

TAX POLICY GUIDELINES

Santander Group

The board of directors of Banco Santander, S.A. has approved the Tax Policy, which develops the tax strategy, defines tax risk and the principles governing its management and control, disseminates the catalogue of transactions of special tax risk and its governance, and sets out the organisation, governance, roles and responsibilities of the tax function.

This document summarises the most relevant points of that Policy.

• Tax strategy

The tax strategy is approved by the board of directors of Banco Santander, S.A. and sets out the common tax principles and guidelines applicable throughout the Group. The Group's entities must comply with the tax laws and regulations of the countries in which they operate, cooperate with the tax authorities and provide them with the information required, maintaining zero tolerance of unlawful tax avoidance and a low risk profile in the interpretation and application of the tax regulations in force (see Tax strategy).

The tax strategy is also binding on the members of the boards of directors and employees of Santander Group, as part of the General Code of Conduct to which they are subject. They must avoid any practice involving unlawful tax avoidance and observe the other principles comprising the strategy. Any act or action that contravenes this strategy may constitute a breach of the Code and may be reported through the whistleblowing channel (Open Channel).

The most relevant elements of the tax strategy include the following obligations:

- To comply with legally enforceable tax obligations, interpreting the applicable rules reasonably in accordance with their spirit and purpose and paying tax in line with the true legal nature and economic substance of the events, acts or transactions carried out.
- To ensure transparency, avoiding opaque structures for tax purposes.
- To cooperate with the competent tax authorities and provide them with the information required.
- To promote a cooperative relationship with the different tax authorities, based on transparency, reciprocity and mutual trust.

The Group's entities must respect the general principles that make up the tax strategy.

• Principles governing the Group's tax risk management and control system

Tax risk is the risk arising from non-compliance with tax regulations, which may result in penalties, fines or other economic or reputational consequences.

Tax risk may also give rise to operational risk events when it is caused by failures in internal processes, people or systems, or by external events.

The tax risk management and control system (tax control framework) forms part of the strong risk culture existing in the Group, which must be followed by all employees, promoting socially responsible management of tax risk that contributes to the long-term sustainability of its activity. This system must be developed through the appropriate processes or activities comprising the tax function, which must be duly documented and, in all cases, aligned with this Policy. These processes form part of the Group's

internal risk control system and are duly assessed and certified.

• **Organisation and governance of the tax function.**

The tax function includes all units involved in managing and controlling tax risk in the Group, as well as the processes and activities through which management and control are implemented. It is organised with the flexibility required to achieve its objectives as effectively and efficiently as possible at all times. The tax function may have:

- A corporate unit (corporate tax advisory) that will cover the needs of the corporation and of the Group in Spain and will be responsible for supervising and coordinating the tax function in subsidiary entities.
- Permanent local units in those countries where the Group's presence requires it, integrated into the organisational structure of the main entities existing there, and reporting to the competent local body and to corporate tax advisory.
- Where the existence of a permanent local unit is not justified, the tax function will correspond to the person responsible for the local entity or to the unit integrated into its structure that he or she designates, who must report to corporate tax advisory.

The tax advisory function will base its actions on the principles of objectivity and impartiality, in strict compliance with the tax regulations in force, the defined strategy, the Group's codes of conduct, ethics and the best professional practices existing at any given time.

Governance of the tax function must comply with the external regulations applicable in each jurisdiction and with the Group's internal regulations. The board of directors of Banco Santander, S.A. is ultimately responsible for managing and controlling the Group's risks, including tax risks, and is supported by its delegated committees, in particular the audit committee and the risk supervision, regulation and compliance committee.

• **Catalogue of transactions of special tax risk defined by the board and its governance**

The board of directors is responsible, as a non-delegable power, for approving transactions of special tax risk.

The Tax Policy includes the catalogue of transactions that the board of directors has considered may pose special tax risk. It will be understood that this risk does not exist in cases where there are criteria established by the tax authorities or the courts.

The board is also responsible, following a report from the audit committee, for authorising the creation or acquisition of holdings in entities domiciled in countries or territories that are considered non-cooperative jurisdictions, as well as any other transactions or operations of a similar nature that, due to their complexity, could undermine the transparency of the company and its Group.

The board of directors of Banco Santander, S.A. is the owner of the Tax Policy, the content of which is reviewed periodically and provided as a reference document to the subsidiaries comprising the Group.