

FINANCING OF POLITICAL PARTIES POLICY

Grupo Santander

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1 INTRODUCTION AND OBJECTIVE

Banco Santander is governed by principles of transparency, honesty and political neutrality in its interactions with political parties and other entities exposed to public and social causes that are also political in nature. Hence, it declines any action taken by employees or senior management that may be infringe these corporate standards and the rules on the financing of political parties.

This policy on financing political parties has been drafted in keeping with the previously mentioned principles.

It is based on Santander Group's General Code of Conduct, taking into consideration the provisions of Organic Law 1/2015, of 30 March, reforming the Criminal Code in relation to the crime of illegally financing political parties, as well as for Organic Law 8/2007, of 4 July, on the financing of political parties.

2 DEFINITION AND SCOPE

There is a vast number of names for entities involved in politics. Therefore, for purposes of this policy, it is necessary to be attentive not only to their names, but also to their effective content and the type of relationship they have with political parties, which is a central element in sustaining political activities. To this end, the concept of "political party", in the broad sense of the term, is classified as follows:

"Political party" is understood in the broad sense as any association of individuals incorporated as a legal entity, which aspires to exert political power through representation in government institutions in all areas.

The term "party structures" will be construed as the numerous party groups in various sorts of structures (federations, coalitions or electoral groups), whether higher than the party itself or of its various sub-divisions as territorial entities or any other type of division. These party groups will be held at the same level as political parties.

Furthermore, all dependent entities with legal personality, effectively controlled by a given political party or its structures, whether as property or through rights to appoint or occupy senior management positions of such entities (e.g. political party foundations), will be considered subsidiary entities of the political party.

In this regard, an electoral candidate shall be understood as a person who meets the requirements established in the applicable electoral regulations and who is designated by a party, a federation, a coalition or a grouping with the objective of standing for a public election for which he / she may carry out lawful activities in order to obtain suffrages.

Consequently, the relationships between the Group's Global & Corporate Headquarters and the electoral candidates of the political parties are considered to be covered by the scope of this Policy, unless they refer to transactions in their personal sphere.

Any type of contributions made to political parties by companies are a source of criminal risk for the legal entity, and reputational risk for Santander Group.

In the following sections, the term "political party" will be used to refer, in a broad sense, to political parties, dependent entities and electoral candidates mentioned in this section of "definition and scope".

In order to prevent and avoid any situation of risk for the Group, this policy on the financing of political parties has been prepared. In matters related to the general management of Group customers identified as Politically Exposed Persons (PEP) and PEP entities, the Corporate Policy for the Prevention of Money Laundering and Terrorist Financing will be consulted.

3 SCOPE OF APPLICATION AND TRANSPOSITION IN SUBSIDIARIES

This policy has been drawn up by Banco Santander, S.A. in its capacity as the parent of the Santander Group. It is directly applicable to the corporation and is provided to the companies making up the Group as a reference document, establishing the system to be applied for the issue concerned.

Group companies are responsible for drawing up and approving their own internal regulations through their respective governing bodies to ensure the application in their area of the provisions contained in Group regulations, with any adaptations that may be necessary. They are strictly essential to make them compatible and comply with the rules, regulations or expectations of their supervisors.

This approval must first be validated by the Corporation.

4 CRITERIA

Below are the conduct standards and limitations that must be observed by the Santander Group corporation in its interactions with political parties.

4.1 Election campaign donations and contributions

Banco Santander, S.A. and its subsidiaries are strictly prohibited from carrying out the following, alone or through individuals acting directly or indirectly between political parties:

- any type of donations or
- contributions to election campaigns

In the form of money or in kind.

As an exception and with prior authorisation or, in the case of transactions from subsidiary entities, validation from the executive committee of Grupo Santander, sponsorship of events or activities carried out by dependent entities that are consistent with the activity and objectives of the Group. In addition, these transactions must be recorded in a register that will be maintained by the Compliance function

4.2 Financing¹

The financing of political parties by any legal entity of Grupo Santander will be considered exceptional and carried out in a restrictive manner, requiring the approval or, in the case of transactions from subsidiary entities, validation of the Group's executive committee, which can only authorise such under market conditions. In addition, these transactions must be recorded in a register that will be maintained by the Compliance function

¹ Financing to electoral candidates will be exempted from this section if the expenses that are financed are not related to political purposes.

Moreover, the renewal or refinancing of existing risks regarding political party customer positions acquired prior to this policy; or requests to refinance debt made by political parties regarding loans already granted must be submitted to the Group's executive committee for its approval or, in the case of transactions from subsidiary entities, validation. Likewise, these transactions must be recorded in a register that will be maintained by the Compliance function.

4.3 Debt forgiveness

The Group legal entities may not forgive a given political party's debt or that of its dependent entities in part or in full.

The Group legal entities may reach agreements on the terms of any debt already arranged with political parties, provided that the applicable interest rate is not less than that which corresponds to market conditions.

5 OWNERSHIP, INTERPRETATION, VALIDITY DATE AND PERIODICAL REVIEW

- This policy is owned by the Compliance function.
- The approval of this policy is the responsibility of the Santander Group's Executive Committee.
- The General Compliance Committee will be responsible for interpreting this policy.
- This policy will come into force on the date it is published.
- Its content will be reviewed regularly and any changes or amendments deemed appropriate will be made.