

Q1'25

# Sustainability

Helping people and businesses  
prosper



**Important Information**

**Non-IFRS and alternative performance measures**

Banco Santander, S.A. ("Santander") cautions that this document may contain financial information prepared according to International Financial Reporting Standards (IFRS) and taken from our consolidated financial statements, as well as alternative performance measures (APMs) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015, and other non-IFRS measures. The APMs and non-IFRS measures were calculated with information from Grupo Santander; however, they are neither defined or detailed in the applicable financial reporting framework nor audited or reviewed by our auditors. We use the APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider them to be useful metrics for our management and investors to compare operating performance between accounting periods.

Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not to substitute the IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. APMs using environmental, social and governance labels have not been calculated in accordance with the Taxonomy Regulation or with the indicators for principal adverse impact in SFDR.

Banco Santander 2024 Annual Financial Report contains more details on APMs and non-IFRS measures.

This document is available on Santander's website (www.santander.com).

**Sustainability information**

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**Forward-looking statements**

Santander hereby warns that this document may contain 'forward-looking statements', as defined by the US Private Securities Litigation Reform Act of 1995. Such statements can be understood through words and expressions like 'expect', 'project', 'anticipate', 'should', 'intend', 'probability', 'risk', 'VaR', 'RoRAC', 'RoRWA', 'TNAV', 'target', 'goal', 'objective', 'estimate', 'future', 'ambition', 'aspiration', 'commitment', 'commit', 'focus', 'pledge' and similar expressions. They include (but are not limited to) statements on future business development, shareholder remuneration policy and NFI. However, risks, uncertainties and other important factors may lead to developments and results that differ materially from those anticipated, expected, projected or assumed in forward-looking statements. The important factors below (and others mentioned in this document), as well as other unknown or unpredictable factors, could affect our future development and results and could lead to outcomes materially different from what our forward-looking statements anticipate, expect, project or assume:

- general economic or industry conditions (e.g., an economic downturn; higher volatility in the capital markets; inflation; deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the wars in Ukraine and the Middle East or the outbreak of public health emergencies in the global economy) in areas where we have significant operations or investments;

- climate-related conditions, regulations, targets and weather events;

- exposure to market risks (e.g., risks from interest rates, foreign exchange rates, equity prices and new benchmark indices);

- potential losses from early loan repayment, collateral depreciation or counterparty risk;

- political instability in Spain, the UK, other European countries, Latin America and the US;

- legislative, regulatory or tax changes (including regulatory capital and liquidity requirements), especially in view of the UK's exit from the European Union and greater regulation prompted by financial crises;

- acquisition integration and challenges arising from deviating management's resources and attention from other strategic opportunities and operational matters;

- uncertainty over the scope of actions that may be required by us, governments and other to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards and regulations;

- our own decisions and actions, including those affecting or changing our practices, operations, priorities, strategies, policies or procedures; and

- changes affecting our access to liquidity and funding on acceptable terms, especially due to credit spread shifts or credit rating downgrade for the entire group or core subsidiaries.

Forward looking statements are based on current expectations and future estimates about Santander's and third-parties' operations and businesses and address matters that are uncertain to varying degrees, including, but not limited to developing standards that may change in the future; plans, projections, expectations, targets, objectives, strategies and goals relating to environmental, social, safety and governance performance, including expectations regarding future execution of Santander's and third parties' energy and climate strategies, and the underlying assumptions and estimated impacts on Santander's and third-parties' businesses related thereto; Santander's and third-parties' approach, plans and expectations in relation to carbon use and targeted reductions of emissions; changes in operations or investments under existing or future environmental laws and regulations; and changes in government regulations and regulatory requirements, including those related to climate-related initiatives.

Forward-looking statements are aspirational, should be regarded as indicative, preliminary and for illustrative purposes only, speak only as of the date of this document and are informed by the knowledge, information and views available on such date and are subject to change without notice. Banco Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise, except as required by applicable law.

**Past performance does not indicate future outcomes**

Statements about historical performance or growth rates must not be construed as suggesting that future performance, share price or earnings (including earnings per share) will necessarily be the same or higher than in a previous period. Nothing mentioned in this document should be taken as a profit and loss forecast.

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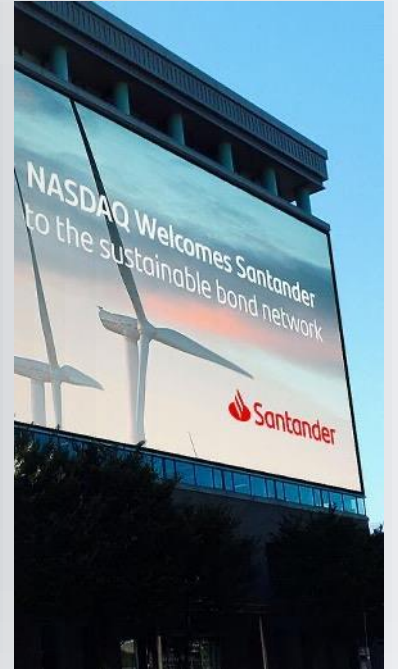
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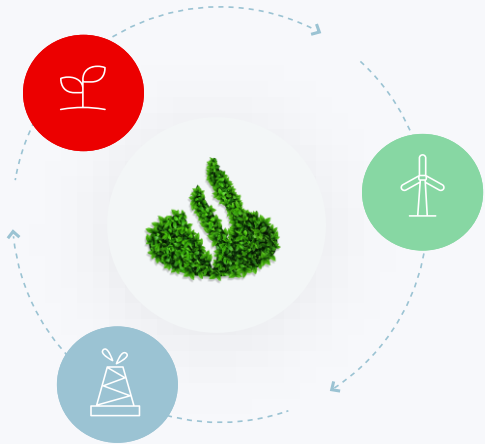




# 01

Sustainability  
at strategy

# Sustainability | Our strategy



Help our customers in meeting their goals in their transition to a low-carbon economy while also managing climate-related risks and impacts.



Help our employees develop by promoting an inclusive culture and learning and providing fair working conditions.



Contribute to the economic, financial and social development of our communities, with a special focus on Education, Employability and Entrepreneurship.



Be a trusted partner to our customers, with products and services that adapt to their needs, while applying responsible practices, supporting their financial inclusion, and protecting their information.



Act responsibly through a strong culture, governance and conduct.

# Sustainability | Strategy

Our Sustainability strategy continues to focus on issues that are material to Santander

## Think

V  
ALUE



>>

Profitable growth makes us resilient and able to withstand shocks, invest in our employees and customer value proposition, support our communities, and create value for our shareholders.

C  
USTOMER



>>

Be the partner of choice for our customers by offering the best products and helping them in their transition to a low-carbon economy and support their financial inclusion and financial health (including financial education)

G  
LOBAL



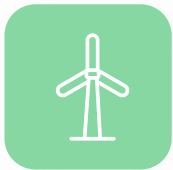
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Use our scale and local leadership to tackle global sustainability challenges.

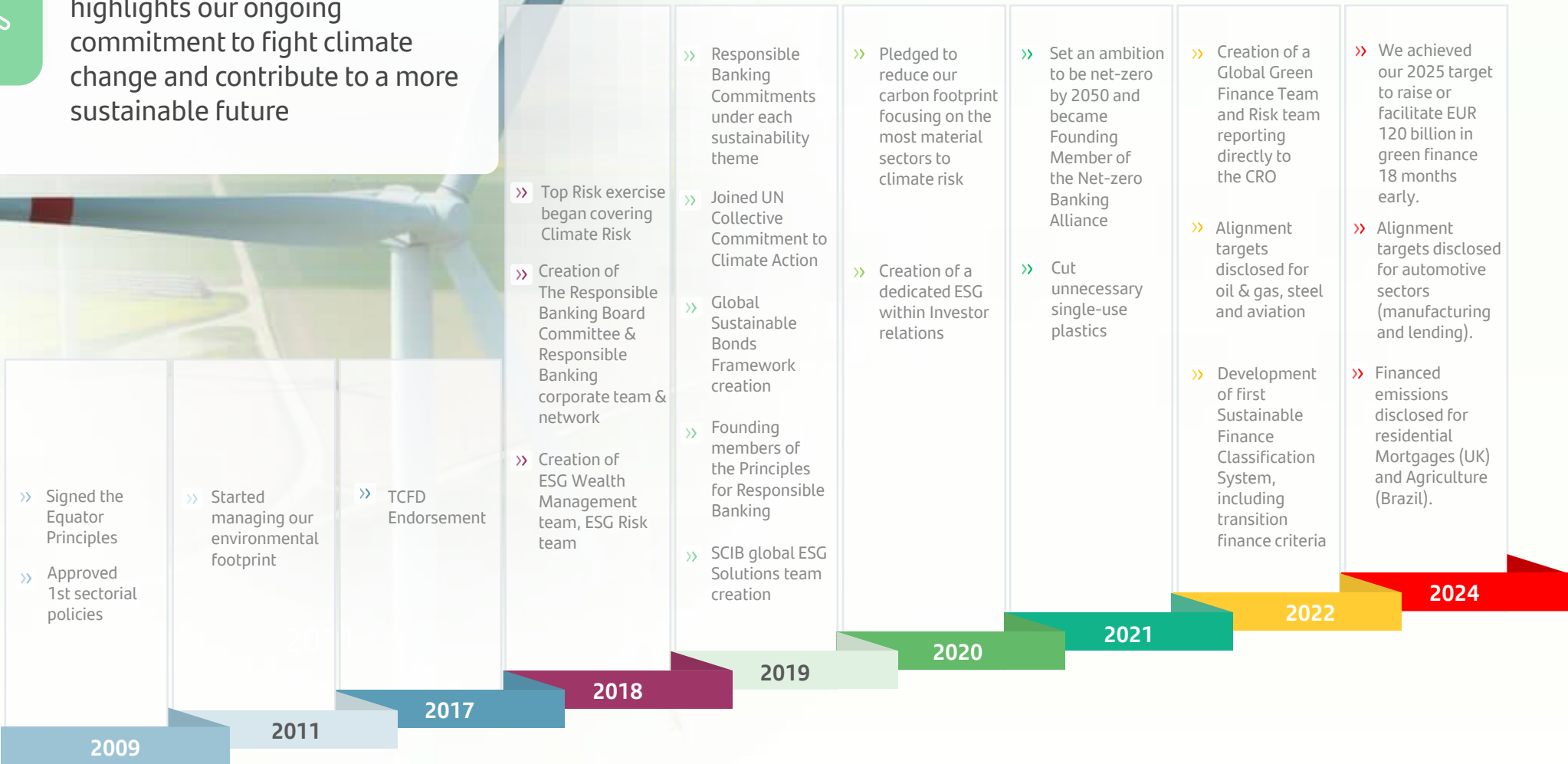


The Group's sustainability strategy **embeds three action lines: Think Value, Think Customer and Think Global** to drive business growth and **become more resilient to increasing environmental, governance and social risks**

# ESG strategy | Our journey



Our journey over the past years highlights our ongoing commitment to fight climate change and contribute to a more sustainable future





# Climate transition plan | Our objectives

→ From...to...    ■ Accumulated    ✓ Target achieved

We have set targets in those areas where we have the greatest potential impact

	2019	2020	2021	2022	2023	2024	Q1'25	2025/2030 target
<b>Green finance</b> raised and facilitated (€bn) <sup>A</sup>	19	33.8	65.7	94.5	115.3	139.4	→ 144.9	120bn by 2025 220bn by 2030
AuMs in <b>Socially Responsible Investments</b> (SRI) (€bn)			27.1	53.2	67.7	88.8	→ 107.9	100bn by 2025
Thermal <b>coal</b> related power & mining phase out (€bn)			7.0	5.9	4.9	4.8	→	0 by 2030
Emission intensity of <b>power generation</b> portfolio <sup>B</sup>	0.21	0.17	0.19	0.16	0.15		→	0.11 tCO <sub>2</sub> e / MWh in 2030
Absolute emissions of <b>energy (oil &amp; gas)</b> portfolio <sup>B</sup>	23.84	22.58	27.43		4.9		→	16.98 mtCO <sub>2</sub> e in 2030
Emissions intensity of <b>aviation</b> portfolio <sup>B</sup>	92.47	93.05	97.21	81.09	82.99		→	61.71 gCO <sub>2</sub> e / RPK in 2030
Emissions intensity of <b>steel</b> portfolio <sup>B</sup>	1.58	1.40	1.36	1.24	1.38		→	1.07 tCO <sub>2</sub> e / tS in 2030
Emissions intensity of <b>auto manufacturing</b> portfolio <sup>B</sup>		149	138	133	134		→	103 gCO <sub>2</sub> / vkm in 2030
Emissions intensity of <b>auto lending</b> portfolio <sup>B,C</sup>				137	133		→	75-89 gCO <sub>2</sub> e / vkm in 2030
<b>Electricity</b> from renewable sources <sup>D</sup>	50%	57%	75%	88%	97%	96%	97%	100% by 2025



A. Includes Grupo Santander's contribution to green finance: project finance; green bonds; export finance and advisory services to help customers transition to a low-carbon economy. B. The figures displayed are the latest available given limited data availability from customers to assess financed emissions. We used Banco Santander's internal calculation methodology, which is based on the Partnership for Carbon Accounting Financials (PCAF). C. Consumer lending for the purchase of passenger cars in Europe. D. In countries where we can verify electricity from renewable sources at Banco Santander properties. It considers the 10 core markets where we operate. For more details of the scope of targets, see section 2.1.4.

✓ Commitment achieved  
→ Cumulative target



# ESG strategy | Commitment from our Top Management

By delivering on our purpose to help people and businesses prosper, we grow as a business and continue to help society address its challenges



**Ana Botín**  
Executive Chairman

"Sustainability and inclusion are at the core of our vision"

"We are empowering communities, financing the transition to a greener economy, and fostering a culture of responsibility, ensuring that our impact extends beyond profits to create a better world"



**Héctor Grisi Checa**  
CEO

"Santander has been supporting the transition to a low carbon economy and financing the build-out of renewable energy capacity for decades"

"In 2024, we hit the target we set in 2019 to mobilize more than €120 billion in green finance 18 months early. We have mobilized almost €140 billion since 2019"

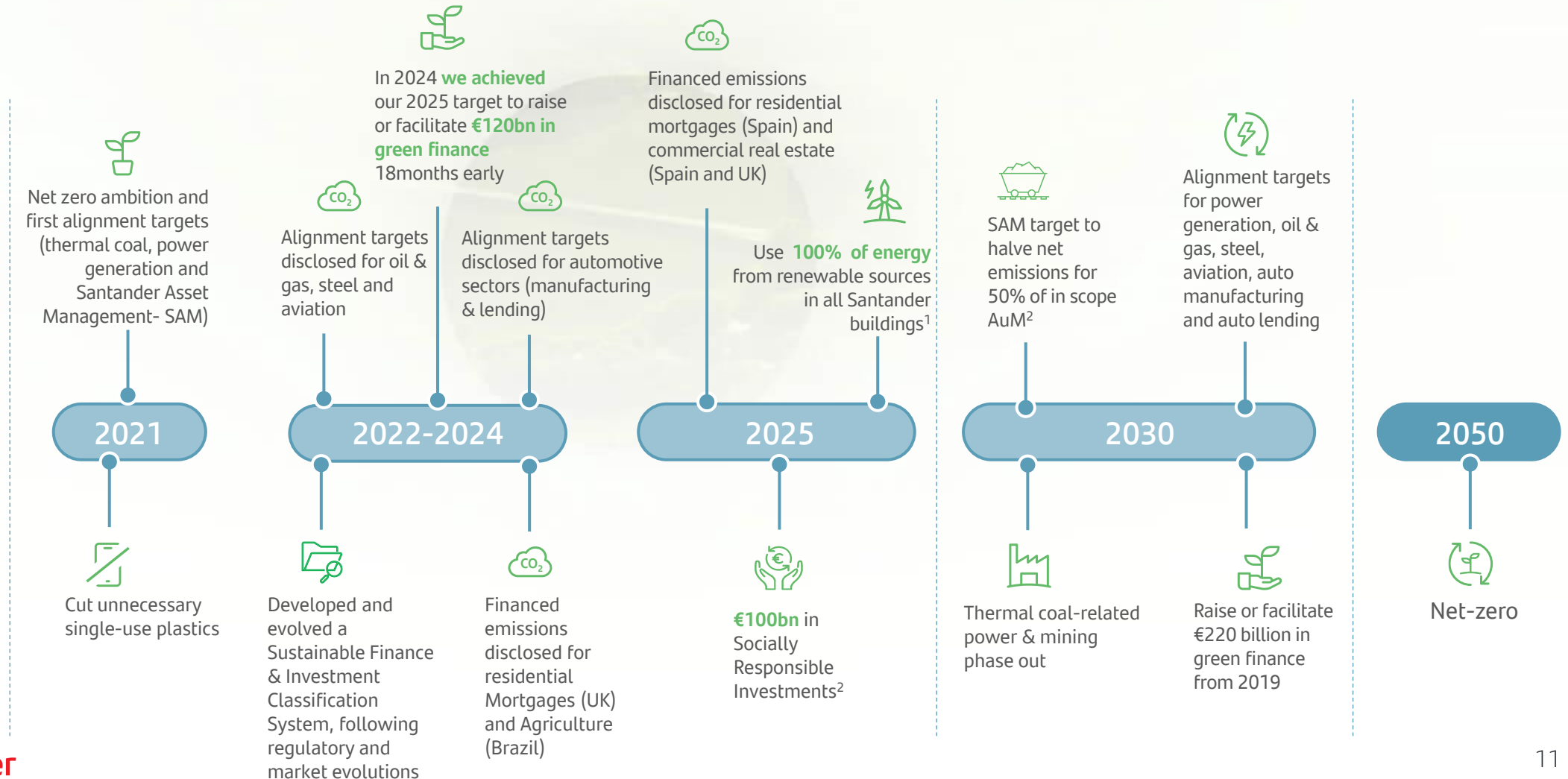


# 02

Alignment  
targets




# Alignment pathway| Key milestones

We continue to work towards our ambition of net zero carbon emissions by 2050 by progressively setting specific actions to align our portfolios





# Alignment pathway | Progress in our alignment targets

		Scope	Metric	Baseline	2020	2021	2022	2023	2030	Value Chain in scope		
IEA net-zero 2050 scenario	 <b>Power generation</b>	1	tCO <sub>2</sub> e/MWh	0.21* (2019 baseline year)	0.17	0.19	0.16	0.15	0.11 (-46%)	Upstream / Generation	Midstream / Distribution	Downstream / End product
	 <b>Energy (Oil &amp; Gas)</b>	1 + 2+3 <sup>1</sup>	mtCO <sub>2</sub> e	23.84 (2019 baseline year)	22.58	27.43	20.94	20.27	16.98 (-29%)	Integrated / Diversified		
	 <b>Aviation</b>	1 + 2	grCO <sub>2</sub> e/RPK	92.47 (2019 baseline year)	93.05	97.21	81.09	82.99	61.71 (-33%)	Upstream / Suppliers	Midstream / Manufacturing	Downstream / Airlines
	 <b>Steel</b>	1 + 2	tCO <sub>2</sub> e/tS	1.58 (2019 baseline year)	1.40	1.36	1.24	1.38	1.07 (-32%)	Upstream / Materials extraction	Manufacturing	Downstream / End product
	 <b>Auto manufacturing</b>	3 <sup>1</sup>	gCO <sub>2</sub> e/vkm	149 (2020 baseline year)	149	138	133	134	103 (-31%) <sup>2</sup>	Upstream / Suppliers-Materials	Midstream / Manufacturing	Midstream / Dealer
	 <b>Auto lending <sup>c</sup></b>	1 + 2	gCO <sub>2</sub> e/vkm	137 (2020 baseline year)	N/A	N/A	137	133	75-89 (-35-45%)			Downstream / End-users
	 <b>Thermal coal</b>	Phase-out targets to eliminate exposure by 2030 to power generation customers with a revenue dependency on coal of over 10% and thermal coal mining.										

# Alignment pathway | Mitigating levers

## Policy

Our **Environmental, Social and Climate Change (ESCC) risk management policy** sets out standards for investing in and providing financial products and services to companies and customers<sup>1</sup>.

## Risk Appetite

We **set risk appetite limits** on sectors with decarbonization targets, tiering customers according to the degree of alignment with our ambition and the quality of their transition plans.

## ESG Panels

**Several panels of ESG** experts were put in place during 2023 to analyse and challenge the proposed classification under sustainability criteria, fully aligned with the SFICS (Sustainable Finance and Investment Classification System).

## Further Actions

- » **Credit committees**, embed environmental, social and climate change factors in transaction review.
- » **CIB customer ratings** consider environmental, social and climate change qualitative assessments for climate sectors.
- » **Customer engagement** in the most relevant sectors, helping clients in their transition, with tailor-made solutions.
- » **Multi-disciplinary working group on ESG controversies**, coordinated by the Reputational risk function.

# Sustainability ambition | Examples of some efforts across our Global Businesses

## Net-zero actions and targets in Wealth Management & progress in our decarbonization strategy in Poland

### Wealth Management road to net-zero

#### 01 Climate Commitments

In March 2021, Santander AM joined the global net-zero Asset Managers (NZAM) initiative for net-zero greenhouse gas emissions by 2050

2030 interim target to reduce net emissions by half for 50% of AUM in-scope<sup>1</sup>

#### 02 EUR 100 bn in Socially responsible investments AUMs by 2025<sup>2</sup>

Increase through fund reprofiling and new sustainable investment products and services

Creation of a global ESG strategy team to coordinate the efforts of our three businesses and strengthen SAM's ESG dedicated team

#### Net-zero Actions

- » Participation in key investors climate initiatives
- » Collaboration as a tool for driving change
- » Engagement plan in our core markets with a focus on SME's
- » Polluting Sectors strategy, phasing-out coal exposure and focusing on key material sectors
- » Portfolio construction evolution, towards net-zero
- » Facilitation of investment in climate solutions
- » Maintain leadership in climate stewardship and advocacy in core markets

### Corporate and Investment Banking

#### 01 Supporting customers in their transition goals

To achieve our net-zero ambition, our main lever as a bank is supporting our customers in their efforts to transition to a low carbon economy

#### 02 Sustainable Finance proposition

CIB has raised and mobilized globally €139.4 billion in green finance between 2019 and December 2024.

We have achieved our €120bn target 18 months ahead of time and are working towards reaching €220bn by 2030.

#### Deals (Non-exhaustive list)

- » Santander acted as a Financial Adviser to Sonnedix to raise a €2.5bn debt package to refinance 1.1GW portfolio of renewable energy assets in Spain, Italy, and France.
- » In Export Finance, Santander participated as a Pathfinder, MLA and Lender in €1.3bn green financing partially covered by BPI Assurance Export for Verkor.
- » In Trade Finance, we participated in a €1.2bn green guarantee line with coverage from Spanish export credit agency Cesce for Siemens Gamesa.
- » In Supply Chain Finance, we signed a sustainability-linked confirming program with Vestas in Brazil, the first supply chain finance program of its kind for the energy sector in the country.



# 03

## Financing the green transition

# Green Finance | Our global reach

Finance is a key enabler of the transition towards a low-carbon economy. We are contributing to a more sustainable economy by managing climate-related risks and opportunities, building a comprehensive sustainable and green finance proposition. We are currently working on:



Raising and mobilizing €220 bn in green finance by 2030



Developing a green value proposition and ESG investment solutions for our clients



Green bonds three issuances of EUR 3bn since 2019



Engaging in global initiatives like the Net-zero Banking Alliance where we are a founding member





Santander has been a **leader in renewable energy finance for more than 10**. In 2024, we were among the **top banks in number of transactions and deal value** globally, with 82 transactions closed and a 4.54% market share.

Renewable Energy Financing FY24<sup>1</sup>












Rank	Loan Provider	Vol. (€mn)	Nº	Rank
1	Bank 1	8,009	79	4.95%
2	Santander	7,346	82	4.54%
3	Bank 2	7,175	94	4.44%
4	Peer 1	5,641	80	3.49%
5	Bank 3	4,930	66	3.05%
6	Peer 2	4,126	59	2.55%
7	Peer 3	4,044	49	2.50%
8	Bank 4	3,978	41	2.46%
9	Bank 5	3,538	44	2.19%
10	Bank 6	3,411	46	2.11%



# Green Finance | Green solutions for our individual, SMEs and Corporate customers

Building on our current offering of green products, we continue to strengthen our sustainable finance proposition with dedicated purpose and sustainability linked financing

Our green financing products and services are designed around key verticals, adapted to the specific needs of our customers in all geographies

	What we finance	Value proposition 2024	Geographies
 <b>Real Estate</b>	Purchase, construction and renovation of energy-efficient buildings. Installation of renewable energy systems.	Developer loans, CRE, Green mortgages. Consumer loans for renovation, solar panel, EV charging stations in buildings, energy efficiency equipment	
 <b>Mobility</b>	Clean transport across land, water, air, and infrastructure	Leases and financing of electric and hybrid vehicles, EV charging stations, clean buses and trucks, rail transport, logistics, passenger vessels, port and airport infrastructure, and bicycle lanes	
 <b>Renewables</b>	Clean Energy from renewables and low-carbon fuels (hydrogen, biogas, biofuels). Heat pumps, cogeneration systems and energy storage solutions.	Corporate loans and leasing for renewable energy assets/projects, low-carbon technologies, and energy efficiency solutions	
 <b>Agriculture</b>	Sustainable and protected agriculture. Land and forest conservation. Regenerative, low-emission farming and infrastructure	Financing of sustainable agriculture practices such as efficient irrigation, low-emission machinery and reduced fertilizer use	
 <b>Waste &amp; Water Management</b>	Activities to adapt to or mitigate climate change, preserve biodiversity, and promote circular economy, waste and water management	Financing of water, waste and soil treatment, energy efficiency updates, emissions reduction, and conservation	
 <b>Circular economy</b>			

# Green Finance | Examples of some Country and Unit efforts

Providing sustainable solutions to our customers in Consumer Finance & Santander España

## Santander Consumer Finance Green proposition already a reality

**+243.000 Electric vehicles financed: €6.8bn<sup>1</sup>**

**Market share in Europe over 12% in EU SCF markets**

- » **Subscription Services**
- » **New agreements with OEM specialists**
- » **New finance product catalogue for EVs**

**Consumer (non-auto) business already green:**

- » **Solar Panels**
- » **Green heating systems**
- » **Chargers**
- » **Bikes & e-bikes**
- » **Eco cards**
- » **Retrofit**



## Santander España Sustainable product proposition

### Financial offer Corporates & individuals

- » Green Loans for dedicated purposes across 5 verticals
- » Sustainability Linked Loans
- » Green mortgages
- » Green consumer loans for retrofitting works or energy efficiency, green vehicles...
- » Loans for the installation of solar panels
- » ECO Renting / leasing mobility

### Non-financial offer

- » Carbon footprint calculation and compensation for individual customers
- » **Sustainable value proposal for Cards** - Digital First (to avoid producing new ones), physical cards with recycled materials, collection of expired cards giving them a 2<sup>nd</sup> life
- » **Homes value proposition:** green mortgages, retrofitting works for energy efficiency, both for individuals' homes and for dwellings
- » **Agreement with CBRE to decarbonize real estate assets** including advisory services, execution of works and financing
- » Platform to **help companies manage and benefit from public aid and the NextGen EU funds**
- » **Other services** provided include assistance to complete **Non-financial reports and carbon footprint calculator for Corporates**

# Green Finance | Protecting the Brazilian Amazon

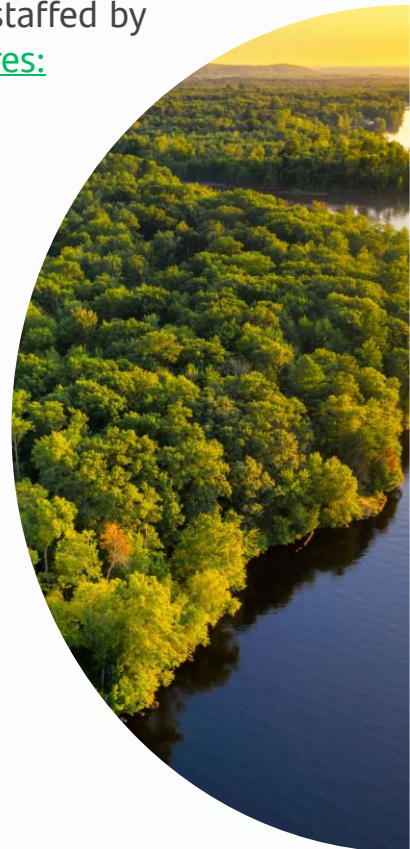
Santander is committed to safeguarding and promoting the sustainable development of the Amazon rainforest, which is vital to address climate change and conserve biodiversity. We need economic growth, but it must be sustainable.

For years, Santander Brazil has been working with its customers to promote sustainable development and continuously enhance our approach to addressing deforestation. Santander Brazil has an E&S (Environmental and Social) risk department in São Paulo, staffed by expert analysts with degrees in biology, geography, environmental management and chemical engineering. [Our framework ensures:](#)

## Actions taken:



- » Regular reviews of customer's practices: **We conduct annual ESG reviews of more than 2,000 corporate and retail customers**, including beef processors, soy traders and logging companies
- » Safeguards relating to indigenous and conservation areas: We screen loan applications to make sure that properties do not overlap with officially recognized indigenous territories, conservation units and forests classified by the government as Type B<sup>1</sup>
- » **Comprehensive loan screening:** All loan requests by farmers and ranchers to Santander in Brazil are checked for government embargoes due to illegal deforestation.
- » **Since Q1'22, we have been running daily checks to identify potential recent deforestation** on farms and ranches that we finance throughout the entire loan term, even before any government fines are imposed..







# 04

## Financial Inclusion & Community support

# Financial Inclusion & Community support | Global approach

At Santander we seek to provide tailored finance to those facing difficulties while trying to access credit, by designing solutions for individuals and SMEs in financial distress. The Group is leading numerous global initiatives to promote social progress



“Banks have a critical role to play in supporting inclusive and sustainable growth around the world. We are part of the solution, supporting our employees and customers while delivering sustainable returns to our shareholders”

**Ana Botín**  
Executive Chairman

**4.8mn**

People financially included<sup>1</sup>

**€1.27bn**

Disbursed in microcredits to more than 1.3mn of microentrepreneurs

**€166mn**

Invested in communities

**€104mn**

to promote higher education, employability and entrepreneurship, benefitting 5 million people



# Financial Inclusion & Community support

## We have different initiatives to support Financial Inclusion

### Access

#### Promoting access to cash and transactions

We aim to ensure underserved communities can get cash anywhere, through our remote branches and agreements with private and state-run entities that widen our footprint

Branches in underbanked and remote regions<sup>1</sup>



Partnerships to reach underserved communities<sup>2</sup>



#### Promoting digital access

We help people access the banking system so they can make payments; use basic, tailored financial services; take greater control of their finances; and make faster and more secure transactions

Digital wallets and points of sale<sup>3</sup>



Basic accounts<sup>4</sup>



#### Financial solutions for vulnerable groups

We offer financial support to vulnerable groups so customers will have access to basic products and know how to use them

Support to senior citizen customers<sup>5</sup>



### Finance

#### Microfinance

We promote social mobility and help low-income and underbanked entrepreneurs set up and grow businesses

Microfinance programs



**Supporting customers in financial distress** We have debt relief programs that include payment deferrals and line of credit extensions

Supporting customers in financial distress<sup>6</sup>



**Financing low-income households' basic needs** We offer products and services that enable low-income households to access housing and meet other basic financial needs

Affordable housing supply<sup>7</sup>



Credit support for low-income households/people with difficulty getting credit<sup>8</sup>



1. In Spain, branches in remote (or sparsely populated) areas to facilitate access to credit and combat social exclusion in communities of less than 10,000 inhabitants. In Portugal, branches in low-income, small or isolated regions, such as the Azores and Madeira. In Argentina, we have financial inclusion branches and remote agents in the marginal environment of Buenos Aires and vulnerable communities. In Poland, ATMs in municipalities where there is no Santander branch or partner point of sale. In Uruguay, 3 mobile branches have been installed in the country since 2020 to reach areas with low levels of banking penetration. 2. Agreements with Correos Cash in Spain, partnerships with retailers such as Oxxo or 7Eleven in Mexico, and agreements with third parties in Uruguay (e.g. Abitab, Red Pagos). 3. In Poland, we included the Cashless Poland programme to promote the use of payment terminals in localities where the use of digital media is low and the use of our associated Partners Outlets. In Chile we included Mas Lucas. 4. In some countries, we have basic bank accounts that go beyond regulation in order to serve the bottom of the pyramid. For example, the Cuenta Life in Chile or the no-fee account for vulnerable customers in Spain. 5. In several countries we have value propositions aimed at the elderly. For example, tailor-made products for retirees in Mexico and Argentina, services such as Here & Now in Portugal to help seniors with limited digital skills, or third-party access initiatives in the UK to support seniors who need to be cared for. 6. We have programmes in many countries to help people with debt problems. In Portugal, we have the Iris programme to help customers manage defaults. In the UK, we help vulnerable customers get out of arrears with self-service tools and direct financial assistance, and in Spain, we have financing programmes for vulnerable groups to relieve their mortgage debts. 7. In Spain, the bank participates in the Social Housing Fund, which facilitates renting for people on low income. It also has affordable rental housing. In the US, as part of its Inclusive Communities plan, Santander provides low-interest mortgages and mortgage insurance for low-income homebuyers. 8. We have initiatives to help groups with difficulties in accessing credit; among them, in Spain, we lend to SMEs at their risk limit; in the US, we lend to small businesses operating in low- and moderate-income communities; in Argentina, we lend to entrepreneurs with low credit histories. In Mexico, special credit programmes are offered to people at the bottom of the pyramid.



# Financial Inclusion & Community support

We support the communities where we operate by helping them address their social needs.

Contribution to education, employability and entrepreneurship, as well as to community development through support programs.

## Main lines of action

1

Education  
Scholarships



1,181

Agreements signed with universities, institutions and organizations in 14 countries <sup>A</sup>

654

Scholarships and courses for students with disabilities and other vulnerable groups

2

Entrepreneurship  
Santander X program

Santander X

▶ A global initiative that provides access to training, advice and resources (including benefits) needed to launch, scale up and transform a business.

▶ We help entrepreneurs showcase the most impressive projects and connect with other businesses through Santander X 100

3

Employability  
Universia portal

uni>ersia

The platform through which Santander guides and posts job offers for young graduates and students who are coming to the end of their studies. It uses artificial intelligence to help them draw up their professional profile and uses online tests to measure their skills



# 05

## Corporate Governance



# Corporate Governance | Our strengths

As a responsible bank we have a clear, robust governance. Best practices on governance are channelled to all our subsidiaries, as part of our global Governance Model



Effective engagement with our shareholders

### High participation in our General Shareholders' meetings

#### AGM quorum

2019	2020	2020	2021	2022	2023	2024	2025
68.5%	65%	60.3%	67.7%	68.7%	67.6%	66.6%	68.5%



Effective board of directors

- >> Majority of independent directors
- >> Balanced, qualified and diverse composition in the boardroom
- >> Separate and complementary roles of Chairman and CEO, and leadership of our lead independent director



Focus on responsible business practices and attention to all stakeholders' interests

- >> Publicly communicated responsible banking targets in particular, in relation to climate change

- >> Commitment to **maximise the disclosure and quality of information**
- >> In 2024 we continued to combine **traditional and virtual** channels in shareholder engagement, which enabled us to meet the needs of our approximately 3.5 million shareholders
- >> **Transparency and simplification** of remuneration with performance metrics aligned with the strategy, investors' interests and long-term sustainability
- >> **Our policy on communication and engagement** with shareholders and investors facilitates their participation in our corporate governance
- >> **Good long-standing practices** in corporate governance embedded in our Board Regulations
- >> Thematic **responsible banking, sustainability and culture committee** in full coordination with the other committees



# Corporate Governance | Our strengths

We strive to have a clear and robust governance with well-defined accountability and a prudent management of risks and opportunities to ensure:



**Respect** for  
shareholders' rights



**A balanced Board**  
composition



**Maximum transparency**  
regarding remuneration



Be at the forefront  
of **best practices** and  
long-term vision



**Embedding ESG** in  
our decision-making  
processes

## Corporate Governance | Board composition

Our Board composition ensures the appropriate balance of knowledge, skills, qualifications, diversity and experience

### Number of Directors

15

Directors appointed for a **3-year term** (1/3 of the Board is subject to re-election each year)

### Geographical diversity

5

Nationalities: Europe, US, UK, LATAM and Other

### Independent Board members

66.6%

4.76 average years on board

### Women part of the Board

40%

Achievement of our female representation target (40-60%)

## Aligned with our strategic goals

- › To further support the Group's transformation strategy, short-term corporate bonus metrics include the strategic priorities released at the 2023 Investor Day, maintaining the focus on clients, as well as RoTE (which continues to be part of the scheme). The third pillar to be included is a metric is capital, to outline the importance of capital generation throughout the business.
- › Long-term targets remain the same with Return on tangible equity (RoTE), relative total shareholder return (TSR) and ESG (environmental, social and good corporate government) metrics.



## Alignment with shareholder interests

- › 50% of all variable remuneration is in instruments (Banco Santander S.A. shares, and restricted stock units (RSUs) of PagoNxt, S.L.)
- › Share retention policy: 3 years after delivery of shares, unless the director already holds 200% of their annual fixed remuneration in shares
- › 60% of variable remuneration is deferred over a 5-year period (and a part of it is subject to long-term metrics) with share-based payments subject to a one year holding period after vesting

## Alignment with regulatory requirements

- › Including malus and clawback policy



# Corporate Governance | ESG in Reward

LTI  
(LONG TERM  
INCENTIVES)

## Weights

RoTE	30%
rTSR	50%
ESG	20%

## Equally weighted ESG action lines included

2025-2027

- Women in senior positions
- Financial inclusion
- Socially Responsible Investments
- Climate - Business raised and facilitated

Short term  
Scorecard  
2024

Category	Metrics <sup>A</sup>	Weighting
Transformation: 45%	Active customers (growth)	10%
	Customer per active customer	15%
	Fees over costs (recurrence ratio)	20%
Capital: 25%	Capital generation	25%
Sustainable Profitability: 30%	RoRWA SVA	30%

## Qualitative assessment weights

- Performance vs. Market  $\pm 10\%$
- Compliance and Risk  $\pm 10\%$
- Network Collaboration  $\pm 10\%$
- Sustainability targets  $\pm 5\%$



A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, extraordinary impacts of macroeconomic environment, regulatory changes or restructuring processes) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated

# 06

External  
engagement  
& Recognition

NASDAQ Welcomes Santander  
to the sustainable bond network





# External engagement & Recognition | Partnerships & initiatives

Main sustainability initiatives where Santander is a member or participant:

**United Nations Global Compact:** United Nations Global Compact: We have been part of the Global Compact network since 2022 and a member of the gender equality program since 2020. We also took part in the 'sustainable suppliers' program.

**UNEP Finance initiative:** Santander has been a member of the United Nations Environment Program Finance Initiative since 1992 and a founding member of the Principles for Responsible Banking since its launch in 2019. A Santander representative co-chairs the global management committee and in 2024 took part in a review of the 2030 principles. We are also signatory, through Santander Asset Management and since 2008, in the Principles for Responsible Investment (PRI)

**World Business Council for Sustainable Development (WBCSD).** Having become a WBCSD member in 2015, in 2024 we took part in the Banking for Impact on Climate in Agriculture (B4ICA) initiative, the CFO Network, LEAP project, and other program.

**Equator Principles:** Voluntary framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. We have been a signatory since 2009.

**International Capital Markets Association (ICMA):** ICMA Principles champion global green, social and sustainability bond (and related) markets to finance progress towards environmental and social sustainability. The Principles were established in 2014, and Santander has been a member since then.

**International Sustainability Standards Board (ISSB):** Santander joined the IFRS Corporate Champions initiative at the end of 2024, with the aim of strengthening the positioning of the ISSB standards as the global standard for sustainability reporting.

**Task Force on Climate-Related Financial Disclosures (TCFD):** The TCFD, which we support since 2017, has developed a framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes

**Institute of International Finance (IIF):** Grupo Santander's Executive Chair is the current IIF Chair and has sat on its board since 2014. The bank participates in several sustainability-related working groups, including the Sustainable Finance Policy Expert Group and the Sustainable Finance Data, Disclosure and Classification Expert Group

**European Banking Federation (EBF):** Santander is a member of several working groups, such as the ESG risk group, which a Santander director chairs; the Sustainable Finance Steering Committee; and the Chief Sustainability Officers Roundtable.

**Association for Financial Markets in Europe (AFME):** Santander is part of AFME's Sustainable Finance SteerCo. AFME works with members, policymakers and other stakeholders on a wide range of important priorities including sustainability disclosures, taxonomies, sustainable financing products, sustainability due diligence and carbon markets.



We engage with ESG ratings to signal our progress and keep improving with their feedback

Ratings

>> In 2024, we maintained our position in MSCI (AA) and at Carbon disclosure project (CDP) level A . We scored 17.1 points in Sustainalytics, remaining in its 'Low Risk' category, and reached the C+ classification in ISS.

Rating Agency	2023	2024	Evolution
 MSCI	MSCI index AA	MSCI index AA	=
 SUSTAINALYTICS	Low-risk 19.7	Low-risk 17.1	▲
 CDP	Leadership A-	Leadership A	▲
 ISS ESG	C- 55.6	C+ 58.5	▲





# Appendix

### Investor Relations



investor@gruposantander.com

### Tosin Iduh

ESG & Market Intelligence



oiduhija@gruposantander.com

# Transparency & Disclosure | Reports and additional information

Please click **on the below images** to consult public details highlighted in this presentation

## 2024 Annual report



## Corporate Governance presentation



[www.santander.com](http://www.santander.com)



# Decarbonization Targets | Current exposure

We have enhanced the materiality assessment with scenario analysis to calculate quantitative heatmaps

September 2024 (pre-mitigation), EUR billion

	TR	PR	CIB	Other segments
Power (Conventional)	High	Medium	26	2
Power (Renewables Project Finance)	Low	Medium	13	0
Oil & Gas	Very High	Low	20	1
Mining & Metals	Very High	Low	13	7
Transport	High	Moderately low	29	12
Auto Consumer	Moderately low	Low	0	162
Real Estate	Moderately low	Medium	7	386
Agriculture	Medium	Medium	3	9
Other Climate-related sectors				
Construction	Moderately low	Low	18	15
Manufacturing	Medium	Moderately low	44	25
Water & Waste	Medium	Medium	3	1
<b>Climate Sectors</b>			<b>175</b>	<b>621</b>
Other sectors	Low	Low	65	212
<b>Total portfolio</b>			<b>241</b>	<b>833</b>

■ Low      ■ Moderately low  
■ Medium      ■ High      ■ Very High



We continue to work on enhancing climate information, methodologies and use cases. Our portfolios continue to show less vulnerability to physical risk, given the concentration in low-risk locations

# Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

**Simple Personal Fair**

