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1 INTRODUCTION

The purpose of this framework is (i) to establish the principles and standards that must be adhered to by entities of Santander Group (the "Group") in relation to the prevention of financial crime, and also for the purposes of compliance with international sanction programs, (ii) to define roles and responsibilities in this area, (iii) to establish the policies and procedures that must be undertaken by Group entities and (iv) to define the essential features of governance.

2 DEFINITIONS AND SCOPE

Santander Group is wholly committed to the fight against financial crime and will not tolerate compliance failures with financial crime regulations both internationally and in the countries in which it operates.

The following definitions are established for the purposes of the Financial Crime Compliance ("FCC") Framework:

- **Money laundering**: Participation in any activity that has the aim of acquiring, possessing, controlling, using, converting, transferring, concealing or disguising the nature, source, location, disposition, movement or rights with respect to, or ownership of, criminal property in the knowledge that that property is the proceeds of criminal activity or participation in such activity.

- **Terrorist financing**: The provision, deposit, distribution or collection of any property, in any means, directly or indirectly, with the intention that the property be used, or knowing that the property will be used, in whole or in part, to commit a terrorist act.

- **International sanction programmes**: Instruments of a political, diplomatic and economic nature used by international institutions and countries to exert influence in areas such as the prevention and pursuit of terrorism, support and defence of human rights and civil liberties, deterrence of possible armed conflicts or the prohibition of the development of weapons of mass destruction.

The possibility of committing a crime represents both a social and reputational risk, as well as regulatory and conduct risk. In the context of this Framework, the principal risk resides in the utilization of the financial system, and as such, that Santander Group would give the appearance of legitimacy and legality to funds or assets with illicit origin. Specifically:

- failures in preventing financial crime permit criminals to “legitimize” the benefits of illegal activity. This can have a negative economic risk, real or perceived, and can erode confidence in the perception of the bank by its employees, clients, shareholders/investors and society in general.

- not complying with regulations on the prevention of money laundering and terrorist finance and sanctions can result in significant economic penalties including, in the extreme case, the loss of the banking license.
Financial crimes are universal, globalised phenomena that take advantage of the international economy and the increasing elimination of barriers to trade globally, calling for a coordinated global response by the international community and the financial sector to prevent the sector being used for illicit purposes.

Santander recognises the importance of the fight against money laundering and terrorist financing as it affects essential aspects of social life. For this reason it is applicable to all customers and operations of Santander Group universally and without exception.

This framework must be read in conjunction with the Compliance & Conduct Corporate Framework, all Corporate Frameworks, internal regulation on operational risk, internal standards that govern outsourcing and agreements with third parties, and particularly, the Policies and Procedures of FCC.

3 SCOPe OF APPLICATION AND IMPLEMENTATION BY SUBSIDIARIES

This framework:

- is applicable throughout the whole Group, is applied on a mandatory basis and compliance with it must be evidenced.
- shall be adopted by the Board of Directors of entities subject to the Group Subsidiary Governance Model (GSGM).
- shall be adhered to by all entities within the Group with any adaptations being strictly limited to those required by local law and regulation. Any adaptation or waiver for any part of this framework must be limited to those required by local law and regulation and submitted to the FCC Corporate Function for consideration and approval.
- includes reference to specific elements for local implementation, all of which must be submitted to the FCC Corporate Function for validation to ensure they are consistent with this Framework. These must also be subject to periodic review and updates.

4 PRINCIPLES

The following criteria reflect the minimum expectations of the Group. These principles are obligatory and must be applied at all times.

- Zero tolerance with respect to clients, suppliers, employees, contractors or other third parties, and all transactions, that could be related to financial crime, including the failure to comply with the requirements and principals established in this Framework.

- The obligation within the organization to prevent financial crimes by all employees, the executive leadership, and the members of governance forums and committees across Santander Group; the application of high ethical and conduct standards in the recruitment and conduct of directors, employees and agents.
• **Risk-based management** in established internal procedures, implemented controls, and decisions-making in the context of financial crime prevention.

• **Absolute confidentiality and prohibition of disclosure** of analysis and reporting of suspicious operations.

• **Personal data protection** of electronic and hard copy files related to financial crime prevention, protected by sufficient security measures that control data use, storage, dissemination, protection and access, in line with the relevant data protection policies in order to ensure the protection of data owners’ rights.

• **An adequate organizational structure** in the Corporation and the entities within Santander Group that ensures sufficient staffing, training, resources, technology and procedures, as necessary to comply with the internal standards of FCC.

5 **ROLES AND RESPONSIBILITIES**

The following is a description of the roles and responsibilities of functions involved in the matters covered by this framework. Such roles and responsibilities must be exercised respecting the three lines of defence and the need to achieve collaboration between the Group, the Subsidiary and the functions. That said, all employees have the responsibility to comply with this framework and the associated policies and procedures, and to escalate any indications of financial crime.

The entities within the Group must have an appropriate organisational and governance structure to identify, prevent and detect money laundering and terrorist financing, report in line with the requirements established in law, and block or freeze funds or economic resources following application of controls of sanctions or international financial countermeasures.

Group entities shall have at least one person appointed as the head of the function, who will take responsibility for application of this framework, its implementation, and enter into dialogue with local supervisors if necessary.

Group entities may appoint an individual responsible for Anti Money Laundering/Counter-terrorism Financing (AML/CTF) in the specific business areas, which operate under the coordination and dependency of the FCC function.

• **The Business – the First Line of Defense:**

The business units maintain the principal responsibility of establishing an adequate systems and control environment to comply with this Framework, the associated policies and procedures, and the legal obligations where they operate in preventing financial crime. They must be sufficiently resourced to meet this requirement effectively.
• Financial Crime Compliance – the Second Line of Defense:

Risk and Compliance & Conduct functions, as the second line of defence, will provide independent challenge and oversight of the risk management activities performed by the first line of defence. This second line of defence should ensure, within their respective domains of responsibility that risks are managed in accordance with the risk appetite defined by senior management and promote a strong risk culture throughout the organization.

As an independent second line of defense, the C&C function is responsible for monitoring and overseeing C&C risks, assessing the impact on risk appetite and the risk profile of the entity and taking account of the provisions of this framework.

The Risk function shall be responsible for integrating and consolidating the risks arising from compliance and conduct risks, assessing the impact on risk appetite and the risk profile of the entity, and taking account of the provisions of this framework. They also add conclusions to specific risk information in such a way as to present a complete picture of the full range of risks to which the entity or the Group is exposed.

• Internal Audit – the Third Line of Defense:

The third line of defense, the Internal Audit Function regularly assesses that policies, methodologies and procedures are adequate and effectively implemented for the management and control of the FCC system within the Group.

6 KEY PROCESSES

The entities of the Group must have an effective internal regulation in place enabling them to demonstrate that the FCC activities and related processes are properly executed and in line with the applicable laws and regulations including sanctions programs and international financial countermeasures.

Specifically, Group entities must have policies in place that cover the following mandatory areas:

• supervision and assessment of the risks arising from the management and prevention of financial crime and compliance with international sanctions programs.
• activities or businesses within Santander Group that are considered an elevated financial crime risk, and thus require special attention and management, such as correspondent banking, private banking and digital initiatives.
• management of risks linked to sectors, activities and client profiles with high financial crime risk, for example politically exposed persons, activities with crypto-assets, and sensitive sectors such as defense, mining, forestry and the environment, among others.
• any other policies and procedures that must be developed for the purposes of compliance with new regulations or, on the initiative of the Group or the entities, to enhance management, control and supervision of the issues to which this framework refers.
The Group may also issue its subsidiaries with additional documents to act as guidelines for the proper interpretation and consistent application of internal policies within the Group.

The standards developed by the Corporation according to the following key processes must be complied with by the subsidiaries to ensure adequate management and control of the associated risks, and to ensure that Group compliance is appropriately focused on the activities and jurisdictions in which it operates.

Internal regulations drafted by the Group entities in response to Corporate Policies should be validated by the Corporate Function prior to local relevant body approval.

6.1 The Prevention of Money Laundering and Terrorist Finance

- **Due diligence**: customer identification, an understating of the nature of the professional or business activity to establish source of wealth, the purpose or nature of the relationship with the bank, source of funds, and the continuous oversight of the customer relationship to ensure adequate controls are in place.

- **Continuous monitoring of the business relationship**: the monitoring of transactions and activities to ensure they coincide with the knowledge of the customer, the business purpose and risk profile, including the origin of funds, in order to detect potential suspicious operations.

- **Prohibited clients or special customer types, and the termination of relations**: the identification of client types and/or activities that are prohibited or subject to specialized controls due to the principals of Responsible Banking or the expectations of regulators. The closure or termination of business relations with clients due to financial crime compliance issues.

- **Transfer of funds**: compliance with payment transparency requirements, including completeness of information, in both domestic and international payments.

- **Application of due diligence measures by third parties**: the standards of due diligence as described in this statement must comply equally in the case of using or relying upon third parties, via expressed agreements and the establishment of the necessary controls.

- **Alerts, analysis and reporting of suspicious transactions**: the prompt identification, investigation, in-depth analysis (if necessary) and communication of suspicious transactions.

- **Archiving, control and storage of documents**: the maintenance of suitable storage for the retention of key documentation as identified in the Key Processes of this framework for a period of at least 6 years or that which is established by local regulation.

- **Information exchange**: both the sharing of information between FCC functions in order to be effective in investigating financial crime as well as the exchange of the information with the relevant authorities will be treated with the maximum level of confidentiality, in line with the relevant data protection policies and in compliance with local regulations, in order to ensure
the protection of data owners’ rights. The Group will always cooperate fully with the authorities as it regards financial crime prevention.

- **Information management**: the definition and monitoring of certain indicators relating to financial crime risk and the establishment of communication mechanisms for reporting to local senior management and to governing bodies.

- **Training**: the embrace of the measures necessary to ensure that all employees receive permanent training on the core aspects of regulation regarding FCC.

### 6. 2 Compliance with Sanctions and Financial Countermeasures

- **Sanctions lists**: the entities of the group must recognize and follow the sanctions and financial countermeasure programs, maintaining at a minimum the international sanctions programs established by the United Nations (UN), the European Union (EU), and the Office of Foreign Asset Control (OFAC) of the US Department of Treasury that could affect the activities of Santander Group.

- **Commercial transactions and payments**: the entities of the group must evaluate and manage the risks associated with maintaining a commercial relationship or engaging in an activity that could be impacted by international restrictions, ensuring that risk identification methodologies take such variables into account.

  The operations of the distinct entities of the Group must comply with the restrictions established in international sanctions programs and in the case of potential conflict, such operations will not be pursued.

- **Blocking of Assets**: the entities of the Group must maintain the necessary methods to detect relationships with individuals or operations that do not comply with sanctions programs. Equally, there must exist processes to block assets and/or funds of identified persons, entities or groups subject to such programs, as established within the relevant sanctions requirements, and the communication when applicable to the relevant Local Authorities.

- **Policies, Procedures and Processes of Analysis**: the entities of the Group must implement controls and specific methods to prevent and detect deficiencies in the relevant compliance systems and/or negligent or irregular behavior on behalf of employees that may indicate a failure of compliance or manipulation in the application of international restrictions.

### 7 GOVERNANCE

The Governance applied in the Group must promote efficient governance structures that ensure adequate participation by all relevant functions. Governance must also be compatible with the functions at a local level, with coordinated management and oversight at the Group level.

The governance bodies for the Group’s subsidiaries must be structured according to local regulatory and legal requirements, as well as the size and complexity of each subsidiary, whilst ensuring that they
are consistent with those of the parent company. Such governance bodies must promote clear and effective decision-making and clarity in accountability.

Carrying out the FCC function properly in terms of decision-making, supervision and control requires a governance structure that can provide a response in an efficient and agile manner both at a corporate and subsidiary level.

In application of this framework, Group entities shall identify the governance bodies or committees responsible for defining, monitoring, controlling and overseeing FCC regulatory risks.

The Board of Banco Santander, S.A. and its committees, in accordance with the provisions of its bylaws and Board regulations, are the most senior decision-making and monitoring bodies in connection with the management and control of preventing financial crime, except in the case of issues reserved for the general meeting.

The Boards of subsidiaries are also the most senior bodies at their level.

The Boards of each entity and of the Group are responsible for the:

- Adoption of Corporate Frameworks.
- Supervision of compliance with FCC regulations and legislation, including any actions and measures as a result of inspections by supervisory and control authorities, in addition to internal control and assurance functions.

The risk supervision body (Board Risk Committee) is responsible for:

- Assisting and advising the Board in the definitions and assessment of the policies stipulated in this Framework.
- Assisting the Board with supervision of the application and analysis of the defined risk profile.
- Monitoring and assessing any regulatory proposals and new applicable regulations, and the potential consequences for the Group.

The audit body (Board Audit Committee) is responsible for:

- Oversight of the effectiveness of the internal control systems, by reviewing them periodically, in order to identify, manage and resolve adequately the principal risks.

In addition to the above, the Group and its subsidiaries shall establish the appropriate governance required to ensure the proper management and control of the FCC program, sanctions and associated risks. Group Compliance & Conduct shall validate the appropriateness of such Committees in order to ensure that robust governance is in place.
8 OWNERSHIP

- This document must be approved by the Board of Banco Santander S.A.
- The Corporate Compliance Committee is responsible for the interpretation of this Framework.

9 VALIDITY DATE AND PERIODIC REVIEW

- This Framework will come into effect on the date of its publication.
- Its contents will be reviewed periodically, and any changes or modifications will be made as appropriate.
APPENDIX: DEFINITION OF TERMS

Santander Group or the Group: group of companies comprising Banco Santander, S.A. as the parent company, and the dependent companies over which it has direct or indirect control. For clarification, it comprises the Banco Santander, S.A. parent company, including the Santander Spain organisational units, which are part of said company, and any other unit/subsidiaries of Banco Santander S.A.

Corporation: all the governing bodies, organisational structures and employees entrusted by Banco Santander, S.A. to exercise oversight and control across the entire Group, including those functions typically associated with the relationship between a parent company and its subsidiaries.

Subsidiary: a dependent company that forms part of the Santander Group or one directly or indirectly controlled by Banco Santander, S.A.

Governing Body: Governance Body or group of bodies of a company that are responsible for the supervision and management of the business at the highest level.

Senior management: individuals who exercise executive functions in the entity and who are responsible for the daily management of the entity, and who are accountable to the Governing Body.