

Community investment report 2018

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Our approach to responsible banking

By delivering on our purpose, and helping people and businesses prosper, we grow as a business and we can help society address its challenges too. Economic progress and social progress go together. The value created by our business is shared – to the benefit of all.

Communities are best served by corporations that have aligned their goals to serve the long term goals of society.

Ana Botin

By being responsible, we build loyalty



I'm loyal to Santander because...

... Santander treats <u>me</u> responsibly In our day-to-day businesses, we ensure that we do not simply meet our legal and regulatory requirements, but we exceed people's expectations by being Simple, Personal and Fair in all we do.

... Santander acts responsibly in **society**

We focus on areas where, as a Group, our activity can have a major impact on helping people and businesses prosper.

2018 Community investment report

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Overview

Supporting local charities and NGOs brings a sense of purpose to our teams. It is practical proof that, as a business, we are doing our bit to fulfil our Group's purpose: to help people and businesses prosper. And in doing so, we not only strengthen the loyalty of our team, but also our customers and citizens. Doing the right thing is therefore good for business, too



58 Million Euros invested in communities 7,647
Portnership
With NGOs and social
welfare institutions

2.5 Million People helped

1. Philanthropy, key to drive social progress

Philanthropy is a critical part of a democratic society, provides opportunities and improves the wellbeing of humankind by preventing and solving social problems.

A global commitment

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Although the SDGs are not legally binding, every member state of the United Nations committed to fulfilling them by the year 2030. Thousands of local and state governments, companies, and other institutions worldwide have pledged to take action as well. Indeed, SDG 17 explicitly calls for cross-sector and international partnerships to achieve the whole UN SDGs agenda.

Main SDGs on which community investment has an impact



Promotes initiatives that combat exclusion and poverty.



Carries out global food donation campaigns that are bettered by employees each year.



Collaborates with many social institutions to improve the quality of life of people and meet their needs.



Promotes university education to help the communities in which it is present to prosper.





Promotes equal opportunities between men and women.



Collaborates with many social institutions to improve the quality of life of people and meet their needs.



Partners a number of social entities to achieve sustainable development.

How businesses can help tackle poverty and social well-being

As part of this new sustainable development agenda, everyone - governments, the private sector, civil society and people - has to do their share. Companies and society form part of the same world and their future is a shared one.

Against this background, companies are aware, more than ever, that they must play the role of citizens, each in their sector, with their dimension, risks and impacts. In many cases, multinationals are now able to act with more resources, capacities and methods than some actual governments.

Santander is firmly committed to contribute to the achievement of the 2030 agenda, through its banking activity and also contributing through its philanthropic and community investments programmes.

Giving to charities and volunteering to tackle the challenges a community or the wider society faces is the right thing to do. We all have a responsibility to help others

If According to the Multidimensional Poverty Index (MPI), almost 1.3 billion people live in acute multidimensional poverty. This amounts to 23% of the survey population*. Most of the world's poor people live in rural areas and are poorly educated, work mainly in the agricultural sector and are under 18 years of age

"Companies around the world engage in community investment efforts as a way to promote development and benefit local stakeholders in their areas of operation. Done well, community investment can help establish mutually beneficial relationships between a company and its local stakeholders, contribute toward long-term improvements in the quality of

life for local communities, and help create an environment conducive to private investment."

"Through community investment, companies support capacity building, livelihoods development, skills transfer, and access to social services and infrastructure, often in contexts where the levels of poverty, social risk, and expectation are high, and where

business and communities compete for the use of land and natural resources."

Strategic Community Investment, A Quick Guide. Highlights from IFC's Good Practice Handbook. International Finance Corporation (World Bank Group).

^{*} MPI provides a general overview of poverty and its composition for 105 countries worldwide. Source: https://ophi.org.uk/wp-content/uploads/G-MPI 2018 2ed web.pdf

2. Banco Santander's commitment to the community

We encourage inclusive and sustainable growth through initiatives and programmes that support access to education, social entrepreneurship, employability and welfare in the communities where we operate.

We can play a major role in helping ensure growth is both inclusive and sustainable. Inclusive: by meeting all our customers' needs, helping companies to create jobs and people to be financially empowered, and get the education and skills they need. Sustainable: supporting the transition to a low carbon economy by financing renewable energy, smart and sustainable infrastructures, while taking into account social and environmental risks and opportunities.

Higher education is our main line of action to support the communities in which we are. Banco Santander is the world's largest corporate contributor to education¹. Through Santander Universities we have built a unique network of 1,235 universities worldwide, through which we support students, research and entrepreneurs.

In addition, we also help the communities we serve to prosper socially and economically through multiples community investment programmes in collaboration with NGOs and other social welfare institutions. And in many of them, bank employees are encouraged to participate through corporate volunteering initiatives, as a way of promoting solidarity, motivation and the sense of pride at belonging to the Group, keeping direct ties with their community.

Most of the community support initiatives that the Bank promotes are developed at the local level. Adapting to the circumstances and reality of each region. Additionally, we also develop numerous products and services with a strong social bias, such as microcredits, and promote financial education to strengthen and increase basic financial knowledge and its practical application.

Strategy and governance

Our commitment to the community is part of our purpose: to help people and businesses prosper.

Our sustainability policy sets out a number of principles and commitments, designed to create long-term value for our stakeholders and detailed the relationship and the commitment of the Bank with the community. In addition, in 2018 we launched our Santander Group Policy on contributions for social purposes, to delimit and regulate the process for proposing, assessing, deciding and controlling contributions for social purposes.

The responsible banking, sustainability and culture committee, created in 2018, has the function to assist the board of directors in complying with its duties of supervision with respect to the responsible business strategy and the sustainability issues of the Company and its Group. And is the body who approved the main lines of action of our responsible banking agenda.

Likewise, our inclusive and sustainable Banking Steering focused on areas where, as a Group, our activity can have a major impact on helping people and businesses prosper.



EUR 121 million to support higher education

EUR 58 million in social investment



Further information regarding higher education support see Santander Universities thematic report.



Further information regarding microfinance initiatives see Financial Empowerment thematic report.

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^{1.} According to the Fortune 2018 Change the World list

Main lines of action



Commitment to childhood education

We conduct various activities that support educational projects focused on Latin America. For many years we have supported education projects in various countries, to provide equal opportunities for all children and support the sustainable development.



We run several programmes to tackle poverty, vulnerability and social marginalisation. We also support programmes to prevent disease; and promote health and welfare programmes designed to help disabled people and their families.



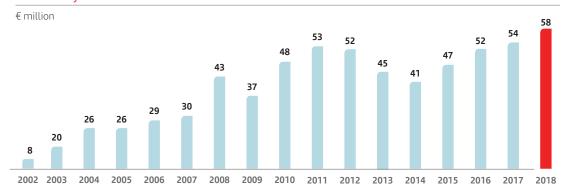
Protection and dissemination of culture

And we support cultural initiatives mainly through:

- → Banco Santander Foundation, which supports activities in the fields of art, education and young talent, literature, the environment and science.
- → Santander Cultural, which offers programmes in visual arts, culture, music, education and films.

Progress to today and upcoming commitments

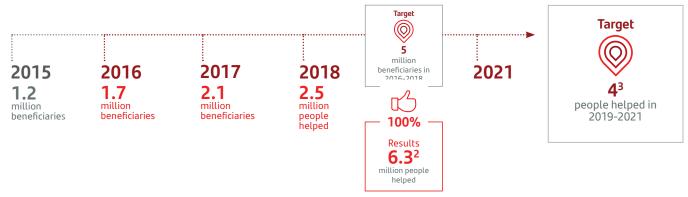
Community investment





669 million invested in social initiatives since 2002

People helped¹



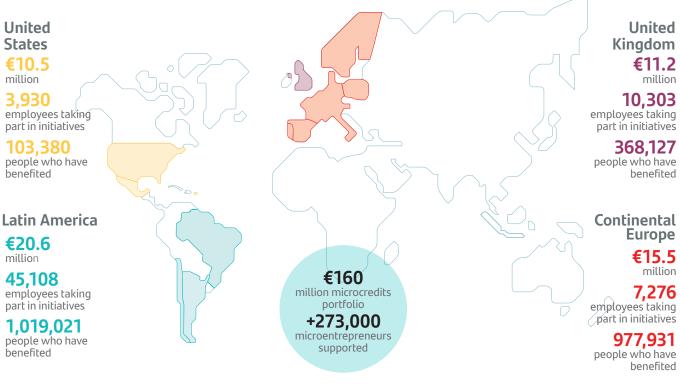
^{1.} The Bank has designed a corporate methodology tailored to Santander's requirements and specific model for contributing to society. This methodology identifies a series of principles, definitions and criteria to allow the Bank to consistently keep track of those people who have been benefited from Bank's community support programmes (excluded Santander Universities). This methodology has been reviewed by an external auditor.

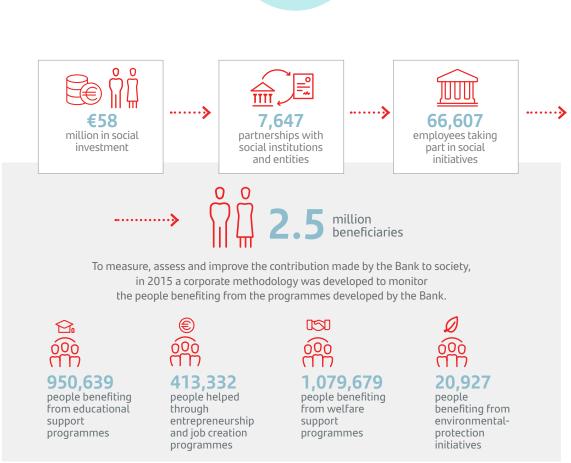
^{2. 2016-2018} period target included not only community support programmes, but also services and products with a social and/or environmental component (i.e Microcredits).

^{3.} New 2019-2021 target only includes community support programmes (excluded financial education programmes). For this period the Bank has established a new specific commitment tailored to measure financially empowered people (10Mn financially empowered people by 2025).

Banco Santander community investment in 2018

Map of community investment





London Benchmarking Group

Breakdown by type of philantropic activities



2% to charitable donations

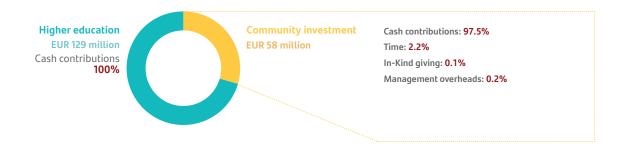


28% to community investments

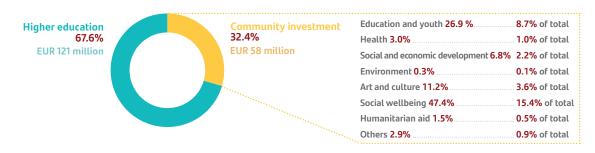


70% to initiatives aligned to business

Breakdown by type of contribution



Breakdown by areas of contribution



Banco Santander is a member of LBG Spain since 2010. And since 2011, it measures and classifies its community investment to this methodology.

In 2018, Santander social investment amounted to a total of 179 million euros, of which 67.6% corresponds to the group's social investment aimed at supporting higher education through Santander Universities program. The other 32.4% goes to the support of local programmes that promote, among other aspects, education, social entrepreneurship, and the



3. Main areas of action and most significant projects

Commitment to child education

Banco Santander's social investment strategy centres on education. In addition to supporting university and financial education, there are specific programmes to promote basic education among young people at risk of social exclusion, in line with the United Nations Sustainable Development Goals.

These programmes focus mainly on Latin America, where the Bank has been collaborating for many years on projects to support and expand various educational projects in various countries, to provide equal opportunities for all children and support the sustainable development of the community.

+600,00

children helped through programmes to support childhood education

Main initiatives supported by countries



School scholarships

Academic failure among children is one of the main problems facing Argentina, and in this context, Santander Río is rolling out a programme to prevent children from dropping out of school, through scholarships for children from low-income families. For instance, in collaboration with Cáritas, scholarships were provided to 200 primary school children across the country in 2018, and cooperation programmes were developed with other entities such as Foundation León and Puentes Hoy por Ti in the area of secondary education.



Escola Brasil programme (PEB)

PEB brings together more than one thousand volunteers working for a common purpose. Set up in 1998 the core objective of the PEB was to contribute to improving the quality of basic education for children and young people in public schools in Brazil. Later, we add a new objective, to help parents and teachers in educational institutions to increase their knowledge of financial education. And from 2017, we are expanding our scope of action to transmit the United Nations Sustainable Development Goals, and drive their achievement.

In 2018, more than 400 volunteer actions were carried out in 87 public schools. Throughout the year, we had 1,053 employees acting continuously in the programme, who mobilised more than 3,000 other occasional employees. These initiative directly helped more than 590,000 people (students, teachers, educational staff, families and other members of the school community).





For more information



Belén Educa

Banco Santander has been working with Foundation Belén Educa in Chile for 18 years, through a set of initiatives aimed at supporting excellence in education for children and young people (scholarships, internships, workshops, talks and teacher trainings for medium education students).

Banco Santander has been working with Foundation Belén Educa in Chile for 18 years, through a set of initiatives aimed at supporting excellence in education for children and young people who stand out for their consistency, effort and good academic performance.

The programme also offers internships at the Bank, which have enabled 30 students on the Red Belén Educa projects to join the labour market.

In addition to scholarships, other activities are also carried out as part of the collaboration agreement, such as educational talks from Bank employees and tutorials to guide young people in their professional careers, with the aim of involving professionals in this initiative.

Banco Santander in Chile also became part of the plan Nationwide Commitment, created by the Government of Chile to benefit 16 vulnerable groups in the country. Fulfilling its commitment to the progress of people and to supporting education as a relevant lever for progress, Santander Chile will lead from the private sector to help one of the most affected groups: the nearly five million people over 18 years of age (4,910,880) who are not studying or have not completed their schooling.

What motivates me to be in this programme is that a tutor is a person who can quide you on a right path. I have doubts about what to study and I want someone with experience who has gone for things that I didn't experience to help me with what I want to study or about decisions about daily life that could be useful for the future

Luis Rodríguez, student at the Arzobispo Manuel Vicuña de San Joaquín school.



Bécalos and Todos los niños a la escuela programme

Santander Mexico took part in the initiative carried out by Asociación de Bancos de México and Televisa Foundation, aimed at promoting education by granting scholarships to students and teachers in public schools. The programme seeks to help socially-disadvantaged young Mexicans to develop skills to improve their quality of life, thereby contributing to the development of their country. During 2018 we contributed a total of \$13,236,948 and \$4,455,788 in seed capital to promote scholarships in the middle and upper level, scholarships for academic excellence and

scholarships for technical careers, as well as training programmes aimed at teachers and managers, benefiting to 3,283 young people.

In the same way, customers can also help the UNICEF programme 'Todos los niños a la Escuela' aimed at providing all children with universal access to quality basic education and upholding their rights. The collections made in support of this project through the Bank's ATM network in 2018 positively impacted the welfare and education of 2,609 children across the country thanks to the teacher workshops.



Promoting financial education at schools and among young people

Helping educate people and improve their quality of life is a key part of Banco Santander's purpose. As financial processes become increasingly complex, we need to improve people's financial knowledge.

+350,00 people helped through financial education programmes



For more information see Financial **Empowerment** report 2018.

Support for social welfare

The Bank works with NGOs and other institutions to run numerous community support initiatives to enhance people's quality of life and meet their needs. Many of these initiatives are conducted in collaboration with the Bank's customers and staff.

The main focus of this work is to tackle social exclusion by backing programmes that deal with poverty, vulnerability and the marginalisation of people in the various countries in which the Bank operates.

Programmes preventing disease and promoting health are also developed. The research and support programmes for medical treatments are most noteworthy in this regard.

Welfare programmes are also run concerning disability, which specialise in helping differentlyabled people and their families, facilitating their social inclusion and their rehabilitation.

+1 million

people helped through programmes designed to tackle social exclusion



Santander Foundation

In 2018, the Santander Foundation provided over EUR 3 million in grants to over 710 organisations for projects that help disadvantaged people. Discovery Grants are available to registered UK charities, community interest companies or credit unions to support activities that improve skills or knowledge, or support social innovation.

The Santander Foundation also contributed over EUR 2 million to support our employees' fundraising for charities of their choice through the Staff Matched Donation Scheme.



For more information



Euros from Your Payslip' Social Projects Competition

Employees in Spain can present projects of social entities which carry out activities aimed at helping to improve the community in some way. The winning projects are funded using the 'Euros from your Payslip' fund, into which employees pay a small fraction of their salary every month and the Bank equals the same amount.

In the XI edition of the Call, the Group's employees in Spain presented 327 projects from 283 different social entities.

In addition, through our Santander Ayuda programme, we collaborate with non-profit institutions through local projects to help improve people's lives. Each year we donated EUR 400,000 for a total of 80 projects to improve the social well-being of communities, with contributions up to EUR 5,000.



For more information



CEBI Foundation

Santander is a founding member of the CEBI Foundation, whose objective is to support children, young people, the elderly and the most disadvantaged families, supporting around 3,000 families daily.

Its activities include the promotion of education, with more than 1,500 students, and the provision of support to more than 250

elderly people per year. CEBI also provides a permanent shelter for 30 children at risk, victims of abandonment and mistreatment. Santander's support relates to the education and well-being of 25 of these children.

In 2018, Santander sponsored the CEBI Solidarity Walk, with the aim of raising donations for CEBI's 'Casa de Acolhimento'.



For more information



Fideicomiso por los Niños de México, Todos en Santander

A programme that was created 24 years ago by our employees to help children living in vulnerable situations in areas such as education, health and nutrition. In 2018. we worked alongside 62 organisations to help benefit 18,191 boys and girls,

investing more than MXN \$9.2 million.



For more information



18,191

boys and girls helped

iniciatives

\$9,236,000



Community partners

For more than 15 years we have been able to provide our network of ATMs so that they can receive donations from customers and users who wish to support various social and environmental causes.

Some examples of initiatives with which we collaborate are: Fideicomiso Provivah, for housing reconstruction, we help to build more than 500 homes in 2018; or Casa de la amistad asociation, which offers children with cancer access to comprehensive treatment and free medicines, benefitting 679 boys and girls.

Santander Mexico is the leading company in Social Responsibility of the 'IPC Sustentable de la Bolsa Mexicana de Valores', for its continuous work in favour of the community, education and sustainability.



Amigo de Valor

Since 2002, the Amigo de Valor programme has helped to support the Municipal Councils of Children's and Adolescents' Rights in Brazil by providing funds for their activities. It channels employees' and customers' resources through Brazilian income tax to support children's rights. In 2018, the campaign hit record membership: 31,000 people, totaling BRL 13.9 million collected and more than 8,000 children and teenagers benefited.



For more information



Amigo de Valor

The largest resource mobilisation programme for children and adolescents in Brazil made by a bank.



Parceiro do Idoso

Santander encourages its customers and suppliers to allocate part of their income tax to the Municipal Funds for the Rights of the Elderly. Santander also allocates part of its own Income

tax bill. In 2018, the campaign raised BRL 5.8 million, distributed among 15 initiatives. In 2018, 4,709 senior citizens at risk received support.



Techo para Chile

Banco Santander has been a partner of TECHO Chile for many years. Actually we collaborated with this organisation in the construction of community centres, to transform them into places of learning. These centres are managed by neighbours of the same communities who are trained to implement educational programmes which develop 21st century competencies and skills in children between 5 and 15 years of age.

We also launched the Santander trades scholarships to people living in vulnerable conditions, based on their employment needs and prospects. Likewise, in 2018 we started another initiative to support TECHO-Chile Foundation by selling unique hand-crafted mugs in their Work/Cafés. The sale of these mugs, will go to help the families that TECHO-Chile works with.

We deserve a Chile that gives opportunities to all, because we cannot think of a developed country where there is still room for social segregation **!!**

Claudio Melandri, chairman of Banco Santander in Chile

Protection and dissemination of culture

The Banco Santander Foundation in Spain and Santander Cultural in Brazil lead the Group's cultural investment drive. Through the programmes run by the Bank's foundations and the cultural initiatives they support, more than one million people have been able to enjoy exhibitions and other cultural initiatives promoted by Santander.

Banco Santander Foundation

True to its commitment to society, the Banco Santander Foundation works hard to safeguard, promote and disseminate art, care for the environment and promote education as a driver of progress. It stands out for its cultural, humanist and scientific qualities, and plays an important role as a sponsor of cultural events.

Being responsible for the Banco Santander Collection, comprising more than 1,000 works of art dating from the 16th century to the present day, the Foundation also holds exhibitions of prestigious international collections in the Santander Art Room in Boadilla del Monte that are not well-known in Spain. It is also an active promoter of collections and plays a key role as a sponsor of artwork: it supports the Patrimonio Nacional (national heritage) in the organisation of exhibitions at Madrid's Royal Palace and runs the Conexiones programme with the ABC museum, offering a fascinating approach to artistic creation. Banco Santander Foundation also plays an active role in musical sponsorship, holding partnerships with famous institutions such as the Gran Teatre del Liceu in Barcelona, the Teatro Real in Madrid and Foundation Albéniz, and in the literary world, focusing on reviving Spanish literary classics

through the Obra Fundamental collection, and has broad experience in organising conferences on historical issues.

Among the many initiatives launched in 2018, of particular note was the exhibition of the Luís Paulo Montenegro Collection in the Santander Art Room in Boadilla del Monte; this is one of the most important compilations of modern and contemporary art in Brazil. During this year, Banco Santander Foundation also launched a new derivative project to support artistic production, which was created to highlight the role of women in the artistic sphere, to stimulate the interest of new audiences in the current art and to encourage the collection of art. Also organised the 6th edition of his Prize for Artistic Production, an initiative designed to promote the career of young creators.

Santander Cultural

Located in a historic building in Porto Alegre, the Instituto Santander Cultural of Brazil works mainly to promote the visual arts, cinema and music, as well as initiatives in the area of education and knowledge. University students and schoolchildren, artists, opinion leaders and the general public actively participated at seminars, art workshops, teacher-training courses, digital skills for the elderly, "llanto" and "samba" workshops among others. All the activities were free.

Over 17 years, more than 6 million people passed through this institution which has hosted more than 90 exhibitions of visual arts, 700 shows and 4,500 movies in daily sessions.



More than

1 million
beneficiaries



Banco Santander Foundation



Santander Cultural



Banco Santander Foundation 2018 figures

1,000

works of art and 960 coins from the Banco Santander Collection

13,639

visitors to the Santander Art Room

35

artists benefited from grants for artistic creation

27

loans and restoration of items in the Banco Santander Collection

966

participants in family visits to the Santander Art Room

61

conferences given, with 3,000 attendees

8

exhibitions organised, with more than 900,000 visitors

2,132

students and teachers

took part in dynamic visits to the Santander Art Room

11

publications edited, with 12,650 copies published

Other cultural initiatives



Brazil

The Museum of Tomorrow

This museum project was designed by Spanish architect Santiago Calatrava in Porto Maravilha, Rio de Janeiro. The museum invites visitors to reflect on how to build a more sustainable world. It also houses an activities laboratory presented by Santander and a research observatory.

Teatro Santander

This theatre, which opened in March 2016 in São Paulo, is a flexible cultural space than can be used for concerts, musical performances and theatre shows, among other activities. It has attracted more than 900,000 spectators since 2016.

For more information

Farol Santander

A centre for culture, experience and entrepreneurial spirit that encourages the continuous development of people and businesses, and places value on the historical memory of the place and its people.

Immersive exhibitions by Brazilian and international artists are held to raise community awareness through art and to provoke reflection on possible new realities. The space also has a skating rink, a loft and a junk workshop that provide unique experiences and inspire us to think about new creative ways of relating to people and spaces.

In 2018, its first year of operation, more than 300 thousand people visited Farol Santander –more than the number of visitors to the building in the last 20 years.

For more information



Teatro Santander National Tour

This nationwide tour involved four plays to bring culture to the Bank's customers and employees and their families. There were two plays for adults— "Nuestras Mujeres" (Our Women) and "Soy un Desastre" (I'm a Disaster) – and two family plays – "Alicia tras el espejo" (Alice Through the Looking Glass) and "El Principito" (The Little Prince) – were seen by a total of 3,378 spectators on this tour.

"Libro de la Escuadra Nacional" (National Squad book)

Ten noteworthy authors who specialised in naval history compiled in this book the 200 years of history of the "Escuadra Nacional" in this project carried out together with the Chilean Navy and the "Corporación del Patrimonio Cultural" of Chile, through the Cultural Donations Law. More than 500 copies were free delivered to DIBAM, the Arts and Culture Council and in general to every public institution.



Poland

Santander Orchestra

This programme – launched in 2015 and promoted by Banco Zachodni WBK – fosters creativity and musical projection among young people.

The fourth edition of the project in 2018 encompassed three main activity streams: three concerts of the Santander Orchestra, which had a total audience of 2,500 people; the continuation of the Santander Orchestra Academy, which combines the practice of music with additional education in subjects which might be useful for young musicians entering the labour market, and Santander Orchestra music workshops for children aged 5 to 12, celebrated in four cities of Poland to which attended 241 participants.



Portugal

Empresa Promotora da Língua Portuguesa

Santander has renewed its commitment with the promotion of the Portuguese Language through the agreement signed with Camões - Institute of Cooperation and Language. Under this agreement, the Bank offered scholarships to foreign students who attended language and culture courses in Portugal.

Festival das Artes

In 2018, Santander Totta sponsored 10th edition of the Festival of Arts, a national reference in the context of summer festivals and a fundamental piece of cultural tourism in the Coimbra region.

Corporate volunteering

Santander encourages corporate volunteering as a way of promoting commitment, motivation, a sense of pride at belonging to the Group, and solidarity among employees, while also helping the communities where it operates to prosper.

At a Group level, we promote two volunteers moment in the year, one on June aligned with We are Santander week the Bank fosters diverse initiatives around the world to celebrate the solidarity of its employees, and other in December, to celebrate the international volunteering day.

At the local level, year after year we are increasingly intensifying our commitment to communities where we are through local volunteer initiatives where the Bank and its employees can get involved and help solve the problems that most affect these communities.

The Bank also organises a range of programmes to support and promote various fund-raising initiatives for employees, in order to help the most disadvantaged sections of communities.



For more information, see Corporate Volunteering Report

Volunteer map

