

Task Force
on Climate-
Related Financial
Disclosures (TCFD)
Entity-Level Report
for 2024

Santander Asset
Management UK
Limited



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Compliance statement

The disclosures contained within this Task Force on Climate-Related Financial Disclosures ("TCFD") entity-level report for Santander Asset Management UK Limited ("SAM UK" or the "firm") (including any third party / Group disclosures cross-referenced in it), are designed to comply with the requirements for the disclosure of climate-related financial information set out in Chapter 2 of the Financial Conduct Authority's ("FCA") Environmental, Social and Governance (ESG) Sourcebook.

Date: 26 June 2025

Cassandra Waller

Chief Executive Officer



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Introduction

SAM UK is an asset manager who provides investment management solutions to end retail clients and global institutions directly and on a delegated basis via other investment managers (approximately 67% of SAM UK's total assets under management ("AUM") are delegated to other investment managers).

SAM UK, as part of SAM Investment Holdings, S.L ("SAM" - the Group's asset management business that is part of the Group's Wealth Management and Insurance Division), has a fiduciary duty to act in the long-term interests of its clients. Accordingly, SAM UK considers that it is necessary to address financial and non-financial aspects to assist when making investment decisions.

SAM believes that climate-related factors may represent risks and opportunities for businesses, which have an impact on the long-term risk and return profile of investment portfolios. In analysing climate risk, there can be a better understanding of assets invested in, recognising issuers that are better positioned to face future challenges, the ability to tap into new opportunities and the possibility to create value for businesses and society.

SAM UK is subject to the FCA's rules and guidance for asset managers to make disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). In this regard, SAM UK supports the Financial Stability Board's TCFD recommendations as a leading framework for managing and reporting on climate change.

This is the second year SAM UK has published its TCFD entity-level report. This report presents the oversight framework and processes designed to seek to ensure that, where relevant and/or possible, climate-related risks and opportunities pertinent to SAM UK are addressed. In addition to this, reasonable steps have been taken (where relevant and/or possible), to reflect sections C and D of the TCFD annex entitled "Guidance for All Sectors and Asset Managers". SAM UK recognises (in line with other industry participants) that climate-related disclosures and reporting are evolving and will look to develop its disclosures and reporting accordingly.

The information included in this entity-level report refers to the year ended 31st December 2024. When reading this TCFD entity-level report please note that:

- SAM UK does not manage any funds with specific ESG or climate targets and does not apply quantitative scenario analysis metrics in the investment or risk decision making processes. In June 2024, SAM UK launched a new fund range (the "MyWealth range") which, whilst not having defined ESG / climate related targets as part of their investment objectives, integrates ESG factors as part of its overall risk management strategy.
- For the last reporting period SAM UK managed a segregated mandate with an ESG target, as well as some segregated mandates which included ESG risk integration as part of their overall risk management strategies. After production of last year's entity-level report disclosure, management of these mandates no longer sits with SAM UK, and has been transferred to another entity within the SAM Group.

Summary TCFD Disclosure

1) Governance: covering

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- Oversight of climate-related risks and opportunities
- Assessing and managing climate-related risks and opportunities

2) Strategy: covering

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- The climate-related risks and opportunities the organisation has identified over the short, medium, and long term
- The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

3) Risk Management: covering

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- The organisation's processes for identifying and assessing climate-related risks
- The organisation's processes for managing climate-related risks
- Processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

4) Metrics and Targets: covering

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- The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
- The targets used by the organisation to manage climate-related risks and opportunities and performance against targets

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Governance

SAM UK's board of directors (the "Board") remain responsible for the firm's long-term success with the day-to-day management of the firm being the responsibility of the CEO.

The Board has two committees reporting to it to assist it with its work. The committees are responsible for remuneration (the "Remuneration Committee") and fund related matters (the "AFM Committee"). To assist the CEO, an executive committee is in place which considers product, investment, operational and other risk matters, receiving reports from forums (and their working groups) responsible for these areas. Climate-related risks and opportunities are relevant for different SAM UK governance groups to consider.

Work has and is being carried out by SAM UK to embed and evolve the consideration of climate-related risks and opportunities by relevant committees and forums. This work continues to involve:

- Reviewing and updating of terms of reference.
- Reviewing and updating committee, forum and individual roles and responsibilities.
- Training for staff and the Board on climate-related risks and opportunities.
- Reviewing and updating reporting to governance, which may include:
 - Climate-related MI relevant to investment portfolios (such as reporting exceptions e.g. high exposures).
 - Assurance related to SAM and SAM UK ESG policies.
 - ESG (including climate) risk and related commitments.

This approach will help SAM UK to integrate, oversee and escalate climate-related risk and opportunities (and other ESG risks and opportunities) into investment decisions taken on behalf of and for its clients.

Global Governance of Socially Responsible Investment

SAM has a robust Socially Responsible Investment ("SRI") governance framework, emphasising accountability at every level, and allowing executive, senior, and managerial leadership to effectively incorporate climate considerations into our strategic planning, decision-making, and operational procedures. SAM's main governance bodies are the:

- **Wealth Management & Insurance Division ESG Forum:** the forum is comprised of, among others, SAM's CEO, CIO, Global Head of ESG, the SRI team, representatives of Private Banking and Insurance, and is chaired by the Head of Wealth Management. It is responsible for approving and overseeing the compliance with SRI strategy at a divisional level.
- **SRI Strategy and Oversight Forum:** members of this forum include SAM's CEOs and CIOs (in Latin America and Europe, including the UK), representatives from SAM's Product, Legal, and Global Risk and Compliance areas, and the SRI team; it is chaired by SAM's global CIO. Its mission is to supervise and coordinate SAM's SRI strategy, and to monitor and oversee all activities related to the implementation of SRI at SAM, including SAM UK.
- **SRI team:** SAM has a global team of SRI experts entrusted with developing and implementing ESG methodology, implementing engagement and voting actions, and developing SRI policies in line with rules in the jurisdictions that business is conducted in. It is made up of professionals with extensive experience in SRI and is multidisciplinary. There is also a local network of ESG experts for each of the geographies in which SAM operates. SAM UK works with the SRI team to consider climate-related risks and opportunities, where relevant, in managing or administering investments on behalf of its clients.

Policy framework

In addition to the governance framework, a range of Santander Group, SAM and SAM UK policies are in place which are kept under review to seek to:

- Protect employees and provide a safe working environment.
- Ensure compliance with applicable laws and regulatory requirements.
- Adhere to professional and ethical standards in dealing with clients, and end customers, suppliers and colleagues.
- Ensure business continues to operate in a socially responsible and compliant manner whilst looking to manage environmental sustainability.

Santander Group establishes ESG policies, procedures and guidelines on ESG that adapt to local regulations and apply to all units. These policies are systematically reviewed for adopting ESG standards according to international best practice and are available at: <https://www.santander.com/en/our-approach/policies>. Within this policy framework, the following have been highlighted for their relevance in the definition and methodological development of ESG risk integration:

- Santander Group's Responsible Banking and Sustainability Policy: where the Group is committed to considering both the environmental impact, as well as its banking and financial activity. It is also committed to complying with the best practices and regulatory requirements in the treatment of its stakeholders. This policy identifies the Santander Group's Responsible Banking, Sustainability and Culture Committee together with the Responsible Banking Forum as the governing bodies responsible for the correct implementation of this policy.
- Santander Group's Environmental, Social & Climate Change Risk Management Policy: which establishes the criteria of the Santander Group in relation to the identification, evaluation, monitoring and management of environmental and social risks that may occur, among others, derived from investment in the oil and gas sectors, electricity generation and transport, mining, metallurgy and soft commodities. The responsibility for interpreting this policy falls on the ESG risk function and the owner is the board of directors of Banco Santander. Derived from this policy, SAM has globally implemented restricted lists, which prevent all SAM portfolios (including SAM UK) from having exposure to certain ESG related investments.

SAM also has SRI-related policies and procedures that serve as the basis for the definition and methodological implementation of its SRI strategy available on the web: <https://www.santanderassetmanagement.com/sustainability#> and in the corresponding internal procedures described below:

- SAM's Socially Responsible Investment Policy: defines the application of SRI in SAM, and defines the criteria considered in the integration of ESG variables in the process of analysis and investment decision-making. It also incorporates relevant aspects within the SRI and as part of its fiduciary duty, such as the exercise of the right to vote and engagement, which, in turn, are developed in detail in corresponding policies.
- SAM's Engagement Policy: describes the principles followed by SAM in relation to ESG dialogue activities, either individually or through collaborative engagement initiatives, with the companies in which it invests, or on which it has an interest in investing. This policy includes details on the organisational structure and follow-up of engagement detailing the responsibilities of the SRI team along with the forums that monitor these activities.
- SAM's Voting Policy: describes the principles followed by SAM regarding the execution of the voting rights of listed companies in which investment vehicles hold open positions. These principles meet high-level standards regarding the exercise of voting rights linked to managed assets. This policy describes the responsibilities and governing bodies in the voting process, with the SRI team being the main coordinator of the voting process.

- SAM's Sustainability Risk Integration Procedure: sets out how SAM establishes the criteria and procedures to be followed for the identification, evaluation, tracking and management of ESG risks in the investment analysis and decision-making process and as part of its fiduciary duty. For instance, in the case of SAM UK, the procedure defines the approval process of external funds available for investment, including for SAM UK. Specifically, where SAM UK seeks to invest in a new external fund, the SRI team and the SAM UK portfolio managers work together to assess whether the funds are suitable for investment from a TCFD and broader ESG perspective.

At this point, it is important to note that, where SAM UK appoints third party investment managers ("TPIMs") to manage a fund's portfolio on a delegated basis, the TPIMs have discretion to act in line with their own internal policies with regards to stewardship, engagement and voting. As part of SAM UK's initial and ongoing due diligence, it reviews TPIMs' arrangements against its own internal policy, to assess alignment. When choosing TPIMs, due diligence performed includes consideration of a prospective TPIM's ESG credentials and voting policies.

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Strategy

Introduction to SAM UK Strategy

As a UK based asset manager, SAM UK's focus is to serve its clients and manage its funds and solutions in line with their investment objectives and mandates. SAM UK recognises that climate plays an important role in delivering financial outcomes and optimising the investment returns defined in the fund prospectus or investment mandate for SAM UK funds with and without specific ESG or climate targets. As mentioned in the introduction, as of 31st December 2024, (the date at which metrics are presented), whilst SAM UK does not have any funds with specific ESG or climate targets, it has four funds (the "MyWealth Range") which launched subsequent to last years' report, integrating ESG factors as part of its overall risk management strategy.

As SAM UK continues to embed and evolve the consideration of climate-related risks and opportunities in its strategy, its intention is to work closely with both existing and new clients to support their climate transition efforts, capturing their requirements and aligning its practices, policies and products to fit their evolving needs.

In the meantime, SAM UK will continue to support the delivery of both Santander Group and SAM's global objectives described below and understand how the climate strategy and objectives of the Group and SAM apply to it. Separately, where appropriate, local approaches are also in place.

Our Net Zero Ambition

Santander Group is aiming to achieve net zero ("NZ") in carbon emissions by 2050. Building on this ambition the Group has a four-pronged approach to climate strategy to support the green transition by:

1. Aligning portfolios with the Paris Agreement (a legally binding international treaty on climate change adopted at the UN Climate Change Conference (COP21) that entered into force on 4th November 2016).
2. Supporting clients in the transition.
3. Reducing its environmental impact.
4. Embedding climate-related risk in risk management activities.

More information can be found in the Group's annually updated annual report, the current version of which can be found at **Annual Report | Shareholders and Investors | Santander Bank**

In line with the Group's ambition, in 2020, SAM joined the Institutional Investors Group on Climate Change ("IIGCC") to foster collaboration among investors on climate change, support and help define public policies, corporate behaviours, and investment practices that address the long-term risks and opportunities associated with climate change.

In March 2021, SAM joined the global Net Zero Asset Managers (NZAM) initiative and has committed to achieving NZ greenhouse gas emissions by 2050 in line with efforts to limit global warming to 1.5°C. Based on this commitment, SAM scrutinised portfolios in ten geographies to gauge its initial carbon footprint. After engaging with local investment teams to analyse the climate plans of companies in our portfolio, SAM set a 2030 interim target to reduce net emissions by half for 50% of AUM in-scope¹.

To ensure transparency and rigorous accountability, SAM publicly discloses its activities and progress toward achieving NZ through the annual report as a signatory of PRI and its SRI report.

In terms of stewardship, SAM also aims to ensure that 90% of its emissions financed in material sectors are under engagement actions or aligned with the net zero decarbonisation path established by IIGCC by 2030. As part of this strategy, SAM has participated as co-leader in the framework of Climate Action 100+, has also participated in the collaborative Net Zero Engagement Initiative by IIGCC, and has implemented actions of individual engagement in this matter. In addition, SAM has worked on the assessment of issuers according to the climate maturity scale defined by the IIGCC Net Zero Investment Framework with the aim of evaluating the progress made by issuers in the net zero transition and identifying areas that may require greater engagement involvement.

Lastly climate change is integrated into SAM's ESG analysis model including aspects such as climate risk exposure. For this evaluation, SAM uses the information provided by external data providers, incorporating it into its own valuation methodology.

SAM UK's approach

SAM UK recognises that climate change is one of the biggest challenges facing society and the response from the asset management industry is constantly evolving. This will influence how SAM UK responds to climate-related risks and opportunities as SAM UK continues to improve the way it manages and reports on them.

¹Assets in scope represent 54% of the total SAM assets that currently have a net zero methodology defined and currently carbon metrics are available for 50% of them. This target may be revised upward at least once every five years depending on the availability of data.

As highlighted earlier, SAM UK, as part of SAM (as manager of €231bn of assets), will seek to play an active role to support the overall Group strategy.

This will be delivered over time through the alignment of policy and adoption of global tools, which will facilitate SAM UK's delivery of portfolio and risk management to support its contribution to Group and SAM climate strategy and objectives. Working in partnership with the SRI Team, SAM UK expects to evolve its approach and product offering to meet clients' investment needs, embedding climate related risks and opportunities into risk management process whilst supporting clients in their transition.

Looking forward, as SAM UK, local ESG and climate risk policies develop, its leadership team will seek to evolve its arrangements to capture implications for its clients, products and services, operations and people.

Climate-Related Risks and Opportunities

SAM UK considers that climate-related and environmental risk management is key if it is to deliver its strategy and meet its commitments.

As stewards of its clients' capital, SAM UK needs to assess the potential impact of environmental and climate-related risks and opportunities on their investments. SAM UK considers climate related risks and opportunities from both an entity level and investment management perspective and will seek to continually evolve and refine the way each risk and opportunity is considered.

The table below considers SAM UK's current risk framework which maps how climate factors could impact those risks, as well as highlighting SAM UK's intended response and the time frame over which SAM UK is considering that impact. These physical and transition risks could extend beyond the reach of its existing risk framework and across a range of time horizons. For that reason, SAM UK intends to pay particular attention to physical risks arising from severe or long-lasting climate change and transition risks prompted by changes in legislation, technology or market trends.

Existing Risk	Additional Climate Factors	Potential impact of climate factors	What SAM UK intends to do	Time Horizon*
Market risk	Transition	Exposure of holdings to transitional risks includes: Higher volatility in market factors under stress scenarios. Changes in market perception leading to wider credit spreads for business in impacted sectors. Unsuccessful investment in new technologies.	Investment management related actions: Look to establish climate factors to incorporate in stress test scenarios. Seek to review and report stress results in line with good market practice.	Long term

*Time horizon defined as short-term: up to 1 year, Medium-term: 1 to 5 years, Long-term: ≥ 5 years.

Existing Risk	Additional Climate Factors	Potential impact of climate factors	What SAM UK intends to do	Time Horizon*
Operational Risk	Physical and transition	<p>Acute risks derived from severe weather events as well as chronic climate risks such as change in the precipitation patterns can cause damage to assets, including UK office buildings and data centres. It can also affect business continuity, including processes and staff.</p> <p>In terms of transition risks, losses from litigation, for example, if an asset manager is perceived to have misrepresented sustainability-related practices.</p>	<p>Entity level related actions:</p> <p>Enhancements to risk event, risk appetite, issue management and capital adequacy processes as well as through operational resilience activities.</p>	Short, medium and long term
Reputational Risk	Transition	<p>Investors and other stakeholders who perceive asset managers are not doing enough to meet industry wide carbon targets or public commitments can pose a reputational risk.</p> <p>Misrepresenting or misleading investors or other stakeholders, via the declarations, actions, communications, policies or sustainability characteristics of products or behaviours.</p> <p>Exposure to litigation.</p>	<p>Investment management and entity level related actions:</p> <p>Continue to ensure that all customer facing documentation is clear on SAM UK's position and approach to carbon targets and other climate related matters.</p> <p>Further assess its approach to climate related matters, in line with Group policy.</p>	Short, medium and long term
Strategic Risk	Transition	Failure to meet public targets and commitments.	<p>Investment management and entity level related actions:</p> <p>Work with global colleagues, to support group climate change commitments.</p>	Short, medium and long term
Policy & Legal Risk	Transition	<p>Increased pricing of Greenhouse Gas emissions.</p> <p>Enhanced emissions-reporting obligations.</p> <p>Mandates on and regulation of existing products and services.</p>	<p>Investment management and entity level related actions:</p> <p>Continue to support and understand how the climate strategy and objectives of the Group and SAM apply to SAM UK both at entity and product levels.</p>	Short and medium term

*Time horizon defined as short-term: up to 1 year, Medium-term: 1 to 5 years, Long-term: ≥ 5 years.

SAM UK recognises that the 3 top climate-related opportunities identified by SAM will resonate with its clients. The table below shares these opportunities, SAM UK's intentions and the time horizon over which these opportunities are being considered.

Opportunities to capture	Financial Impact	What we intend to do	Time Horizon*
The shift in preferences for new lower carbon focussed products and services	There are significant revenue opportunities derived from new and increased demand for lower carbon products and services as well as those that feature improved sustainability credentials.	<p>Investment management related actions:</p> <p>Capture the evolving needs and objectives of customers with low carbon products.</p> <p>Further assess its approach to climate related matters, in line with Group policy.</p>	Medium and long term

*Time horizon defined as short-term: up to 1 year, Medium-term: 1 to 5 years, Long-term: ≥ 5 years.

Opportunities to capture	Financial Impact	What we intend to do	Time Horizon*
Revision in regulation to support climate change	Changes in regulation that positively impact the outlook for assets or holdings SAM UK invests in.	Investment management and entity level related actions: Contribute to SAM and industry initiatives to support positive climate change.	Short, medium and long term
Improved efficiency of buildings, transport and technology, greater use of lower –emission energy sources	Greater efficiency and the adoption of new technologies can reduce operational costs and enhance the working environment for staff. Reduced energy cost volatility, improved profitability via government subsidies and policy incentives to support transition path.	Entity level related actions: Identify improvement opportunities through refurbishment plans and consolidation of premises where efficiencies lie. Assess the impact of business travel policies and flexible working practices, reducing net environmental impact though greater use of virtual connections.	Short, medium and long term

*Time horizon defined as short-term: up to 1 year, Medium-term: 1 to 5 years, Long-term: ≥ 5 years.

SAM UK recognises that it has the opportunity to benefit from the experience of SAM, who has established policies and processes in place to address how these risks and opportunities impact the economy, clients and its business and will seek to emulate this approach over time. As the comparative landscape develops, metrics will become more meaningful than those created at a specific point in time and considered in isolation.

The intention is to work closely with SAM, as well as clients, to integrate climate related risks and opportunities into the investment process over time. These forward-looking metrics are a key part of this process, and SAM UK will be looking to utilise, and improve these values to inform their approach and strategy in the future.

Climate Scenario Analysis

Climate scenario analysis is a crucial tool that enables the evaluation of different pathways for an economy's transformation. This includes exploring scenarios where no transition occurs, as well as scenarios where transition occurs at different rates and intensities. In this regard, we have constructed our climate analysis following the criteria established in the scenarios provided by the Network for Greening the Financial System ("NGFS"). Each scenario envisions potential future outcomes by considering hypothetical assumptions related to socioeconomic developments and geophysical conditions defined as follows:

- **Orderly transition** – Net Zero by 2050: To limit global temperature rise to around 1.5°C by 2100, an orderly transition requires early and progressively stricter climate policies. This scenario aligns with the Paris Agreement and requires immediate action to curb emissions. As policy interventions are implemented early and gradually, physical risk is assumed to be minimal.

- **Disorderly** – Delayed Transition: This scenario, while limiting global warming to 1.8°C by 2100, carries higher physical risks due to delayed climate action until 2030. The delayed response requires aggressive policy measures to achieve this target. In contrast, a disorderly transition scenario paints a far more difficult picture, making it significantly harder to meet the Paris Agreement goals.
- **Hot House World** – Current Policies: Under this scenario, global mean surface temperatures are projected to rise by around 3.3°C by 2100. This assumes that while some regions implement climate policies, global efforts remain inadequate. It simulates a situation where only existing policies are implemented, fails to meet the Paris Agreement's climate targets, resulting in significant physical risks over the coming decades.

SAM UK has monitored these forward-looking metrics as part of this TCFD entity-level report. SAM UK has utilised Blackrock's Aladdin Climate module to develop an approach to understanding its funds' exposure to climate risks and opportunities.

Based on the outcomes of these scenarios, SAM UK has estimated the climate adjusted value ("CAV") estimates the potential adjusted value of the assets in the fund, should each climate scenario play out. For example, a negative estimate for a fund might indicate that there is potential devaluation in the adjusted value of the fund under a specific scenario. The constituent parts of CAV, namely transition risk factors, transitional climate adjusted value ("TCAV") and physical risk factors, physical climate adjusted value ("PCAV") have been reported in the section 6 of this entity-level report.

While climate scenario analysis is still in its early stages, its outputs represent the best available models for evaluating long-term impacts. However, caution is advised when interpreting the model outputs due to their inherent uncertainty and distant time frames. These outputs are projections, not forecasts, and rely on assumptions with uncertain elements. Consequently, actual future conditions may deviate significantly from these projections.

In addition, SAM UK has also calculated the implied temperature alignment ("ITA") metric to assess the global warming potential of the investments that its funds hold. This metric evaluates the climate performance of each portfolio's issuer by comparing its historical and projected emissions intensity to the NGFS scenario benchmarks. In this case, the reported metric is estimated under the NGFS Nationally Determined Contributions ("NDCs") climate scenario, where it is assumed that slow technology changes with small regional policy updates to those currently implemented based on NDCs, will result in high physical risks and a global temperature rise by approximately 2.5°C by 2100. The model also considers whether a company has made any decarbonisation commitments captured by Science Based Targets Initiative ("SBTi") or Carbon Disclosure Project ("CDP") or via public company disclosures.

Implied temperature alignment is a rapidly evolving metric and indicating the probable implied temperature rise associated with a fund's investments is a very complex process. For instance, the issuer calculation model only applies reduction targets to the specified target year due to a high uncertainty in longer term decarbonisation pathways. In addition to this, when not enough data is present at the issuer level to calculate this metric, it is proxied to the company's sub-industry level.

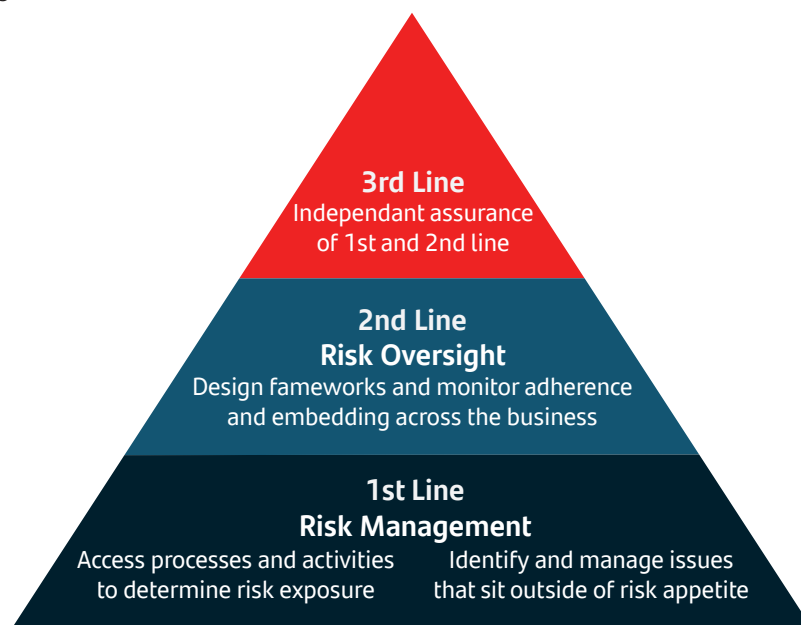


05

Risk Management

Effective climate and environmental risk management is key for SAM UK to deliver its strategy and meet commitments, particularly SAM's aim to achieve net zero carbon emissions by 2050. By embedding climate aspects in enterprise risk management practices, clear steps can be taken towards implementing the sustainability strategy to contribute to the transition to a low-carbon economy.

SAM UK's risk management framework sets out how, using a three lines of defence model, it identifies, assesses, manages, monitors, and reports on the risks to which its business, clients and wider society are, or could be, exposed to including climate and other sustainability related risks. Key responsibilities are assigned as set out in the diagram below.



To identify and manage material enterprise-wide risks, SAM UK runs risk identification and assessment exercises that cover the full range of financial and non-financial risks. It has made progress to embed both climate and environmental aspects into its risk management cycle and SAM UK will seek to continue to further capture these exposures through its ongoing assessments of risk exposure and

control effectiveness with incremental enhancements to its risk event, risk appetite, issue management and capital adequacy processes as well as through operational resilience activities.

SAM UK currently deems climate change a transversal risk that spans all categories, rather than a standalone consideration, with impacts already being felt. As a result, all assessment activity will consider these factors, with both the physical effects of acute events and chronic changes in the environment, as well as the consequences of the transition to a more sustainable economy (e.g., new legislation, new technology or changes in behaviour), being in scope.

A set of ESG "reference risks" have been established by the Group and adopted by SAM UK. These risks represent examples of issues that could impact SAM UK's strategic plans and consideration is given to the materiality of these from a financial, regulatory and reputational perspective.

In addition to those specific risks, over various time horizons existing risks could be made worse by climate change and environmental factors. Therefore, consideration is also given to the impact these factors may have on existing processes and local risks identified through SAM UK's established practices.

Climate considerations form a part of the business continuity and operational resilience planning activities in SAM UK. Assessments are made of the risk and threats that may arise because of a variety of climate related hazards. This activity is supported by the in-house Ark@ tool and supports SAM UK in identifying, managing, and assessing climate and environmental risks and subsequently targeting business impact assessments and incident response plans to areas that may be most affected by these.

Further enhancements to the frameworks and processes employed by SAM UK to manage risk are planned, that will seek continue to bolster the steps already taken, such as the change to the recording of risk events in 2024 where it has aligned to Group approaches that allow for the ability to tag ESG-related events. These enhancements include, but are not limited to; full review of risk taxonomies to clearly capture and highlight climate and environmental factors; consideration of whether, and how, climate factors could be incorporated into organisation risk appetite; embedding of a revised Group approach to third-party risk management oversight and certification; and development of the oversight capabilities and responsibilities to confirm adequate embedding of ESG policies, processes and methodologies within the business, including investment processes.

As noted in Climate Risks and Opportunities (section 4), SAM UK considers these both from an entity level and investment management perspective. SAM UK recognises that it has the opportunity to benefit from the experience of SAM, who has established policies and processes in place to address how these risks impact the economy, clients and its business.

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Metrics and Targets

The development of emissions accounting and science-based decarbonization target methodologies is a rapidly evolving field that continues to advance to support climate change mitigation goals. In this regard, SAM UK will continue to develop data capabilities to meet regulatory obligations and client demand.

In the tables below, an overview of the metrics used with regards to TCFD disclosure are set out. These metrics are an aggregate for all funds managed by SAM UK, which are in scope of TCFD reporting. For product specific data, please refer to the relevant product report in the SAM UK Fund Centre <https://www.santanderassetmanagement.co.uk/tools#/fund-centre>

Due to the evolving nature of carbon metrics and methodologies, there may be some occurrences where aggregated data coverage does not generate numbers that provide meaningful reporting. With a view to provide transparency regarding the climate related impacts of investments, SAM UK has adopted a principle to report on all metrics, irrespective of the percentage of portfolio assets that are covered by each of the metrics. However, to assist in providing information that is fair, clear, and not potentially misleading, for metrics where the coverage is below 50%, additional narrative to contextualise limitations to this data will be provided. Over time, it is anticipated that the percentage of assets where carbon related information is available will increase, as methodologies and reporting disclosures continue to evolve and improve.

Emissions Metrics

For the emissions metrics (financed emissions, weighted average carbon intensity, carbon footprint and carbon intensive sector exposure), the data has been sourced from the ESG data provider Clarity AI. This data reflects the values reported by companies through their non-financial annual reports, or the responses they provided to reference questionnaires, such as CDP. When emissions have not been reported, Clarity AI has used a proprietary emission estimation model. Climate metrics for third-party funds have been calculated by SAM UK based on the underlying holdings of each fund, using data provided by Morningstar. For sovereign emissions, the data provider estimates 100% of this data from a proprietary model that uses data from public sources such as United Nations Framework Convention on Climate Change ("UNFCCC") and The Organisation for Economic Co-operation and Development ("OECD").

Scope 1 Emissions:

- Corporates: Scope 1 Emissions are emissions that arise from sources that a company owns or controls directly. For example, this could be emissions that arise from company vehicles.
- Sovereigns: Domestic GHG emissions from sources located within the country territory. This aligns with the UNFCCC definition of domestic territorial emissions, including emissions from exported goods and services.

Scope 2 Emissions:

- Corporates: Scope 2 Emissions are emissions that a company causes indirectly and come from where the energy it purchases and uses is produced. For example, this could be emissions produced as a result of electricity usage from the company's office(s).
- Sovereigns: Scope 2 emissions occurring as a consequence of the domestic use of grid-supplied electricity, heat, steam and/or cooling which is imported from another territory.

Scope 3 Emissions:

- Corporates: Scope 3 emissions are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for up and down its value chain. Scope 3 GHG emissions poses methodological challenges, such as establishing clear boundaries in a company's value chain. In practice, this can cause an overlap in reporting boundaries due to an organisation's involvement at multiple points in the life cycle of products and can result in double counting. For example, this could be emissions that arise as a result of the company buying products from its suppliers.
- Sovereigns: Scope 3 Emissions attributable to non-energy imports as a result of activities taking place within the country territory.

All metrics presented are as at 31st December 2024.

Metric	Usage and Description		
Financed Emissions	<p>Financed emissions represents the total greenhouse gas ("GHG") emissions associated with the fund. The larger the number, the more the fund is contributing to the effects of climate change as at the calculation date. This metric is consistent with the GHG Protocol and widely used frameworks (see glossary for further detail), and therefore provides a consistent approach between firms and companies. Financed emissions is categorised into 3 distinct scopes. For further information regarding how financed emissions is calculated, please refer to the glossary.</p> <p>The in-scope assets here are corporate fixed income (bonds issues by companies) and equities, as well as third-party funds that invest in corporate fixed income and equities (i.e. where exposure to these asset classes is obtained indirectly). Exposure to sovereign related assets is not included in the figures below.</p>		
	YE 2024	Unit	Coverage
Scope 1 and 2	156,676.04	tCO ₂	68.31%
Scope 3	2,311,608.55	tCO ₂	66.54%
Weighted Average Carbon Intensity	<p>Weighted average carbon intensity ("WACI") represents the total GHG emissions of the entity's underlying funds (measured in tons of CO₂e) divided by a normalisation factor. For corporate constituents, this normalisation factor is €1m company revenue. For sovereign constituents, this normalisation factor is €m of country gross domestic product ("GDP"). The larger the number, the more carbon-intensive the investments of the entity are as at the calculation date.</p> <p>When compared to financed emissions, WACI allows for comparability between firms, as dividing the carbon intensity of the investments by the revenues of the underlying companies, or GDP of the underlying sovereign nations, allows for a like-for-like comparison. However, this metric tends to favour companies with higher pricing levels relative to their peers and can also be sensitive to outliers. Furthermore, accurately calculating scope 3 emissions also poses methodological challenges (please refer to glossary for further details).</p> <p>SAM UK has also taken a view to provide WACI as a combination of its scope 1, 2 and 3 constituents (for both corporates and sovereigns). This should be taken in context if a comparison is made against other entities where scopes 1 and 2, and scope 3 are reported separately.</p> <p>As captured in the data table below, WACI arising from corporate and sovereign constituents has been separated; as the normalisation factor for each is different, we feel that providing a single combined metric would likely give an unclear, unfair or potentially misleading view as to the WACI figure of the entity. Whilst there is not yet consensus on which intensity metrics to use when determining emissions intensity for sovereign assets, to aid transparency 6.84% of AuM is in sovereign assets, and 93.16% in non-sovereign assets .</p>		
	YE 2024	Unit	Coverage
Scope 1, 2 and 3 - Corporates	1,004.29	tCO ₂ /€m revenue	66.57%
Scope 1, 2 and 3 - Sovereigns	24.47	tCO ₂ /€m country GDP	90.17%

Metric	Usage and Description			
Carbon Footprint	Carbon footprint represents the GHG emissions of the fund (measured in tons of CO ₂ e), divided by the fund's AUM (measured in £m). As such, carbon footprint is very similar to WACI, however the method to standardise measurements between underlying funds is fund size, as opposed to the revenues of the underlying companies that the funds invest in. This metric does not consider differences in the size of companies (for example it does not consider the carbon efficiency of companies). Changes in underlying companies' market capitalisation can also be misinterpreted.			
	The in-scope assets here are corporate fixed income (bonds issues by companies) and equities, as well as third-party funds that invest in corporate fixed income and equities (i.e. where exposure to these asset classes is obtained indirectly). Sovereign exposure is excluded.			
		YE 2024	Unit	Coverage
	Scope 1 and 2	24.65	tCO ₂ /€m	68.31%
Scope 3	363.66	tCO ₂ /€m	66.54%	
Carbon Intensive Sector Exposure	Carbon intensive sector exposure refers to the extent to which the entity is exposed to sectors that are highly carbon-intensive (those which contribute the most towards climate change), such as fossil fuel extraction, refining, and power generation. The larger the number (expressed as % of the total fund), the more exposed the entity is to carbon intensive sectors as at the calculation date. SAM UK, defines carbon intensive sectors as per the Transition Pathway Initiative ("TPI") definition, further dividing these into sub-sectors as defined by the Industry Classification Benchmark ("ICB") methodology. For the full list of sectors SAM UK defines as carbon-intensive, please refer to the glossary.			
		YE 2024	Unit	Coverage
		15.55	%	100%*

*This figure is assessed across the eligible assets that fall under the carbon intensive sector definition. The eligible assets for assessing Carbon Intensive Sectors Exposure are corporate fixed income and shares.

Climate Metrics

SAM UK has made the decision, in line with regulatory guidance and best practice, to publish the climate metrics in this year's report. These metrics are complex in terms of the underlying methodology and have a less than 100% coverage of underlying portfolios due to the absence of available data points from third parties. The data has been sourced from Aladdin Climate built to quantify climate risks and opportunities in financial terms – the underlying emissions data they source is provided by Clarity AI. For third-party funds, SAM UK has calculated the climate metrics based on the underlying investments of each fund using Morningstar data.

This data may differ from the information that respective managers produce as part of their own TCFD disclosures given variation in data providers and methodologies. The usage of climate data within investment processes and stewardship activities may also vary among the external managers appointed by SAM UK.

Metric	Usage and descriptions		
Implied Temperature Alignment	Implied temperature alignment is a forward-looking metric, that estimates the temperature rise that would occur as a result of the GHG emissions associated with the fund's underlying investments. The larger the value, the worse the climate impact.		
	This metric is calculated to the year 2030, which enables SAM UK to track our progress towards its net zero 2050 target more effectively, allowing for better monitoring of our medium-term alignment to this commitment. Implied temperature alignment is a rapidly evolving metric and indicating the implied temperature rise associated with a fund's investments is a very complex process.		
	As an example, the issuer calculation model only applies reduction targets to the specified target year due to a high uncertainty in longer term decarbonisation pathways. In addition, when not enough data is present at the issuer level to calculate this metric, it is proxied to the company's sub-industry level.		
	YE 2024	Unit	Coverage
	2.22	°C	67.36%
Climate Adjusted Value	CAV estimates the potential decrease in the value of the assets of the fund as a result of climate change, when compared to an equivalent portfolio unaffected by climate change. Climate adjusted value is assessed under three distinct scenarios as defined by the NGFS (see glossary).		
	The data provided on CAV is split into TCAV and PCAV:		
	TCAV: - This reflects the potential impact on the portfolio's adjusted value as a result of society's transition to a lower-carbon economy regarding policies, technology, and other market channels. A positive TCAV under the orderly scenario means that the portfolio will be positively affected by the transition to NZ and transitioning can be seen as an opportunity. Similarly, a lower TCAV value under the orderly scenario demonstrates preparedness of the portfolio to face the required climate transition.		
	PCAV: This shows the potential adjusted value of the funds as a result of physical risks via both acute and chronic ways. Acute risks are sudden and event based, such extreme weather events, droughts and wildfires. Chronic risks are long-term and less apparent, such as sea level rise and soil degradation. To help understand this metric, when PCAV is substantially higher in a hothouse scenario than in the orderly/disorderly scenario, this can be interpreted as being more susceptible to physical climate as at a higher emissions level, the assets become more susceptible to physical damages from climate change.		
	YE 2024	Unit	Coverage
PCAV (Orderly)	-6.66	%	74.13%
PCAV (Disorderly)	-5.30	%	74.13%
PCAV (Hot House World)	-2.24	%	74.13%
TCAV (Orderly)	-6.66	%	74.13%
TCAV (Disorderly)	-5.30	%	74.13%
TCAV (Hot House World)	-2.24	%	74.13%

Targets

As previously discussed, the climate related targets are set at a both Santander Group and SAM level. Please see section 4 Strategy for further details. SAM UK will look to review the existing targets to seek to ensure they continue to be fit for purpose and are meeting the global organisation's climate related priorities.

Since SAM joined the NZAM initiative it has worked to fulfil its net zero commitment by 2050. However, there is still a way to go and work to do to make the 1.5- degree scenario a reality. While information to enhance portfolio carbon footprint analysis may need to be developed over time, SAM will continue to work closely with companies and governments in its core markets and remain open to sovereign net zero commitments. SAM will also continue to seek to promote the stewardship and advocacy initiatives that the asset management industry endorses in its core markets.

Historic Values

Financed Emissions			Weighted Average Carbon Intensity		Carbon Footprint	
Year	Scope 1 & 2	Scope 3	Corporate Scope 1, 2 & 3	Sovereign Scope 1, 2 & 3	Scope 1 & 2	Scope 3
2023	309,101.60 tCO ₂	2,887,189.60 tCO ₂	826.25 tCO ₂ /€m revenue	14.64 tCO ₂ /€m country GDP	44.53 tCO ₂ /€m	412.38 tCO ₂ /€m
2024	156,676.04 tCO ₂	2,311,608.55 tCO ₂	1,004.29 tCO ₂ /€m revenue	24.47 tCO ₂ /€m country GDP	24.65 tCO ₂ /€m	363.66 tCO ₂ /€m

Year	Carbon Intensive Sector Exposure	Implied Temperature Alignment	Physical Climate Adjusted Value			Transactional Climate Adjusted Value		
			Orderly	Disorderly	Hot House World	Orderly	Disorderly	Hot House World
2023	21.98%	2.25°C	-1.55%	-1.66%	-1.75%	-3.09%	-4.10%	0.00%
2024	15.55%	2.22°C	-6.66%	-5.30%	-2.24%	-6.66%	-5.30%	-2.24%



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Glossary²

Metric	Usage and Description
Financed Emissions	Financed emissions represents the total greenhouse gas ("GHG") emissions attributed to the fund arising from investee companies. This attribution factor is determined by dividing each investment's monetary value by each investee company's enterprise value, including cash. This factor is then multiplied by the company's total GHG emissions to produce the final financed emissions result. These metrics are consistent with the GHG protocol and the Global GHG Accounting & Reporting Standard developed by the Partnership for Carbon Accounting Financials ("PCAF") framework, and therefore provide a consistent approach between firms and companies. This metric is also helpful to track changes in GHG emissions performance of investee companies.
Sovereign Financed Emissions	Sovereign financed emissions represents the total GHG emissions attributable to the fund arising from sovereign borrowers. As for Financed Emissions for investee companies, these metrics are consistent with the GHG protocol and the Global GHG Accounting & Reporting Standard developed by the PCAF framework.
Total Carbon Footprint	<p>Carbon footprint is a measure of the fund's Financed Emissions relative to the amount invested, expressed in tons of CO₂e per £m invested. To calculate this metric, the portfolio's allocation to each individual holding is multiplied by the ratio of the investee company's normalised emissions to its enterprise value, including cash. Carbon footprint is assessed across scope 1, 2 and 3 emissions from the underlying companies in the fund.</p> <p>This metric allows for attribution analysis, decomposing the fund into its highest and lowest carbon generating constituents. However, this metric does not consider differences in the size of companies (e.g., does not consider the carbon efficiency of companies). Changes in underlying companies' market capitalisation can also be misinterpreted.</p>
Carbon Intensive Sector Exposure	<p>Carbon intensive sector exposure refers to the extent to which the fund is exposed to sectors that are highly carbon-intensive, such as fossil fuel extraction, refining, and power generation. The TCFD acknowledges that some industries are more likely to be financially impacted by climate change due to their exposure to transition and physical risks associated with these industries' operations and products. Carbon intensive sector exposure is calculated by dividing the value of the fund in carbon intensive sectors by the total value of the fund. SAM UK defines carbon intensive sectors as per the Transition Pathway Initiative ("TPI") definition, further dividing these into sub-sectors as per the Industry Classification Benchmark ("ICB") methodology. SAM UK views the following sectors as being carbon intensive:</p> <p>Airlines; Autos; Shipping; Coal Mining; Electricity Utilities; Oil & Gas; Aluminium; Paper; Cement; Steel; Chemicals; Food Producers; Oil & Gas Distribution; Diversified Mining; Other Industrials; Banks; Food.</p>
Weighted Average Carbon Intensity ('WACI') – Corporate Constituents	<p>Weighted average carbon intensity ("WACI") for corporate constituents measures the fund's GHG emissions divided by company revenue and is expressed in tons of CO₂e per €1m company revenue. The WACI is calculated by multiplying the weight of each company in the portfolio by its carbon-to-revenue intensity, and then summing the results. The larger the number, the more carbon intensive the investments are as at the assessment date. Company revenue here is assessed in €, as the calculation methodology aligns with EU SFDR regulations.</p> <p>WACI for corporate issues is assessed across scope 1, 2 and 3 emissions. As compared to financed emissions, assessing the WACI for corporate constituents allows for comparability between firms within a sector (normalising the carbon intensive sector exposure by revenue allows for a like-for-like comparison). However, this metric tends to favour companies with higher pricing levels relative to their peers and can also be sensitive to outliers. In addition, accurately calculating scope 3 emissions also poses methodological challenges as defined under "Scope 3 Financed Emissions" above. SAM UK has taken a view to provide WACI as a combination of its scope 1, 2 and 3 constituents. This should be taken in context if a comparison is made against other entities where scopes 1 and 2, and scope 3 are reported separately.</p>

Weighted Average Carbon Intensity ('WACI') – Sovereign Constituents

Weighted average carbon intensity ("WACI") for sovereign constituents measures the fund's GHG emissions arising from its exposure to debt issued by sovereign nations, divided by the sovereign nations' gross domestic product ("GDP"). As such, the figure is expressed in tons of CO₂ per €1m GDP. The larger the number, the more carbon intensive the sovereign related investments are as at the assessment date. Sovereign GDP here is assessed in €, as the calculation methodology aligns with EU SFDR regulations. As per WACI for corporate constituents, WACI for sovereign constituents is assessed across scope 1, 2 and 3 emissions, where each of these scopes is defined as per the PCAF methodology.

Consistent with WACI for corporate constituents, assessing the Sovereign WACI allows for comparability between nations (normalising the carbon intensive sector exposure by country GDP allows for a like-for-like comparison). As per WACI for corporate constituents, SAM UK has taken a view to provide Sovereign WACI as a combination of its scope 1, 2 and 3 constituents. This should be taken in context if a comparison is made against other entities where scopes 1 and 2, and scope 3 are reported separately.

Paris Agreement

The Paris Agreement is an international agreement on climate change that was adopted by 196 countries in December 2015. The agreement sets a goal to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit it to 1.5°C. Countries are required to submit their own nationally determined contributions ("NDCs") to reduce greenhouse gas emissions and adapt to the impacts of climate change. The Paris Agreement also establishes a framework for monitoring and reporting progress, as well as providing financial support to developing countries to help them meet their climate goals.

NGFS

The Network for Greening the Financial System ("NGFS") is a global network of central banks, supervisors, and financial regulators that aims to promote the development of environmentally sustainable financial systems. The NGFS was established in 2017 and currently has over 70 member organisations. The network's goals include: promoting the integration of climate and environmental risks into financial decision-making, developing green finance instruments and standards, and fostering international cooperation on sustainable finance. The NGFS also provides a platform for sharing knowledge, best practices.

²The use of the word "fund", "mandate" or "portfolio" on its own includes reference to the other words where the context requires.



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All data is based on past holdings information and is not a guide as to how a fund or portfolio may be scored in the future. The ESG Coverage (%) relates to the percentage of a fund's holdings for which ESG data is available. Some assets, such as cash, are out of scope for analysis and are removed from a fund's holdings prior to calculating both the ESG Coverage (%) and ESG Analysis.

As issuers enhance their data collection methods and reporting standards, they often uncover previously unreported emissions sources, leading to more accurate and comprehensive disclosures. This shift from estimated to reported data contributes to improved accuracy but may also result in apparent variations in emissions and climate-related metrics, as past inaccuracies are corrected, and new information is incorporated. Periodic restatements of emissions data—driven by methodological updates, structural changes, or improved transparency—are expected as companies align with evolving regulatory requirements and best practices. These updates are essential for providing a clearer picture of climate impact and for setting realistic reduction targets. In this context, regular assessments of data coverage and quality are conducted to address limitations in data availability and ensure the robustness and reliability of the indicators used.

This TCFD entity-level report includes non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary. The information set out is expressed as of 31st December 2024 and SAM UK reserves the right to update its measurement techniques and methodologies in the future. Any research reflected in this TCFD entity-level report has been obtained and may have been acted upon by SAM UK for its own purpose. The results of such research are being made available as additional information and do not necessarily reflect the views of SAM UK. Any opinions, statements of interpretation, or views regarding regulatory impact or relevance, unless otherwise stated, are SAM UK's own at the date of this correspondence and may not align to specific regulatory definitions. They are considered to be reliable at the time of writing but may not necessarily be all inclusive and are not guaranteed as to accuracy. In addition, they may be subject to change without reference or notification.

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