

Shareholder Rights Directive II

Last Updated: November 2020

1. Background

The Shareholder Rights Directive II ("SRD II") aims to promote long-term shareholder engagement. The updated Directive, which has been implemented into domestic law in the United Kingdom, became effective as of 10 June 2019.

It imposes transparency obligations on institutional investors (such as insurers and pension funds) and on asset managers (such as Santander Asset Management UK ("SAM UK")) to the extent investments are made in shares traded on a regulated market, including certain markets situated outside the European Economic Area (EEA).

2. Engagement Policy & Reporting

Under Article 3g of SRD II, asset managers must develop and publicly disclose an engagement policy which describes how they integrate shareholder involvement in their investment strategy or, if they do not, publicly disclose a clear and reasoned explanation about why they have chosen not to do so.

The engagement policy required by Article 3g must describe how the firm monitors investee companies on relevant matters including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and social governance; conducts dialogues with investee companies, exercises voting rights and other rights attached to shares; cooperates with other shareholders; communicates with relevant stakeholders of investee companies; and manages actual and potential conflicts of interest in relation to their engagement.

Asset managers must also publicly disclose, on an annual basis, how their engagement policy has been implemented.

SAM UK's UK fund range falls into one of two distinct categories:

- Multi asset fund of funds managed by SAM UK; or
- Equity and fixed income funds which SAM UK has delegated to third party managers.

SRD II relates to equity investment strategies in shares traded on a regulated market, including certain markets situated outside the EEA. SAM UK has chosen not to implement an engagement policy (nor to report on it) as SAM UK does not itself directly control the individual investment decisions made to invest in equities.

Due to its delegated model to third party managers for equity strategies, SAM UK does not itself directly control the individual investment decisions made to invest in equities and as such SAM UK has chosen not to implement an engagement policy or report on this on an annual basis.

However, where SAM UK has delegated the investment management of an equity mandate, SAM UK either have in place, or are in the process of putting in place, enhanced Investment Management Agreements with our delegated managers with regards to the stewardship, engagement and voting approach. As at the end of November 2020 those third party managers with whom we have enhanced our Investment Management Agreements are as follows:

Third Party Manager	Mandates Held	Further Information
Schroders	Santander Enhanced Income Portfolio Santander Max 30% Income Shares Portfolio (<i>Partial Mandate</i>) Santander Max 70% Shares Unit Trust (<i>Partial Mandate</i>) Santander UK Equities (<i>Partial Mandate</i>) Santander Equity Income Unit Trust Santander UK Growth Unit Trust	https://www.schroders.com/en/about-us/active-ownership/

Further information on these funds can be found in SAM UK's fund centre or by visiting this URL: <https://toolkit.financialexpress.net/santanderam>

3. Review

This SRD II Statement is reviewed and approved annually or more frequently as needed and is publicly available on SAM UK's website.



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