Implementation Statement, covering the Scheme Year from 1 April 2025 to 31 March 2026

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/assets/documents/scheme_documents/sip_26.pdf.

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.

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. The SIP in place during the year was agreed in November 2024.

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[1] 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, although the Trustee considered the stewardship credentials of a range of insurers as part of an exercise to insure some of the Scheme's benefits through a bulk annuity contract (with a decision made shortly after the year end). This included asking the shortlisted insurers some questions about the Scheme's stewardship priorities and comparing the quality of their responses.

The Trustee took a number of steps to monitor the Scheme's existing managers and funds over the period. This includes discussing examples of engagements the LDI and investment grade credit managers have undertaken and, where appropriate, potential follow up actions the Trustee could take. Further details are provided in section 3.1.

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. These priorities were last reviewed in March 2025, when the Sustainability Committee agreed to include biodiversity loss and just transition aspects when discussing climate risk with investment managers. The priorities remained unchanged during the Scheme Year and are next due to be reviewed in September 2026.

[1] Stewardship is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries. It is often implemented via engagement with investee companies and exercising voting rights.

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/assets/documents/scheme_documents/responsible_investment_policy_2025.pdf .

3. Engagement oversight

The SC has identified the investment grade credit mandates managed by PIMCO Europe Ltd ("PIMCO") and Legal & General Asset Management ("L&G") 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 normally meet with PIMCO and L&G on an annual basis, to discuss a variety of topics, including engagement examples for the Trustee's stewardship priorities, the managers' overall engagement approach, their engagement policies and mandate-level engagement statistics during the previous year. The SC met with PIMCO in June 2025 and March 2026, and L&G in September 2025.

The Trustee is conscious that ESG and stewardship practices are evolving and therefore expects most managers will have areas where they could improve. Therefore, the SC aims to have an ongoing dialogue with key 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 L&G and PIMCO, during which they discussed several topics with the managers, with a particular focus on the Scheme's stewardship priorities.

L&G outlined its stewardship approach and shared examples of engagement and policy advocacy across climate and wider sustainability themes, including board diversity, human rights and antimicrobial resistance.

PIMCO provided examples of stewardship and engagement activity, particularly in relation to climate but also other sustainability themes including deforestation and human rights. At the March 2026 meeting, the SC agreed that it should engage with PIMCO to request clearer climate metrics reporting, and this was actioned after the Scheme year end.

During the Scheme year, at the SC's request, the Trustee's sustainability adviser and CPU engaged with the Scheme's existing bulk annuity provider on the availability and quality of reported climate metrics.

4. Description of voting behaviour during the Scheme Year

The Scheme no longer has any investments in listed equities. 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 votes to its investment managers.

Investment managers in asset classes other than listed equities were asked about their voting opportunities during the Scheme year. All managers replied that voting was not applicable to the Scheme's mandates or there were no opportunities during the year. Hence there were no significant votes during the year.

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 interests, 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 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.