

RESPONSIBLE BANKING AND SUSTAINABILITY POLICY

Santander Group

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1 INTRODUCTION

This document defines the approach for Responsible Banking and Sustainability of Banco Santander, S.A and its Group (from now on Santander), and includes the principles, lines of action, key processes, and governance of social, environmental and governance¹ issues, associated to our activity with employees, customers, suppliers, shareholders and investors, and communities.

It is consistent with the best practice described in international conventions and protocols, codes of conduct and international guidelines applicable in this matter (see Appendix 1).

This policy develops the provisions of the Responsible Banking Corporate Framework approved by the Board of Directors and is complemented by the Responsible Banking Model, and other policies², whose scope is systematically reviewed to ensure compliance with international best practices.

2 DEFINITION

Responsible Banking and Sustainability in Santander aims to create long-term value for all its stakeholders. To do this, the impacts, risks and opportunities associated with our activity are identified and managed, promoting the positive impacts and opportunities, and mitigating the negative impacts and risks.

Santander establishes its ambition in sustainability areas as follows:

In the environment field: working on progress towards our net zero ambition by 2050 developing our transition plan, alignment objectives, portfolio tracking and care for the environment. We're progressing in our three-pillar strategy by: supporting our customers in their transition goals; embedding climate in risk management; aiming to align our activity with the Paris Agreement Goals. In this sense, we are also progressing on the understanding of impacts and dependencies of our activity with nature and biodiversity.

In the social field: supporting growth through financial inclusion and financial health, responsible investment and social financing, support for education, employability and entrepreneurship, and development of an inclusive culture that promotes meritocracy; all by supporting and respecting human rights.

In the governance field: embedding behaviours, processes and policies that allow us to act ethically and responsibly, listening to our stakeholders and treating them in a Simple, Personal and Fair way, all based on robust governance and prudent risk management. Actions in this field are articulated through various regulatory documents of Santander².

3 SCOPE OF APPLICATION

This policy is elaborated by Banco Santander, S.A, as parent entity of Santander Group, being directly applicable to the corporation and is provided to the entities that make up the group as a reference

¹ Including fiscal responsibility, respect for human rights, prevention of corruption and other illegal conduct:

² Main Policies: General Code of Conduct; corporate culture policy; environmental, social and climate change risk management, sensitive activities policy and this responsible banking and sustainability policy. In addition, we have other policies that support the strategy of sustainability that highlight: Risk management model of conduct with customers; Code of Conduct in securities markets; cybersecurity policy; third party approval policy; tax policy; conflict of interest policy; defense policy; global health and wellbeing policy; Anti-Money Laundering and Counter-Terrorism Financing Framework; Anti-Bribery and Corruption Policy; and Canal Abierto Policy. All of these policies are available in full or in summary on [Santander.com](https://www.santander.com)

document, establishing the regime to be applied to the matter to which it refers.

The entities of the group are responsible for their internal regulations and for preparing and approving in its respecting governing bodies the internal regulation that allows the application of the provisions contained therein, with the strictly necessary adjustments, if any, to ensure compliance with legislation and local regulatory requirements and expectations.

Such approval must have the prior validation of the corporation.

4 PRINCIPLES

The following principles, as set out in the Responsible Banking Corporate Framework, dictate the group's minimum standards regarding all Responsible Banking and Sustainability activities. These principles must be followed at all times:

- **Customer orientation.** Santander establishes responsible relationships with customers that promote sustainable practices, supporting long-term growth.
- **Contribution to global challenges.** Santander promotes the contribution of its activity to the challenges and needs of the people and societies we serve in accordance with international standards.
- **Coordinated approach of Responsible Banking and Sustainability in Santander (One Santander).** The management and execution of the Sustainability agenda requires full coordination between the corporation and its subsidiaries under the direction of the group. Santander entities have common tools and methodologies adapted to the local context.
- **Senior Management Implication.** The Board of Directors is responsible for the supervision and approval of the group's sustainability strategy, while promoting the integration of sustainability criteria into the group's strategy (in the short, medium and/or long term), commercial and financial plans, and within the risk management framework.
- **Involvement of all employees.** Santander promotes the involvement of all employees in promoting sustainable and inclusive growth.
- **Engagement with stakeholders.** Active listening, improved collaboration, and commitment with stakeholders to help society prosper, collaborating and facilitating capacity building in sustainability issues.
- **Measurement and transparency.** Santander has established key performance indicators and public objectives aligned with our strategy in relation to social, environmental, and social issues. We apply transparency practices in the disclosure of Santander actions in the field of responsible banking and sustainability.

5 LINES OF ACTION

Santander carries out social and environmental actions that are supported by a good governance and are focused on creating long-term value, that goes beyond its legal obligations and that affect both its own operations and of its banking and financial activity.

5.1. Actions on environmental matters

Santander recognizes society's right to enjoy a clean and healthy environment and takes action to minimize the environmental impact of its operations and comply with applicable environmental legal requirements, as well as others voluntarily assumed.

Through banking and financial activity:

Santander works to embed environmental aspects across the entire organization. For this purpose, the group considers frameworks³ and international reference standards of reference at all times with the objective of:

- Identify environmental impacts, risks, and opportunities during the analysis process of financing and investment activities.
- Contribute to the protection of the environment by supporting the expansion of the use of renewable energy and other low-carbon technologies, as well as other solutions that facilitate the energy transition.
- Analyse the impact of climate change, identifying the needs the transition to a low-carbon economy can present, offering financial products and services that support sustainability.
- Analyse environmental risks and their impact on financial activity, for their gradual integration into corporate policies, management processes and systems, including the compliance with regulatory requirements.
- Align our portfolios to a low-carbon and resilient economy.
- Communicate in a transparent way the progress on environmental sustainability, informing the decision making of our stakeholders and fostering environmental awareness.

Through internal environmental management

To facilitate the effectiveness of the management of its direct environmental impact, Santander works on:

- Promote and improve management systems based on internationally accepted regulatory standards (ISO standards)
- Measure and disclose its carbon footprint and establish a plan for its reduction including its supply chain, relying, among others, on the following levers:
 - The use of renewable energies, including a self-consumption model.
 - The reduction of direct emissions through sustainable employee mobility and reducing the use of fossil fuels in vehicles and buildings.
 - Energy efficiency in buildings, data processing centres and public service offices.

³ Such as the Paris Agreement and the Global Biodiversity Framework.

- Promote the protection of the environment by applying the principle of pollution prevention with the aim of minimizing, reducing, and ultimately compensating possible negative impacts.
- Promote the control and responsible consumption of resources, as well as the proper management of waste, minimizing, where possible, its generation.
- Manage adequate documentation and implementation of environmental management, based on a system that includes a procedure for assessing environmental performance and monitoring indicators linked to the system.
- Promote the integration of continuous improvement in the system and environmental performance by establishing environmental objectives.

To facilitate compliance with the aforementioned actions, Santander employees are trained to promote a sense of environmental responsibility in their actions, the dissemination of good practices, and involvement and participation in both the environmental management system and the actions that are developed.

5.2. Actions on social matters

Santander works to support and respect the human rights of its employees, customers, suppliers, shareholders and investors, and/or communities, in accordance with the main international treaties and regulations in force. These actions cover our operations and supply chain, guided by the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and International Labour Organization (ILO) Standards, among others⁴:

- Identify social impacts, risks, and opportunities during the analysis process of the financing and investment activities, in a consistent manner with international reference standards.
- Build long-term trusting relationships with customers, including vulnerable customers, adapting to their needs and improving their satisfaction, offering only products and/or services that fit their circumstances and needs and facilitating access to products and services they can understand, thus contributing to the development and economic stability of the communities in which we operate.
- Offer decent employment that promotes family and work conciliation that attracts and engages the best professionals, promoting meritocracy, equal opportunities in access to work, professional promotion, and fair and equitable compensation, avoiding discrimination, and practices that threaten the dignity of people, rejecting any form of forced labour and child exploitation, respecting the freedom of association and negotiation, protecting the safety and health of professionals.
- Establish environmental and social criteria in the evaluation of suppliers by including contracts clauses that promote compliance and ethical treatment.
- Analyse social risks on financial activity and compliance with regulatory requirements, which means a continuous improvement of the identification and management of social risks in the group's financial and investment operations.
- Contribute to the eradication of corruption in all its forms, including extortion and bribery, to be a reference in the fight against money laundering, fraud, corruption, terrorism, and other serious

⁴ See Appendix 1

crimes.

- Support society through (1) higher education as an engine of growth, as well as promoting employability and entrepreneurship; (2) financial education to equip the communities where we operate with tools and knowledge to facilitate their financial decision-making; (3) programs to support vulnerable people; (4) programs to support culture, institutional activity and support specific local needs; (5) participation of workers in volunteering initiatives.

6 KEY PROCESSES

The following are the main processes related to Responsible Banking and Sustainability, whose detail is normed in the Responsible Banking Model:

6.1. Identification of material issues

The double materiality exercise that is elaborated periodically, is the process by which Santander identifies the sustainability issues that present positive and negative material impacts, as well as risks and opportunities (IROS) on the environment, social, and governance field considering the entire value chain, that is, “upstream”, “downstream” and own operations. This exercise is the basis of our sustainability strategy.

The materiality analysis is carried out based on the same methodology and in a coordinated way between the group and its subsidiaries, allowing feedback between the results of the exercises. The exercise uses available information, including the results of adverse impact identification exercises, such as due diligence in social, environmental and governance dimensions. The reference time horizon is short to medium term (~1-5 years).

The double materiality analysis, the material impacts, risks and opportunities, and Santander’s sustainability strategy are approved by the Committee of the Board of Responsible Banking Sustainability and Culture.

6.2. Human rights due diligence implementation

This process allows Santander to identify, prevent, mitigate, and respond to potential human rights impacts related to its banking and financial activity, that could affect the processes associated to clients, employees, suppliers, and local communities, such as:

- The analysis and management process of risks associated to the financing and investment activities in a consistent manner with international reference standards. It includes the impacts that represent barriers to the use or access of financial products and services.
- The establishment of supplier selection, management and evaluation criteria that include compliance with human rights.

6.3. Communication and engagement channels

Santander maintains an active and constant dialog with five main stakeholders: employees, customers, suppliers, shareholders and investors, and communities who are also consulted on double materiality and human rights due diligence exercises.

Working with our stakeholders is important to understand their expectations, inform them of our

priorities, and identify opportunities and areas for improvement that are integrated into key processes of the bank.

- **Employees.** There are three main listening mechanisms:
 - Your Voice: it is the channel of listening to employees to measure the level of commitment and collect their feedback. The data is managed by an independent third party confidentially and providing the data in aggregate form to the bank to preserve the anonymity of people and their responses.
 - *Canal Abierto*: It is an anonymous and confidential channel which objective is that stakeholders, including employees, can report improper conduct and breaches of the General Code of Conduct.
 - Dialogue with employees' legal representatives: on top of the above mechanisms, we believe that employees' legal representatives play a key role as a spokesperson for our workforce. That's why we encourage and maintain permanent, fluid, and direct dialogue, engagement and negotiation with them through trade unions and works councils. We also channel discussions on industrial relations through these representatives in the markets where they exist.
- **Customers.** The listening process varies depending on the type of customer:
 - Retail customers: through regular Net Promoter Score (NPS) surveys following customer interactions. We also run a customer experience benchmark to help us identify our competitive positioning, with results twice a year. Both exercises aim to spot areas for improvement that we pull together in action plans with unit's management committee oversight.
 - Wholesale customers: within the framework of the banker-client commercial relationship, needs or areas of improvement are identified and moved for management or adaptation of the commercial strategy.
- **Suppliers.** We want our value chain to be more sustainable while increasing the group's resilience to environmental and social risks.
- **Shareholders and investors.** We engage with our shareholders and investors to strengthen ties and offer a value-added proposition that sets us apart. We use surveys, events, direct contact and other channels (with digital channels gaining traction) to enable close dialogue that helps this group understand the business better and communicate with senior management. Digital channels are recently gaining more relevance.
- **Communities.** The aim of the dialogue is to understand the needs and challenges that the communities where we operate face, gathering information from various actors:
 - Individuals: we use mass surveys where we collect information about the perception of our actions in the communities in which we operate.
 - NGOs (non-governmental organizations): the bank engages in two-way communication with the relevant civil organizations in our markets.

- In the context of our environmental, social and climate change risk management policy (ESCC), as within the context of the Equator Principles, we assess the environmental and/or social risks that operations subject to this policy may have in the communities, including the rights of indigenous communities.

6.4. Training and skills development

At Santander we promote training on sustainability for all employees with the aim of achieving the necessary competence to carry out the responsibilities assigned to them, in alignment with the regulatory requirements in each geography.

The training has been defined around 3 levels of experience:

- A first transversal and common level for all employees with materials available on global platforms and that support the principles, lines of action and key processes contained in this document.
- A second level aimed at all functions related to the sustainability agenda that includes specific programs for each business and function.
- A third level composed of specific certifications to meet the needs of each business.

7 GOVERNANCE

To provide oversight on the impacts, risks and opportunities related to Responsible Banking and Sustainability, as well as the principles, lines of action and key processes identified in this policy, Santander relies on:

- The Responsible Banking, Sustainability and Culture Committee, which assists the Board in fulfilling its supervisory responsibilities regarding the group's Responsible Banking and Sustainability issues.
- The Audit Committee which, among other functions, is the highest governing body for monitoring and evaluating the financial and non-financial reporting process, as well as internal control systems.
- The Supervision, Regulation and Compliance of Risks Commission has, among other functions, the task of supporting and advising the Board in the definition and evaluation of risk policies affecting the group, and in determining current and future risk appetite, and including proposing the necessary modifications in view of the internal or external circumstances affecting the group, both financial and non-financial risks.
- The Management Meeting, chaired by the CEO, discusses performance and progress on the Responsible Banking and Sustainability agenda.
- The Human Resources Committee is an executive committee created under the specific authority of the Executive Committee of the Board, and is a collegiate decision-making body related to employee strategy.
- The subsidiary entities, in accordance with the principle of proportionality, have established governance bodies necessary for the management and monitoring of the issues of Responsible Banking and Sustainability.

Skills and knowledge in Responsible Banking and Sustainability, will be considered a factor in the composition of governing bodies, as appropriate.

8 OWNERSHIP, INTERPRETATION, ENTRY INTO FORCE AND REGULAR REVIEW

8.1. Ownership

The development of this policy is the responsibility of the Sustainability Function.

The policy holder is the Board of Directors of Banco Santander, S.A, and prior to its approval, the policy has been reviewed by the Responsible Banking, Sustainability and Culture Committee.

8.2. Interpretation

The interpretation of this policy is the responsibility of the Sustainability Function.

8.3. Validity date and periodic review

This policy will be effective from the date of its publication. Its content will be subject to periodic review, making the changes or modifications that are deemed appropriate.

This policy was last reviewed in February 2025 and is published for general knowledge on the corporate intranet and the website www.santander.com.

APPENDIX I: MAIN CONVENTIONS THIS POLICY IS BASED ON

- Equator Principles (International Finance Corporation guidelines)
- Free, prior and informed consent (FPIC)
- Roundtable on Sustainable Palm Oil (RSPO)
- Roundtable on Sustainable Soy (RTRS)
- Programme for the Endorsement of Forest Certification (PEFC)
- Forest Stewardship Council (FSC)
- United Nations: Universal Declaration of Human Rights
- United Nations Global Compact
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Principles for Responsible Banking (UNEP FI)
- United Nations Sustainable Development Goals
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Convention on Wetlands of International Importance (RAMSAR)
- List of critical natural habitats of the International Union for Conservation of Nature (IUCN)
- United Nations 2014 List of Protected Areas
- UNESCO World Heritage List
- Code of Conduct of the European Commission for European enterprises operating in developing countries
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Fundamental conventions of the International Labour Organization (ILO)
- Agreements reached in COP21 ON Paris 2015 about climate change
- The Good Governance Code of Spain's CNMV
- International Finance Group against the trafficking of wildlife