

Think Investments

Winter 2021



Together with
 **Santander**
Asset Management

Welcome

Think Investments helps you keep in touch with and navigate your way around the world of investments.

This is a time of change and transition as we're faced with the increasingly concerning effects of the climate crisis and are all challenged to ask what we can do to help. At Santander we've been working on the answer to that question for several years now. We've made changes across our global business and we're pleased to share the details of our actions in the UK in this edition.

This digital issue of Think Investments is another positive change, helping to reduce our use of natural resources.

With COP26 in November reinforcing the need for everyone – countries, companies and individuals – to play their part in tackling the climate crisis, we think it's the right time to make this change. But Think Investments is your magazine and we want to hear your views. Please take a few minutes to complete this short survey, to let us know what you think. You can access the survey here – forms.office.com/r/Lsz3PZ17DE



James Dunne
Head of Wealth Management
& Insurance



Santander and National Parks: working together to reduce carbon emissions

As part of our global commitment to reducing carbon emissions and climate change, Santander is a founding partner with National Parks in an exciting new initiative.

Reducing carbon emissions, and so greenhouse gases (GHGs), is a priority for world leaders, companies and individuals alike. We have all seen the damage to our planet and the ongoing threat to life and nature caused by the climate crisis. The 26th United Nations Climate Change Conference of Parties (COP26) in Glasgow in November was a great opportunity for world leaders to come together to discuss what action needs to be taken.

Why are greenhouse gases a problem?

GHGs such as carbon dioxide, methane and nitrous oxide are a major contributor to climate change. That doesn't just mean global warming but also patterns of extreme weather like drought, torrential rain and hurricanes.

The earth's surface absorbs heat from the sun, which is then radiated back into the atmosphere as energy. However, this heat is trapped by GHGs, which then reflect it back onto the earth.¹ GHGs also aggravate respiratory diseases like asthma through smog and air pollution.

¹ Live Science – [Greenhouse gases: Causes, sources and environmental effects](#)

Carbon credits can help to balance emissions

Caps on GHG emissions set a definite limit on pollution. In the UK they are set by the government and will get stricter over time as companies are expected to improve and update their processes, contributing to the net zero by 2050 or sooner target.

The UK Emissions Trading Scheme (UK ETS)² applies to all four member nations and replaces the UK's involvement in the EU ETS. The schemes are very similar so there is continuity for companies. An overall cap on each industry or sector is then split further, allowing each company a certain level of emissions.

It may not be possible for companies to immediately reduce or remove carbon emissions from their operations. In these cases they can buy carbon credits, which offset and so help to neutralise harmful emissions.

Taking action now for a better future

As a global bank and asset manager we're well placed to make real change that can benefit others, now and in the future. We successfully made our operations carbon-neutral in 2020 with 58% of our electricity globally (100% in the UK) coming from renewable sources.³ But there's a lot more to do.

Restoring nature together with National Parks

We're proud to be a founding partner of National Parks' Net Zero With Nature initiative which launched in October.

There is already high demand for UK-based carbon credits and this continues to grow. However, UK

How carbon credits work

Carbon credits are measurable, verifiable emission reductions from certified climate action projects which reduce, remove or avoid GHG emissions.

They can have other positive benefits too such as helping to restore forests, reduce reliance on fossil fuels and protect ecosystems.

Each project must meet rigorous standards to be verified, including a review by an independent panel of experts. Carbon credits can only be bought and used once.⁴

nature-based projects are relatively new and will take time to mature and equate to meaningful reductions in the amounts of carbon released to the atmosphere.

The solution to this problem is for companies to pre-purchase carbon units called 'pending issuance units' (PIUs). Once the project, in this case UK National Parks', successfully passes an audit of its carbon production the PIUs will automatically convert to full verified carbon credits. PIUs will also play an essential role in helping to generate the finance necessary to create further credits in the coming years until projects become self-sustaining.

As well as offsetting our own direct emissions with UK-based credits, Net Zero with Nature opens up the possibility of new investment solutions for our clients who want to play their part. We're working on that and will share more with you as soon as we can.

Net Zero with Nature will have three main supporting nature-based projects and solutions, we would be restoring forests, protecting ecosystems and generating carbon credits that can be used to compensate CO₂ emissions.

- Creating woodland: capacity for 33,000 tonnes of carbon each year
- Peatland restoration: capacity for 270,000 tonnes of carbon each year
- Soil restoration and regenerative farming: capacity for 26,000 tonnes of carbon each year



**For more
information,
click this
link**

² Gov.UK – [Participating in the UK ETS](#)

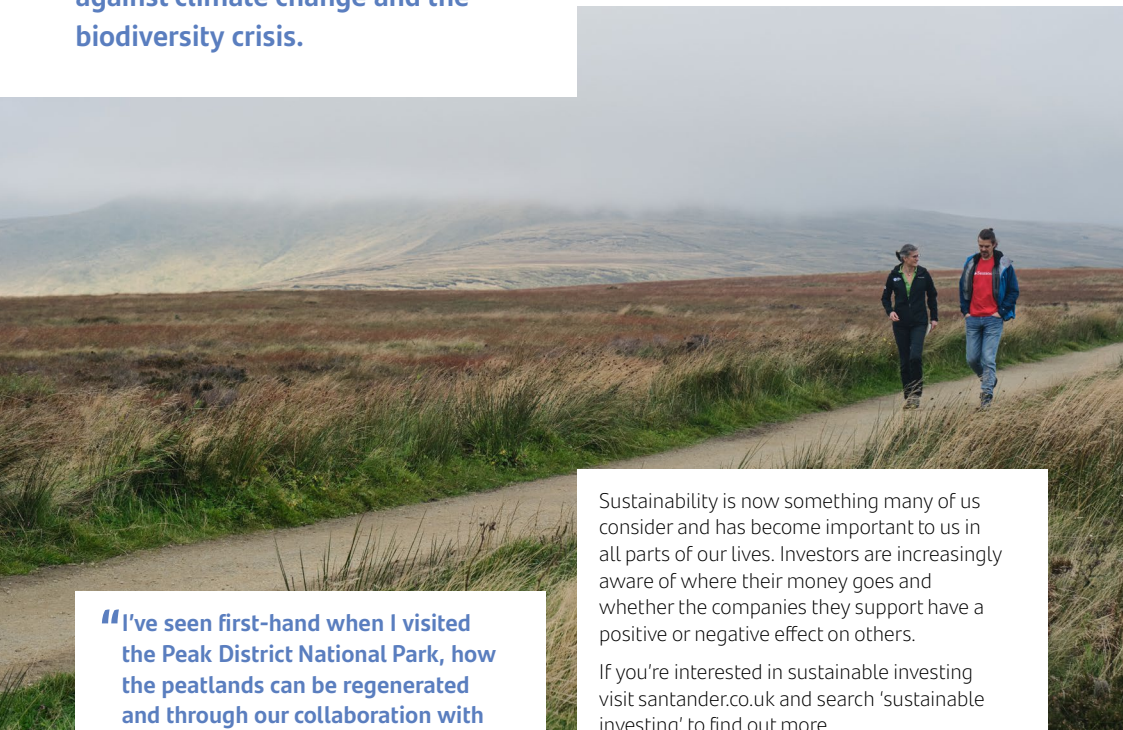
³ Santander – [Our approach](#)

⁴ South Pole – [Carbon Offsets Explained](#)

Santander is confirmed as a Founding Partner of the 'Net Zero With Nature' strategy, which defines the role that the National Parks can play in the UK's fight against climate change and the biodiversity crisis.

Santander will fund a new project involving the restoration of 220 hectares of damaged peatland in the Cairngorms National Park in Scotland.

This restoration site has the potential to avoid more than 16,000 tonnes of CO₂ emissions over its first five years and will help to establish nature-based solutions in the UK at scale.



"I've seen first-hand when I visited the Peak District National Park, how the peatlands can be regenerated and through our collaboration with National Parks UK we can restore vital nature and support biodiversity."

James Dunne, Head of Wealth Management & Insurance

Sustainability is now something many of us consider and has become important to us in all parts of our lives. Investors are increasingly aware of where their money goes and whether the companies they support have a positive or negative effect on others.

If you're interested in sustainable investing visit santander.co.uk and search 'sustainable investing' to find out more.








How we are helping to achieve net zero by 2050

By committing to the Net Zero Asset Managers (NZAM) initiative Santander Asset Management, as a global business, is playing its part in achieving the goal of net zero GHG by 2050 or sooner.

We take sustainability commitments seriously. As a global bank and asset manager it's our duty and our privilege to take whatever action we can to stop climate change and encourage others to do the same.

 That's why, globally, Santander Asset Management signed up to the United Nations' (UN's) Principles for Responsible Investment (PRI), committing to factor these into how we look at potential investment opportunities.

 Creating transparency, including in annual reports information on environmental, social and governance practices across all business units.

 And it's why Santander Asset Management is proud to be a signatory of the NZAM initiative.⁵

Net Zero Asset Managers

NZAM is formed of asset managers from around the world, all of which are committed to supporting the goal of net zero GHG emissions by 2050 or sooner.

They're also committed to supporting investing in line with this goal.

⁵ Net Zero Asset Managers – [Net Zero Asset Managers Initiative](#)

The Paris Agreement

Also referred to as the Paris Climate Accords, this international treaty on climate change was adopted by nearly 200 countries in 2015.⁶ It commits to achieving net zero GHG emissions by 2050, in line with global efforts to limit warming to 1.5°C.

As well as cutting pollution, signatories must continue to increase their commitments over time with transparent reporting of goals and progress.

COP26 in November brought the member countries together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

NZAM launched in December 2020 and already has 128 signatories representing \$43 trillion assets under management. That means nearly half of all assets across global asset managers are now part of the initiative.

NZAM is one of several initiatives supporting investor action towards net zero to be accredited by the UN Race to Zero campaign.

While committing to NZAM does mean signatories managing a greater proportion of assets in line with the net zero goals, it does not necessarily mean stopping holding high carbon investments. Engagement and

stewardship are both mentioned in the commitment and can have a valuable positive impact, sometimes more so than simply withdrawing funds. Carbon credits, like those to be generated through Santander's partnership with National Parks, can also be used to complement efforts to reduce carbon emissions, in order to minimise the impact on the environment.

In the run up to COP26, NZAM signatories including Santander Asset Management worked to set targets for the proportion of assets they would aim to manage in line with net zero goals and then set 2030 targets for those assets.

Here are NZAM's commitments for asset managers to support in aiming for net zero greenhouse emissions by 2050.

- 1 Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management (AUM)
- 2 Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner
- 3 Review interim targets at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included

For more
information,
click this
link

⁶ NRDC – [Paris Climate Agreement – Everything You Need to Know](#)

⁷ Ceres – [Net Zero Asset Managers initiative announces 41 new signatories, with sector seeing 'net zero tipping point'](#)

⁸ United Nations Climate Change – [Race to Zero Campaign](#)

This publication is distributed by Santander ISA Managers Limited.

Santander ISA Managers Limited. Registered in Scotland No.SC151605 at 287 St Vincent Street, Glasgow, G2 5NB, United Kingdom. Telephone 0800 328 1328. Authorised and regulated by the Financial Conduct Authority. Financial Services Register number 171448.

Santander UK plc. Registered Office: 2 Triton Square, Regent's Place, London, NW1 3AN, United Kingdom. Registered Number 2294747. Registered in England and Wales. www.santander.co.uk. Telephone 0800 389 7000. 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. Santander, Santander Investment Hub and the flame logo are registered trademarks.

Santander Asset Management UK Limited (Company Registration No. SC106669) is registered in Scotland at 287 St Vincent Street, Glasgow G2 5NB, United Kingdom. Authorised and regulated by the Financial Conduct Authority. FCA registered number 122491. You can check this on the Financial Services Register by visiting the FCA's website www.fca.org.uk/register. www.santanderassetmanagement.co.uk Santander and the flame logo are registered trademarks.

The content of this publication has been produced by one or more entities within the Santander group. It is provided for information purposes only and is not intended to provide advice on the suitability of an investment. Opinions expressed within it are applicable as at 31 October 2021, which are subject to change. This publication does not constitute investment or any other advice. Please contact a financial adviser if you require investment advice. Whilst every effort is made to ensure that the information is up to date and accurate, no entity within the Santander group of companies warrants as to, or accepts any responsibility or liability for, the accuracy or completeness of the content or for any loss which may arise from reliance on information contained in this publication.

SAM MC0990 NOV21

