

## PRINCIPLES FOR MANAGING CONDUCT RISK WITH CUSTOMERS

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This document sets out the guiding principles for managing conduct risk with customers in Santander Group. It is based on the Corporate Compliance and Conduct Framework and is prepared as an extract of the internal conduct risk regulation (especially the Conduct Risk with Customers Management Model).

Santander Group's mission is to help people and businesses prosper, being brilliant in our daily operations and do more than what the law requires to give our customers an exceptional experience. To this end, Santander Group must be responsible and have appropriate conduct with the customer in everything it does along the value chain. This means to ensure consumer protection by fostering a good customer relationship culture (Simple, Personal and Fair), protecting consumers' rights, ensuring their fair treatment, as well as managing and mitigating the conduct risk with customers throughout all stages of Santander Group's business.

Conduct risk with customers is defined as the risk caused by inadequate practices in the Group's relationship with them, including the way they are treated, as well as the products and services it offers and their suitability for each customer.

### PRINCIPLES OF ACTION

#### **Fair treatment of customers**

Customers have the right to be treated respectfully, honestly, fairly and without discrimination. Fair treatment is based on ethical and behavioral standards that go beyond legal requirements to ultimately ensure a simple and fair relationship model for customers.

#### **Design of customer-centric products and services**

Financial products and services must be designed considering the specific characteristics and needs of customers and should ensure proper levels of consumer protection. Likewise due care must be delivered, taking into account the interest of customers when selecting and acquiring the products or services of third-party manufacturers, distributors or vendors.

Responsible innovation must be always present when designing and continuously adapting products and services in this era of rapid technological change, thus ensuring that the evolving needs and expectations of consumers are met while also guaranteeing inclusion and digitalization in order to provide easier access to financial services and to minimize barriers and risks for consumers.

### **Transparency when communicating with customers**

All customers have the right to receive information. This imposes a positive obligation on the Bank to deliver information to the customer, meaning that the Bank must be proactive (rather than reactive) in providing this information diligently over the entire course of its relationship with the customer. As a result, the customer will receive up-to-date, unbiased, accurate, sufficient, and consistent information when it is most useful for them, all with complete transparency and clarity, expressed in plain language and presented in a clear format, thus enabling them to make comparisons with similar financial products and services. This transparency should exist regardless of when or how the Bank communicates with the customer.

### **Responsible selling practices**

Customers must be offered the products and services best suited to their individual characteristics, needs and preferences. This can be achieved by avoiding or managing any possible conflict of interest and by using the most appropriate channels and treating each customer as they should be treated in each case.

### **Responsible prices**

Customers have the right to receive fair value for financial products and services and to be offered a choice of quality products that meet their needs and are suitably priced. They should be able to search, compare, choose and switch between products in an easy, reasonable and cost-transparent way. Also, different prices should not be offered to customers with the same characteristics, and access to basic products and services should be fair.

The pricing process must consider not only conduct with customers and consumer protection, but also rules and regulations on price competition. In other words, it must strike an appropriate balance between costs, risks and the utility or expectation of benefit (value) for the customer, in a way that is conducive to competition and does not involve abuse of a dominant position or restrictive practices.

All product prices and service fees established by the Group, including those for early termination, withdrawal, document preparation and initial fees, must be fair and transparent.

### **Consideration of vulnerable customers or those with special circumstances and prevention of over-indebtedness**

We must take due account of the vulnerability or special circumstances and/or economic stress of customers so that we proceed with their best interests at heart and offer them viable solutions wherever possible, as well as avoid over-indebtedness of customers.

Management of vulnerable customers is the set of activities whereby the business and support functions are empowered and able to identify and manage customers who require

differentiated management or treatment, or require a specific service and/or a particular solution, in order to prevent their special circumstances from negatively impacting their relationship and/or access to the products and services offered by the Bank.

### **Processing of personal data**

We must respect the privacy of customers by protecting their personal data, which may be used only for the specified purposes, with the customer's consent and in strict compliance with internal rules and regulations on data protection.

### **Complaint management**

Consumers have the right to easy, secure, and adequate access to the Bank and to their personal data for the proper handling of any complaints they may wish to make. Customer service mechanisms must be accessible, affordable, independent, fair, accountable, timely and efficient. These processes must not impose any unjustified costs, delays, or burdens on consumers.

### **Financial education**

We must seek to foster a financial culture among the public by offering them the tools, skills, and knowledge they need to make informed and appropriate financial decisions and by helping consumers attain the highest possible degree of protection.

### **Safeguarding the consumer's assets and protecting against fraud and misuse**

We must adopt specific and adequate measures to protect the ownership and rights of investors over the assets they place in our trust and offer sufficient information in this regard. Information, control, and protection mechanisms must be adequate and highly secure so as to ensure the effective protection of consumers' deposits, savings and other financial assets, including protection against fraud, misappropriation, negligence or other forms of unauthorized use.

## **GOVERNANCE, CULTURE AND CONTROLS**

The Group has a product and service approval governance operating at two levels (subsidiary and corporation) to ensure that the products and services marketed comply with and contemplate the principles defined above.

In addition, the Group acts on two fundamental levers to facilitate the integration of culture and the highest standards of conduct in the day-to-day of the management teams through the application of customer-oriented incentive/remuneration schemes and the appropriate training of our employees. Among other programs, all Group employees should carry out mandatory compliance training on the management of the Conduct Risk with Customers.

Finally, all subsidiaries of the Group have a model of three lines of defense, which must have the resources, regulatory documents, processes and mechanisms for the compliance and supervision of the principles detailed in this document.

The Santander Group Conduct Risk with Customers Management Model is approved by the Banco Santander, S.A. Compliance and Conduct Committee, and is subject to regular review in a continuous improvement process. It is provided to Santander Group subsidiaries as a reference document for their effective implementation.