

Implementation Statement, covering the Scheme Year from 1 April 2024 to 31 March 2025

The Trustee of the Santander UK Group Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Sections 1 and 2 below, with more detail on engagement oversight in Section 3.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 4 below.

The Trustee has also included its approach to managing conflicts of interest in Section 5.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

The SIP is available at <https://mysantanderpension.co.uk/resources/documents/index.html>.

1. Introduction

Most of the Scheme’s assets are invested in the Santander (UK) Common Investment Fund (“CIF”) and the trustee of the CIF has primary responsibility for giving effect to the Trustee’s policy on voting and engagement.

The SIP was reviewed during the Scheme Year and updated in November 2024, however no material updates were made to the Trustees’ policy on voting and engagement.

The Scheme has a relatively high allocation to lower risk and more liquid assets and did not invest in listed equities during the Scheme Year. Consequently the Trustee’s focus in implementing DWP’s guidance has been on the engagement undertaken in relation to its main non-equity holdings.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year.

2. Voting and engagement approach

The Trustee delegates to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, so far as relevant to their mandate. No new managers were appointed during the Scheme Year. However, the Trustee took a number of steps to monitor the Scheme’s existing managers and funds over the period. In particular, as part of its advice on the ongoing monitoring of the investment managers, the Scheme’s investment advisers incorporate an assessment of the nature and effectiveness of managers’ approaches to engagement. This is considered at regular meetings of the Integrated Risk Management Committee (IRMC). In addition, the Sustainability Committee (SC) continued overseeing the key managers’ engagement practices, as outlined in Section 3 below.

In 2022, following the introduction of DWP’s guidance, the Trustee set stewardship priorities to focus monitoring and engagement with its investment managers on specific environmental, social and governance (“ESG”) factors. These are: climate risk, board diversity, and modern slavery & human trafficking. These priorities were selected because the Trustee believes they are key market-wide risks and areas where good stewardship and engagement can improve long-term financial outcomes for the Scheme’s members. In March 2025, the SC reviewed the Scheme’s stewardship priorities and the Trustee agreed to retain them.

More information on the Trustee’s position on these topics is set out in the Scheme’s Responsible Investment Policy which is available at <https://mysantanderpension.co.uk/resources/documents/index.html>.

3. Engagement oversight

The SC has identified the investment grade credit mandates managed by PIMCO Europe Ltd (“PIMCO”) and Legal & General Investment Management (“LGIM”) as key for its engagement oversight. These mandates were chosen based on their size, their expected investment period, and the opportunities for influence through engagement.

The Trustee has agreed that the SC will meet with PIMCO and LGIM on an annual basis, to discuss a variety of topics, including engagement examples for the Trustee’s stewardship priorities, their overall engagement approach, their engagement policies and mandate-level engagement during the previous year. The SC met with PIMCO in September 2024 and LGIM in November 2024.

The Trustee is conscious that responsible investment, including engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the SC aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

To the extent that the SC’s monitoring identifies any concerns, the SC will engage with the manager to seek improvements that address the concerns, with support from the Central Pensions Unit (CPU) – a team within Santander UK plc which supports the Trustee – and the Trustee’s advisers. The Trustee has agreed an escalation process if satisfactory progress is not made within an appropriate timescale, which ultimately includes the option of terminating the mandate.

The Trustee formally communicated its stewardship priorities and its monitoring process to its key managers in September 2023.

3.1 Summary of engagement activity over the Scheme Year

The SC received presentations from LGIM and PIMCO, during which they discussed several topics with the managers, with a particular focus on the Scheme’s stewardship priorities.

PIMCO outlined its sustainable investment approach, gave examples of its engagement, and provided an update on its progress towards the Scheme’s net zero target.

LGIM outlined its stewardship approach and shared examples of engagement, including where initial efforts had been challenging but then LGIM publicly announcing divestment under its Climate Impact Pledge prompted a swift response. It also reported on progress toward the Scheme’s net zero target.

4. Description of voting behaviour during the Scheme Year

The Scheme no longer has any investments in listed equity funds. The Trustee has therefore not made an expression of wish with regards to voting, not used proxy voting services, nor communicated its definition of significant vote to its investment managers. No votes during the year were considered significant due to the nature of the mandates and limited voting activity.

Investment managers in asset classes other than listed equities were asked about their voting opportunities during the Scheme year; however, all but one of the managers replied that voting was not applicable to the Scheme’s mandates or there were no opportunities during the year. The exception relates to a private markets mandate where the manager is represented on the Board of Directors of portfolio companies and votes in that capacity, but when asked for information on this voting activity, it was not able to report any aspect (including whether it considered the votes to be significant, outcomes of the votes, and whether votes were cast in line with its voting policy) due to confidentiality. It is therefore not possible to assess whether the managers’ voting behaviour was aligned with the Scheme’s stewardship priorities, although it has noted that in general terms it has engaged on all three to some extent.

Mandates with <1% of the Scheme’s total assets invested were not reviewed on materiality grounds. This includes Additional Voluntary Contributions (“AVCs”) made by some members to supplement the benefits they receive at retirement.

5. Management of investment-related conflicts of interest

The Trustee maintains a formal conflicts policy, which sets out how conflicts and potential conflicts are identified, assessed and managed. This includes specific references to investment conflicts, as well as monitoring and managing the conflicts of third-party advisers. Conflicts are monitored as a standing item on every Board and Committee agenda, and recorded in a register of interest, which is also reviewed as a standing item on every Board

and Committee agenda. Annual confirmations are obtained from advisers on conflicts and the induction process for new trustees includes a specific reference to conflicts.

The Trustee has established a set of investment beliefs, which form a part of the decision-making process for all investments. As part of these beliefs, the Trustee acknowledges that the alignment of interests is likely to lead to better outcomes and so potential conflicts of interest should be identified, minimised and monitored.