

# Banco Santander Totta Staff Security Plan

## 31 December 2020

### Implementation Statement

#### Glossary

ESG	Environmental, Social and Governance
Investment Adviser	First Actuarial LLP
LGIM	Legal & General Investment Management
Scheme	Banco Santander Totta Staff Security Plan
Scheme Year	1 January 2020 to 31 December 2020
SIP	Statement of Investment Principles
UNPRI	United Nations Principles for Responsible Investment

#### Introduction

The Trustee has reviewed the extent to which their policy from the SIP relating to the exercise of rights (including voting rights) attaching to the investments was followed over the Scheme Year and this statement confirms the outcome of that review.

In addition, the statement summarises the voting record of the Scheme's investment manager and provides information on the significant votes made in respect of the Trustee's equity holdings. Information is also provided on the how the Scheme's investment manager makes use of the services of proxy voting advisers.

#### Relevant Investments

The Scheme's assets are invested in pooled funds and some of those funds include an allocation to equities. Where equities are held, the investment manager has the entitlement to vote.

At the end of the Scheme Year, the Scheme invested in the following funds which included an allocation to equities:

- LGIM Diversified Fund
- LGIM World (ex UK) Equity Index Fund – GBP Hedged

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## **The Trustee's Policy Relating to the Exercise of Rights**

### *Summary of the Policy*

The Trustee's policy in relation to the exercise of the rights (including voting rights) attaching to the investments is set out in the SIP. The SIP was updated by addendum during the Scheme Year to comply with new legislation which required additional information to be stated about the nature of the arrangements in place with investment managers. Part of the new wording provided a more detailed explanation of the Trustee's policy relating to the exercise of rights.

A summary of the Trustee's policy is as follows:

- The Trustee believes that good stewardship can help create, and preserve, value for companies and markets as a whole and the Trustee wishes to encourage best practice in terms of stewardship.
- The Trustee invests in pooled investment vehicles and therefore accept that ongoing engagement with the underlying companies (including the exercise of voting rights) will be determined by the investment managers' own policies on such matters.
- When selecting a pooled fund, the Trustee considers, amongst other things, the investment manager's policy in relation to the exercise of the rights (including voting rights) attaching to the investments held within the pooled fund.
- When considering the ongoing suitability of an investment manager, the Trustee (in conjunction with their investment adviser) will take account of any particular characteristics of that manager's engagement policy that are deemed to be financially material.
- The Trustee will normally select investment managers who are signatories to the UNPRI.
- If it is identified that a fund's investment manager is not engaging with companies, the Trustee may look to replace that fund. However, in the first instance, the Trustee would normally expect their investment adviser to raise the Trustee's concerns with the investment manager.

### *Has the Policy Been Followed During the Scheme Year?*

The Trustee's opinion is that their policy relating to the exercise of rights (including voting rights) attaching to the investments has been followed during the Scheme Year. In reaching this conclusion, the following points were taken into consideration:

- There has been no change to the Trustee's belief regarding the importance of good stewardship.
- The Scheme's invested assets remained invested in pooled funds over the period.
- The Trustee did not select any new funds during the period.
- Whilst the Trustee did not consider the voting records of the investment managers during the Scheme Year, that analysis has now been undertaken. As part of the work required to prepare this Implementation Statement, the Trustee, in conjunction with their investment adviser, has considered the voting record of the investment managers over the Scheme Year.
- A summary of the key findings from that analysis is provided below.
- All investment managers used by the Scheme are UNPRI signatories.

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*The Investment Manager's Voting Record*

A summary of the investment manager's voting records

Investment Manager	Number of votes	Split of votes:		
		For	Against	Did not vote/abstained
<b>LGIM</b>	66,242	81.8%	17.4%	0.7%

Notes

*Split of votes may not sum to 100% due to rounding*

*These voting statistics are based on each manager's full voting record over the 12 months to 31 December 2020 rather than votes related solely to the funds held by the Scheme.*

*Use of Proxy Investment Advisers*

Investment Manager	Who is their proxy voting adviser?	How is the proxy voting adviser used?
<b>LGIM</b>	ISS and IVIS	ISS and IVIS provide research and ISS administer votes. However, all voting is determined by guidelines set by LGIM.

*Our fund manager's voting behaviour*

We have reviewed the voting behaviour of our fund manager by considering the following:

- broad statistics of their voting record such as the percentage of votes cast for and against the recommendations of boards of directors (i.e. "with management" or "against management")
- the votes they cast to in the year to 31 December 2020 on the most contested proposals in eight categories across the UK, the US and Europe
- our fund manager's policies and statements on the subjects of stewardship, corporate governance and voting

We have also compared the voting behaviour of our fund manager with their peers over the same period.

Our key observations are below along with actions we have taken as a result of our review of the fund manager's voting behaviour.

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*Voting in Significant Votes*

Based on information provided by the Trustee's investment adviser, the Trustee has identified significant votes in eight separate categories. The Trustee considers votes to be more significant if they are closely contested. i.e. close to a 50:50 split for and against. A closely contested vote indicates that shareholders considered the matter to be significant enough that it should not be simply "waved through". In addition, in such a situation, the vote of an individual investment manager is likely to be more important in the context of the overall result.

The five most significant votes in each of the eight categories based on shares held by the Scheme's investment manager are listed in the Appendix. In addition, the Trustee considered each investment managers' overall voting record in significant votes (i.e. votes across all stocks not just the stocks held within the funds used by the Scheme).

*Description of Voting Behaviour*

**LGIM**

Relative to their peers, LGIM show a high tendency to vote against Director's proposals. They have also shown strong support for shareholder proposals aiming to tackle a broad range of Environmental and Social issues.

Their voting policy is detailed and includes clear rationales and rules for when they will vote against Directors' recommendations on a proposal.

LGIM have opposed 15% of the recommendations of Directors' proposals during the year, and whilst this is significantly higher than many of their peers, we do not view this as being excessive. Rather, this suggests that LGIM are taking their stewardship responsibilities seriously and would be one of the investors most likely to oppose a proposal worthy of opposition.

The Trustee will keep the voting actions of the investment managers under review.

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Appendix

## Significant Votes

The table below records how the Scheme's investment manager voted in the most significant votes identified by the Trustee.

Company	Meeting Date	Proposal	Votes For (%)	Votes Against (%)	LGIM
<b>Audit &amp; Reporting</b>					
YARA INTERNATIONAL ASA	07/05/2020	Receive the Directors Report	50	50	Did Not Vote
THE MOSAIC COMPANY	21/05/2020	Appoint the Auditors	65	32	For
NORTHROP GRUMMAN CORPORATION	20/05/2020	Appoint the Auditors	24	75	Against
VIVENDI SA	20/04/2020	Approval of the Information set out in the Corporate Governance Report	74	23	Against
ATOS SE	16/06/2020	Appoint the Auditors	78	22	Against
<b>Shareholder Capital &amp; Rights</b>					
STMICROELECTRONICS NV	17/06/2020	Grant Board Authority to Issue Shares Up To 10 Percent of Issued Capital and Exclude Pre-emptive Rights	46	54	Against
NIELSEN HOLDINGS PLC	12/05/2020	Authorise Share Repurchase	58	42	Against
JUST EAT TAKEAWAY.COM N.V.	14/05/2020	Issue Shares for Cash for the Purpose of Financing an Acquisition or Other Capital Investment	60	40	Against
ASSICURAZIONI GENERALI SPA	27/04/2020	Authorize Share Repurchase Program and Reissuance of Repurchased Shares to Service Performance Share	68	32	Against
VIVENDI SA	20/04/2020	Authorize Specific Buyback Program and Cancellation of Repurchased Share	69	31	Against
<b>Pay &amp; Remuneration</b>					
YARA INTERNATIONAL ASA	07/05/2020	Approve Fees Payable to the Board of Directors	50	50	Did Not Vote
ALTRIA GROUP INC.	14/05/2020	Advisory Vote on Executive Compensation	49	50	Against
STMICROELECTRONICS NV	17/06/2020	Approve Remuneration Policy for Management Board	50	50	Against
AROUNDTOWN SA	24/06/2020	Approve Remuneration Policy	49	51	Against
PAYCOM SOFTWARE INC.	27/04/2020	Advisory Vote on Executive Compensation	45	53	Against
<b>Constitution of Company, Board &amp; Advisers</b>					
SOLVAY SA	12/05/2020	Indicate Aude Thibaut de Maisieres as Independent Board Member	50	50	Against
UBS GROUP AG	29/04/2020	Elect Remuneration Committee Member: Dieter Wemmer	48	48	For
GLOBAL PAYMENTS INC	29/04/2020	Elect Director Robert H.B. Baldwin, Jr.	57	43	Against
THE BOEING COMPANY	27/04/2020	Elect Susan C. Schwab	56	43	For
WASTE MANAGEMENT INC	12/05/2020	Elect Director Victoria M. Holt	58	41	Against
<b>Merger, Acquisition, Sales &amp; Finance</b>					
DELIVERY HERO SE	18/06/2020	Approve Issuance of Warrants/Bonds with Warrants Attached/Convertible Bonds without Preemptive Rights	78	22	Against
DASSAULT SYSTEMES SE	26/05/2020	Delegate Power to the Board to Acquire Certain Assets of Another Company	80	20	Against
OCCIDENTAL PETROLEUM CORPORATION	29/05/2020	Approval of Issuance of Common Stock Underlying the Berkshire Hathaway Warrant	83	16	For
SOCIETE GENERALE SA	19/05/2020	Authorize Issuance of Convertible Bonds for Private Placements without Preemptive Rights, up to Aggregate	93	7	For
MUENCHENER RUECK AG (MUNICH RE)	29/04/2020	Issue Bonds/Debt Securities	93	7	For
<b>Other Company Resolutions</b>					
SHAFTESBURY PLC	31/01/2020	Meeting Notification-related Proposal	68	32	For
PEUGEOT SA	25/06/2020	Authorize Board to Issue Free Warrants with Preemptive Rights During a Public Tender Offer	69	31	Against
TE CONNECTIVITY LTD	11/03/2020	Adjourn Meeting	69	31	Against
GROUPE BRUXELLES LAMBERT (GBL)	28/04/2020	Approve Change-of-Control Clause Re: Option Plan	71	29	Against
VIVENDI SA	20/04/2020	Approve Additional Pension Scheme Agreement with Herve Philippe, Management Board Member	70	27	Against
<b>Governance &amp; Other Shareholder Resolutions</b>					
NETAPP INC	10/09/2020	Shareholder Resolution: Written Consent	50	49	Against
HP INC	12/05/2020	Shareholder Resolution: Written Consent	50	50	Against
CHIPOTLE MEXICAN GRILL INC	19/05/2020	Shareholder Resolution: Report on Employment-Related Arbitration	51	49	For
CHEVRON CORPORATION	27/05/2020	Shareholder Resolution: Report on Lobbying Payments and Policy	49	43	For
KIMBERLY-CLARK CORPORATION	29/04/2020	Shareholder Resolution: Written Consent	49	49	Against
<b>Environmental &amp; Socially Focussed Shareholder Resolutions</b>					
JPMORGAN CHASE & CO.	19/05/2020	Shareholder Resolution: Climate Change Targets	49	49	For
EXPEDITORS INTERNATIONAL OF WASHINGTON IN	05/05/2020	Shareholder Resolution: Board Diversity	53	47	For
ORACLE CORPORATION	04/11/2020	Shareholder Resolution: Report on Gender Pay Gap	46	54	For
HUNT J B TRANSPORT SERVICES INC	23/04/2020	Shareholder Resolution: Climate Change Initiatives	54	45	For
TRANSNIGM GROUP INCORPORATED	29/06/2020	Shareholder Resolution: Environmental Issues	45	55	For

## Note

Where the voting record has not been provided at the fund level, we have based our analysis on the shares held within the Scheme's pooled funds as at 31 December 2020. This means it is possible that some of the votes listed above may relate to companies that were not held within the Scheme's pooled funds at the date of the vote.