovery, Energy from Waste, and Energy Recovery so that very little is sent to landfill sites.

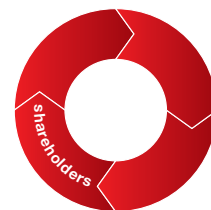
In the last two years, we cut our paper usage by 24%, or 1,585 tonnes, mainly by reducing office printing, photocopying, and customer marketing literature. Paperless statements are the default option for online banking customers and we continue to look for ways to reduce paper usage further. Our print suppliers have ISO14001 certification and maintain full FSC chain of custody.



Veolia Material Recovery Facility, Mansfield

Energy usage (MWh)

2015	185,246
2014	208,141
2013	221,669



Supply chain management, responsible and economical sourcing

We work with around 1,800 external suppliers and other parts of the Banco Santander group to purchase the goods and services we need to run our business. Supplier costs accounted for £1.7bn of our total costs in 2015.

Our procurement principles are governed by the Cost Management & Procurement Policy which covers receiving supplier proposals and the use of e-auctions to minimise subjectivity. The Manual of Conduct in Supplier Relationships guides our people to be unbiased and avoid conflicts of interest when negotiating with suppliers.

We are a signatory to the Business in the Community Access Pledge, and regularly review our procurement policies to ensure there is a level playing field for small companies bidding for contracts. In 2015, over £24m or 58% of our new supplier contracts were with small companies.

As a Prompt Payment Code signatory, we endeavour to reduce delay in payment of supplier invoices. Our standard payment terms are 30 days. In 2015, we paid invoices on average 15 days beyond term (2014: 10 days). We have made a commitment to address our payment performance in 2016 and we aim to pay all our suppliers to terms.

Our supplier contracts include specific requirements to respect human rights and ethical labour practice based on the principles of the UN Global Compact:

- Suppliers are required to support and respect the protection of internationally proclaimed human rights and ensure they are not complicit in human rights abuses
- Businesses should uphold the freedom of association and the elimination of all forms of forced and compulsory labour.

In 2016, we will further review our supply chain management policies and processes to identify if further action is needed to comply with the 2015 Modern Slavery Act. Modern slavery is the abuse of human rights and includes slavery, servitude and forced or compulsory labour and human trafficking.

Contracts awarded to SMEs

58%

Representing over £24m of sales

Treating our supply chain fairly

In 2014, we implemented the Living Wage requirement for employees of suppliers who work at Santander UK sites. Contracts negotiated in 2015 incorporated the living wage requirement for security, catering, cleaning and reception staff, benefiting some 1,600 people.

Focus on green financing

We are one of the largest UK renewable energy market financiers. In 2015, we financed £50m in assets that generate bilateral renewable energy and other energy efficiencies. Our Renewable Energy team focuses on offering non-recourse project finance loans to mid-market wind, solar and hydro developments.

Established in 2013 by local farmer Andrew Stewart, Stewart Energy has three wind turbine sites spanning his family's Lanarkshire farms. We provided Stewart Energy with £6.5m of an £8.3m funding package. The balance was supplied by the Scottish Government's Renewable Energy Investment Fund (REIF) and in exchange the Stewart family gifted 25% of their ownership to the Lesmahagow Development Trust, a local community organisation.

The wind farm began operations in September 2015 and is expected to deliver seven figures in annual turnover over the next 25 years, creating a sustainable

income stream for the family and the Trust that is independent of the cyclical farm business. Stewart Energy is the first time the REIF has sponsored minority ownership of a project by a community organisation and this deal is expected to serve as a template for future transactions.

The trust's equity ownership is used to support projects in South Lanarkshire. The flagship project has already funded investment of several million pounds in the local economy and social causes, including improvements to childcare and new sports facilities, as well as a crafts market.



Wind turbine groundworks, Stewart Energy

Communities

We provide support to communities around the UK because we believe it helps us to build a successful business. By being deeply engaged in the communities where our branches, banking centres and offices are located, we can better understand and serve our customers.

Contributing to our local communities

Our approach to social investment is based on supporting local communities where our customers and employees live and work through education, enterprise and employment projects. In 2015, we contributed £23m to community groups across the country.

The Santander Foundation is chaired by Nathan Bostock and it provided £5.7m in grants to 3,291 UK-registered charities in 2015 for projects that help disadvantaged people. Grants were awarded from the Money Skills fund to support financial capability and from the Learn & Grow fund to support activities that improve skills and employability.

Community investment

£23m

invested in local community organisations and charities across the UK

The Santander Foundation also provides the Staff Matched Donation scheme which contributed £2m to support our employees' fundraising for charities of their choice.

The most popular employee volunteering initiative is our Community Days scheme. Employees spend a day helping local charities and community groups with practical support including gardening, decorating and organising activities. In 2015, over 3,960 staff helped to make a difference to 363 community projects with over 31,000 hours of support.

Improving life skills and employability

To further support our employment priority, we partnered with the social mobility charity Career Ready to improve young people's employment prospects.

In 2015, we provided funds for career academies at ten secondary schools across the UK. The academies prepare students for further education and/or the world of work. Our senior managers volunteer on school Local Advisory Boards, serve as mentors and facilitate visits to our offices and branches. We also offer fully funded six-week summer work-experience programmes to help students develop skills that improve their employability.

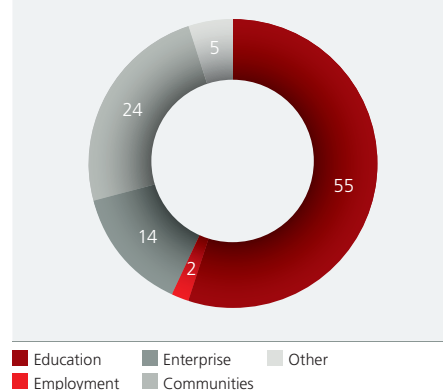
We also funded the Centres of Excellence programme run by specialist financial education charity PFEG (Personal Financial Education Group). In 2015, 40 secondary schools were part of the Centres of Excellence scheme that helps schools to embed financial education across the entire curriculum. Our Santander MoneyWise programme further supports this aim and promotes the vital life skill of money management through sessions delivered in schools across the UK. In 2015, our employees delivered workshops to 11,756 students.

Supporting social enterprise

To help social enterprises grow and increase their impact, we launched the Santander Social Enterprise Development Award (SEDA) in 2011. In addition to growth funding, SEDA provides a business support programme to assist the winner in making the most of their award. We made awards between £5,000 and £20,000 in 2015 to 101 social businesses, including Edinburgh's Social Bite sandwich chain which provides employment to homeless people.

A year after the win, SEDA winners report the impact on their business. The 2014 SEDA winners increased average income by 43% as well as creating jobs and providing training to over 3,000 people across the UK.

Funding breakdown (%)



Parklands Primary School, Leicester



Fundraising partnership with the British Heart Foundation

Our people chose The British Heart Foundation (BHF) as the 2015 Santander UK charity of the year partner. Fundraising events included a 50 million Step Challenge and a UK-wide Flame Relay bike ride. An international volunteering project in India also saw 36 employees help to build a rehabilitation centre for disabled children in Pondicherry. We raised £1.2m in the year in collaboration with our people, customers and suppliers for the BHF's heart research and Heart Helpline to support patients and families affected by cardiovascular disease.



Santander UK volunteers,
Satya Special School, Pondicherry

As part of the partnership, our employees were also invited to learn CPR with the BHF's innovative new Call Push Rescue training. Sessions were organised in all major offices as part of our 'We are Santander' fortnight celebrations and training was rolled out to branch network employees at the end of 2015.

Santander Cycles makes the London bike hire scheme simple and fun

We became the sponsor of London's cycle hire scheme this year in a seven-year partnership that will see the scheme grow and develop with Santander's support, giving users a more accessible, rewarding and enjoyable experience. It is the second-largest cycle hire scheme in Europe and is a popular and affordable way to travel around London for work or leisure. Some 11,500 bikes in the Santander Cycles red-and-white livery are available to hire.

The Santander Cycles app, which was launched in early May, allows people to hire a bike via their smartphone, view the nearest docking station and bike availability, and keep track of their usage. The free app will be regularly upgraded with new features to

make hiring a Santander Cycle easier than ever before.

The Discovery Project: helping one million people by 2020

In late 2015, Nathan Bostock launched The Discovery Project, our new community investment initiative to help one million people over the next five years.

The programme will support skills, knowledge and innovation projects through three areas:

- Explorer – to help people learn about the world around them
- Transformer – to guide people through work-focused support and training
- Changemaker – to support community projects and fund innovations that help society.

We will expand our existing successful work in employment, education and enterprise and create new initiatives that together will aim to inspire people to have the confidence to make the most of the future.

Focus on Santander Universities

Santander Universities is a global programme created in 1996 to support higher education. The Banco Santander group partners with over 1,200 institutions around the world to fund scholarships, research, mobility awards and study grants for students and staff. In 2015, 80 universities in the UK received £12m to aid 6,640 students with funding for studies, internships and enterprise.

We also support young entrepreneurs via our Santander Universities Enterprise Portal which provides information, support and funding. We bring together academics and business people to offer advice and support for young entrepreneurs, and we connect SMEs looking to access the insight and thinking of bright young minds.

Students and graduates can pitch new business ideas by video on the Portal in the 60 Second Pitch competition for a chance to win seed finance and business mentors. Over 200 ideas have been received since its launch in 2014.

Past winners include Recall, a wristband that alerts you when you leave your mobile phone behind.

We launched our Big Ideas initiative in 2015, to encourage students to collaborate with us, to solve some of the biggest challenges facing the financial industry today. The winners receive a £20,000 prize in seed finance and support from Santander UK to make their idea a reality.

Since the launch of our SME Internship programme in 2012, over 6,000 internship awards have been made. Our programme provides students with a three-month internship in an SME co-funded by us and the business or university. Many interns have secured permanent roles or extended internships following their placements. An extension of the programme was announced in 2015 to fund 500, one-month work-experience placements.

The Santander Universities Entrepreneurship Awards support and



Rebecca Pick, inventor and award winner

encourage university students to pursue their business ideas. Rebecca Pick (pictured), an undergraduate from the University of Strathclyde, was a 2015 winner with the Personal Guardian, a revolutionary wearable personal attack alarm.

Key metrics

	Notes	2015	2014	2013
People				
Total FTE – Santander UK plc	1	19,992	20,676	19,822
Total FTE – UK based	2	24,423	24,515	24,421
Salaries and other staff costs		£111,800,000	£860,000,000	£978,000,000
Employees – diversity				
Total female employees		11,298	11,829	11,573
Total male employees		8,694	8,847	8,249
Total full-time employees		16,731	17,903	17,039
Total part-time employees		3,261	2,773	2,783
Total ethnic minority employees	3	1,751	1,852	1,803
Total employees aged over 50		3,229	3,160	2,889
Employees – gender				
Board Directors – female		3	2	2
Board Directors – male		9	14	14
Senior Directors – female		5	2	2
Senior Directors – male		13	14	14
Senior Managers – female		33	39	34
Senior Managers – male		132	194	188
Employees – female		11,260	11,788	11,393
Employees – male		8,549	8,639	8,250
Employees – misc				
Average days absent per employee		8.6	6.67	6.54
Employee turnover		14%	13%	13%
Average length of service (years)		8.46	8.32	8.57
Pension participation		88%	88%	83%
Employees – learning				
Total number of training days		140,290	107,974	97,042
Training days per employee		5.90	4.55	4.12
Investment in training		£12,303,839	£10,400,000	£10,000,000
Employees – OHS				
Minor accidents		249	283	253
Accidents resulting in over 7-day absence		2	4	6
Major accidents		7	1	4
Customers				
Number of active customers		14	14	14
Customer satisfaction	4	62.9%	59.7%	58.0%
Customer complaints	5	223,235	260,440	353,766
Branches		857	921	1,010
Corporate Business Centres		70	66	50
Suppliers				
Value of procurement	6	£1,735,209,000	£1,768,000,000	£1,600,000,000
Number of suppliers		1,887	2,612	2,047
Payment days beyond terms		15	10	16
Number of new SME contracts		104	121	124
Value new SME contracts		£24,000,000	£40,000,000	£126,000,000
% of contracts with SMEs		58%	40%	35%

- (1) Total number of Santander UK plc employees at 31 December on a full-time equivalent basis
- (2) Total number of UK-based employees at 31 December on a full-time equivalent basis
- (3) Based on 10,579 FTE who completed the voluntary self-declaration option on profile monitoring forms
- (4) The Financial Research Survey ('FRS') is a monthly personal finance survey of around 5,000 consumers prepared by the independent market research agency, GfK. 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 2015 and compared against 12 months ending data for the period as indicated. The competitor set included in this analysis for the 2015 target is Barclays, Halifax, HSBC, Lloyds Bank, TSB and NatWest
- (5) FCA Reportable complaints
- (6) 2014 restated to align with 2013 and 2015 definition

	Notes	2015	2014	2013
Environment				
Energy				
Fuel sources (MWh)				
Electricity – green biomass (MWh)		151,425	170,598	179,252
Gas (MWh)		33,821	37,543	42,417
Oil (litres)		77,064	64,746	66,365
CO₂ emissions from fuel (tonnes)				
Electricity		0	0	0
Gas	7	6,225	6,911	7,828
Oil	8	199	167	181
Total CO ₂ released		6,425	7,017	8,009
Financing				
Renewable energy financing		£52,000,000	£70,000,000	£89,000,000
Water				
Water (m ³)		301,308	296,986	300,485
Waste				
Waste collected (tonnes)		4,537	4,899	6,391
Waste diverted from landfill (tonnes)		4,516	4,821	6,234
Waste diverted from landfill (%)		99.5	98	98
Paper				
Paper (Kg)	9	5,134,663	5,712,819	6,720,191
Travel (km)				
Air travel – domestic		7,118,955	6,362,777	5,955,029
Air travel – short haul Europe		6,797,460	7,581,908	8,207,320
Air travel – long haul international		3,926,034	4,769,341	4,205,554
Car		23,637,048	30,263,853	29,328,033
Rail		28,769,891	12,969,417	10,717,384
Total		70,249,388	61,947,296	58,413,320
CO₂ from business travel (tonnes)				
	10			
Air travel – domestic		1,993	1,855	1,934
Air travel – short haul Europe		1,088	1,247	1,571
Air travel – long haul international		785	997	948
Car		4,341	5,643	5,474
Rail		1,289	611	523
Total		9,496	10,353	10,450
CO₂ emissions				
CO ₂ from fuel		6,425	7,017	8,009
CO ₂ from business travel		9,496	10,353	10,450
Total		15,921	17,370	18,459
CO ₂ released per employee	11	0.65	0.71	0.76

(7) Defra conversion factor (2015) = 0.18407, converted to tonnes = /1000

(8) Defra conversion factor (2015) = * 2.5839, converted to tonnes = / 1000

(9) Includes photocopy paper, printer paper, card and envelopes plus toilet paper / hand towels

(10) Defra conversion factors

(11) UK-based employees

	Notes	2015	2014	2013
Communities				
Communities		£5,568,072	£4,659,694	£4,658,113
Education		£12,872,186	£12,622,652	£9,888,037
Enterprise		£3,375,855	£3,553,292	£4,636,266
Employment		£542,578	£536,656	£1,447,192
Other		£1,057,412	£574,392	£1,004,913
<i>Total</i>		£23,416,103	£21,946,686	£21,634,521
Santander Foundation				
Matched donations		£2,594,679	£2,279,197	£2,018,015
Community plus		£2,378,677	£2,023,058	£2,261,416
Central grants		£731,962	£1,011,627	£1,548,742
<i>Total</i>		£5,705,318	£5,313,882	£5,828,173
Number of donations		3,291	2,729	2,556
Volunteering				
Community days projects		363	256	124
MoneyWise workshop students		11,756	8,458	570
Santander volunteers		5,080	4,221	1,779
Value of volunteering time		£957,386	£777,891	£278,784
Santander Universities				
Total donations		£11,920,000	£11,000,000	£8,450,000
Number of partners		80	77	72
Scholarships		1,048	753	980
Mobility awards		2,717	1,722	918
Enterprise awards		179	223	148
Misc awards		76	201	273
Internship awards		2,171	1,894	538
Work placement awards		449	0	0
Total awards		6,640	4,793	2,857
Santander Breakthrough				
Total investment		£1,331,000	£1,371,000	£1,939,000
Iconic Masterclass delegates		79	117	50
Trade mission delegates		40	41	23
Event delegates		5,292	370	370

Assurance statement



SGS United Kingdom Ltd's statement on sustainability activities in Santander UK PLC's Sustainability Review 2015

Nature and scope of the assurance/verification

SGS United Kingdom Ltd was commissioned by Santander UK plc to conduct an independent assurance of Santander UK plc's Sustainability Review 2015.

The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and 2015 data in accompanying tables, contained in the following sections of the Sustainability Review: People; Customers; Shareholders; Communities.

The information in Santander UK plc's Sustainability Review 2015 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 Sustainability Review 2015.

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. The SGS protocols are based upon internationally recognised guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2013) for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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 Sustainability Review 2015 is accurate, reliable and provides a fair and balanced representation of Santander UK plc's sustainability activities in 2015.

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.

Summary of findings

We welcome the integration of the Sustainability Review 2015 into Santander UK plc's Annual Report 2015. This reflects a maturing of the organisation's approach to corporate responsibility and sustainability, in particular the increasing recognition of the strategic importance of these issues to the business.

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

- 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.
- Inclusion of more detail on how data is put together and the assumptions and conversation factors used, for example by including a specific short technical appendix, would enable more accurate description of data sets without the need for additional footnotes in the text.
- Improvement of internal data reporting processes for data sets that are collated solely for this report would help to provide continuity and guidance for these data owners.
- More information could be provided in all areas on management approach, including how performance data is used to evaluate and improve management.

As Santander UK develops its reporting approach, we recommend that key stakeholders are asked for their views on the report and on what information on management and performance they would find useful, and in what format.

We also recommend that next year, Santander UK plc resumes reporting in line with the 'Core' requirements of the GRI G4 standard, with reference to the Financial Services Sector Supplement, including the GRI Index, as this provides a framework for comparability with industry peers. It is also recommended that the organization considers assurance against the AA1000 AS (2008) standard for future reports.

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