

# Stewardship Code and Shareholder Rights Directive (SRD) II Disclosures

Last Updated: May 2024

## 1. Stewardship Code

Santander Asset Management UK Limited ("SAM UK" or the "Firm"), to the extent that it is managing investments for a professional client (as defined by the Financial Conduct Authority ("FCA")), is required to disclose on its website the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code"), or, where it does not commit to the Code (which is voluntary), its alternative investment strategy.

The Code defines stewardship as the responsible allocation, management, and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. It is aimed at enhancing the quality of engagement by asset owners and asset managers with equity holdings in UK listed companies and sets out principles relating to how investment and stewardship is integrated, including environmental, social and governance (collectively, "ESG") issues.

Although SAM UK supports the Code's objectives, due to its investment approach and strategy including the delegation of certain funds to third party investment managers (including affiliates) ("TPIMs"), where investment discretion and voting rights are given to TPIMs, SAM UK has chosen not to offer regular reporting on the Stewardship principles detailed in the Code. As such, it has not yet taken the decision to commit to the Code and is not currently a signatory to it.

### **Investment approach and engagement**

When assessing how SAM UK approaches stewardship in relation to underlying investments of the funds it manages, SAM UK's UK fund range can be split into two categories:

- Multi Asset Fund of Funds managed in-house by SAM UK ("Fund of Funds"); or
- Multi Asset, equity and fixed income funds for which SAM UK has delegated portfolio management TPIMs it has selected.

SAM UK also manages investments on a sub-advised basis for affiliated Santander Asset Management entities in other jurisdictions.

In SAM UK's Fund of Funds, where investments are made with other managers via regulated collective investment schemes, it is the funds' manager's decision as to whether to commit to the Code and the associated reporting and disclosure obligations. These fund investments are chosen by SAM UK for investment based on their ability to meet the strategy of the relevant Fund of Fund managed by SAM UK.

Where SAM UK has delegated the investment management to a TPIM, SAM UK's Investment Management Agreements give discretion to its delegated TPIMs to act in line with their own internal policies with regards to stewardship, engagement and voting. As part of its initial and ongoing due diligence, SAM UK will review 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.

Where SAM UK manage investments for other funds or entities on a delegated basis it is directed to engage as communicated by the appointing manager and manage the underlying investments according to the relevant mandate and any relevant sustainability and ESG criteria.

### **Moving Forward**

SAM UK is currently working to develop its ESG and sustainability approach and reporting. It will continue to review whether adherence to the Code makes sense in the context of its investment approach and strategy.

## 2. Shareholder Rights Directive II

### 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 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).

### 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 a 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.

When assessing how SAM UK approaches engagement in relation to underlying investments of the funds it manages, SAM UK's fund range can be split into two categories:

- Multi Asset Fund of Funds managed by SAM UK; or
- Multi Asset, equity and fixed income funds for which SAM UK has delegated portfolio management to TPIMs.

SRD II relates to equity investment strategies in shares traded on a regulated market, including certain markets situated outside the EEA.

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

Where SAM UK has delegated the investment management of an equity mandate, SAM UK's Investment Management Agreements give discretion to our delegated managers to act in line with their own internal policies with regards to stewardship, engagement and voting. Where applicable, SAM UK will review third-party manager policies against its own internal policy, to assess alignment.

Further information on these funds can be found in SAM UK's fund centre, either by following [this link](#), or by visiting this URL: <https://www.santanderassetmanagement.co.uk/tools/>

### 3. Review

This Stewardship Code and Shareholder Rights Directive (SRD) II Disclosure is reviewed and approved annually or more frequently as needed and is made publicly available on SAM UK's website.

