

Responsible banking

Consolidated non-financial information statement





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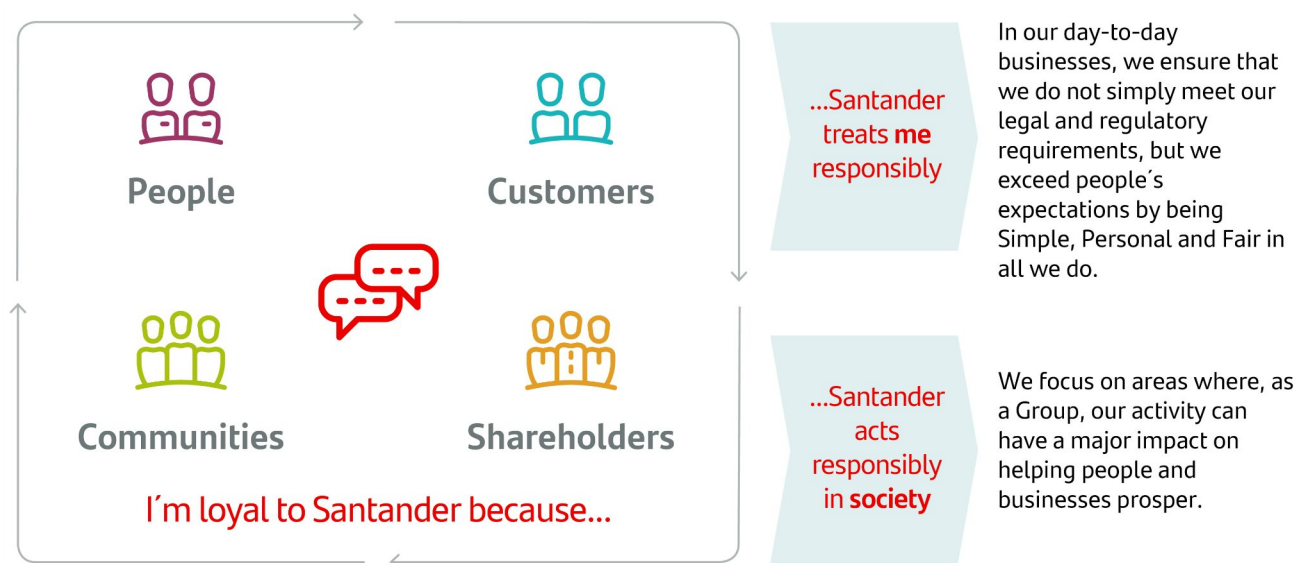
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Our approach

"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 Botín

By being responsible, we build loyalty



How we have helped people and businesses prosper in 2019



People

EUR **12.141** million

Personnel costs^A

98%

of employees with fixed contracts

55%

of employees are women



Customers

EUR **942,218** million

Loans outstanding (net)

EUR **519,996** million
to households

EUR **319,616** million
to companies

EUR **20,053** million
to public
administrations

EUR **82,553** million
to others^B

EUR **500** million

to microbusinesses
through our
microfinance programs



Shareholders

EUR **3,822** million

Total shareholder
remuneration^C

EUR **61,986** million

Stock market value at
year-end 2019, second
bank in the eurozone

EUR **0.23**

per share of total
shareholders
remuneration^C



Communities

EUR **165** million

Community investment

EUR **119** million

Investment in
universities

EUR **46** million

Investment in
programmes and
projects to support
communities



Suppliers

EUR **4,746** million

Payments to suppliers^D

4,744

suppliers awarded in
2019 through our global
procurement model

93.2%

Local Group suppliers



Tax contribution

EUR **6,765** million

Total taxes paid by the Group

EUR **2,951** million

Corporate income tax

EUR **3,814** million

Other taxes paid

A. From Group consolidated financial statements.

B. Including financial business activities and customer prepayments.

C. Subject to the approval of the total dividend against the 2019 results by 2020 annual general meeting.

D. Data refers exclusively to purchases negotiated by Aquánima.

What our stakeholders tell us

To build a more responsible bank, we are constantly engaging with and analysing the views of all our stakeholders, so that we can improve our performance and do more to help people and businesses prosper.

How we engage

Earning and keeping people's loyalty is key to creating lasting value. To do this, we must understand the concerns of all our stakeholders. By listening to their opinions, and measuring their perception of the Group, we not only identify issues, we also spot opportunities.

We encourage active listening and have several channels that enable us to understand stakeholders' expectations. This ongoing dialogue is key to ensuring the success of the Group's activities through the value chain.

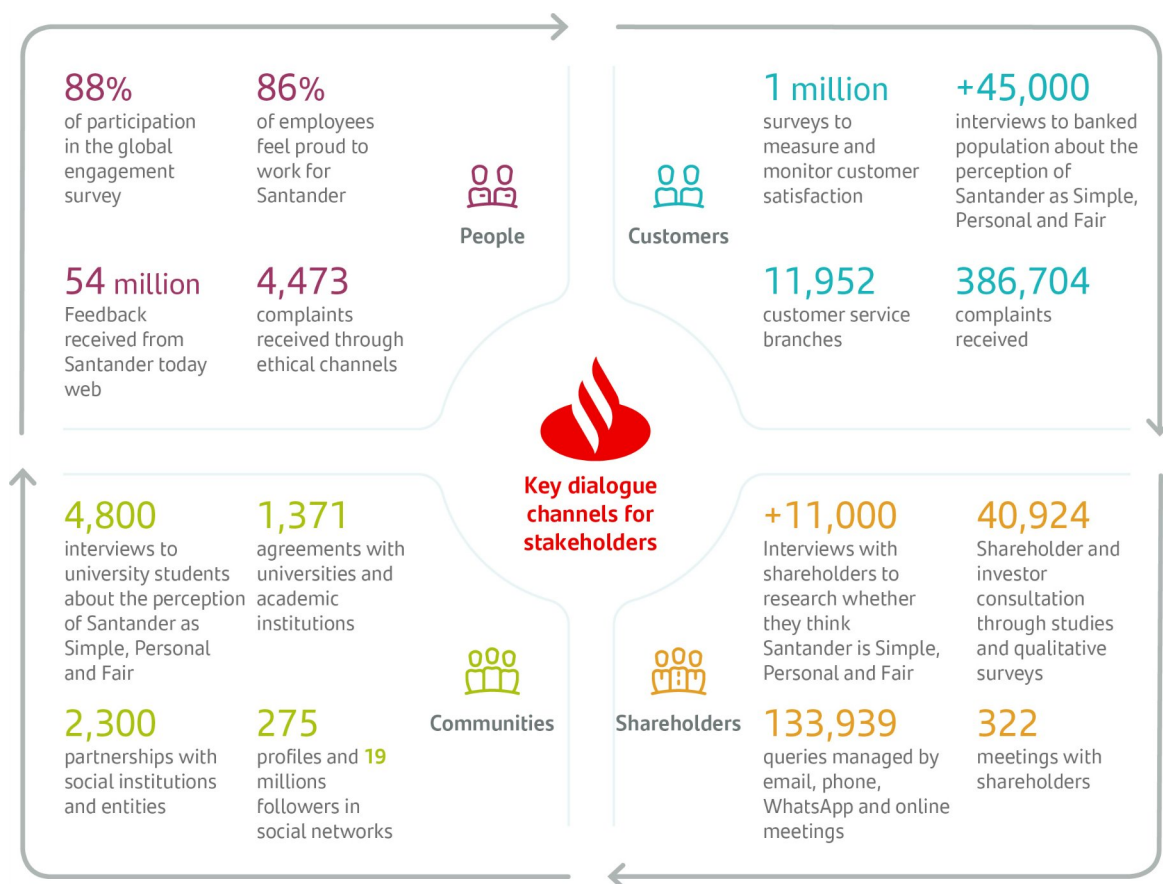
As well as this, and to help us define and manage our responsible banking agenda, we also analyse what the leading environmental, social and governance analysts are telling us.

We are also continuously monitoring political and regulatory agendas in all markets where we operate.

We participate in consultations held by third parties about the impact the Group has on the sustainable development agenda.

Furthermore, to understand our overall impact on society, we are always assessing social and environmental externalities (both negative and positive). This helps Santander to detect possible risks for business; and identify opportunities to create additional value for the society and ways in which we can protect the environment.

Finally, we are part of major local and global initiatives to support inclusive and sustainable growth, and help good causes in the markets where we operate. Details of these partnerships can be found on page 22 of this chapter.



Identifying the issues that matter

Santander regularly analyses the most relevant social, environmental and ethical behaviour issues through its materiality assessment. This systematic study is conducted across the whole Group's value chain on an annual basis, and consists of an in-depth quantitative and qualitative analysis that uses information from both internal and external sources. Each of these inputs is weighted according to its relevance as regards defining material matters for the Bank. Weights are not distributed statically but are reviewed every year to adapt the study as much as possible to the current context and reality.

Based on this materiality assessment, a materiality matrix has been generated, where 15 material issues for the Bank have been identified as the most relevant issues. In 2019 we addressed the issues raised in a wide range of ways, as the following pages highlight. In particular, we focused on measures to embed responsible business practices; to tackle climate change and support the green transition; and to build a diverse and talented team.

Main inputs considered for the analysis

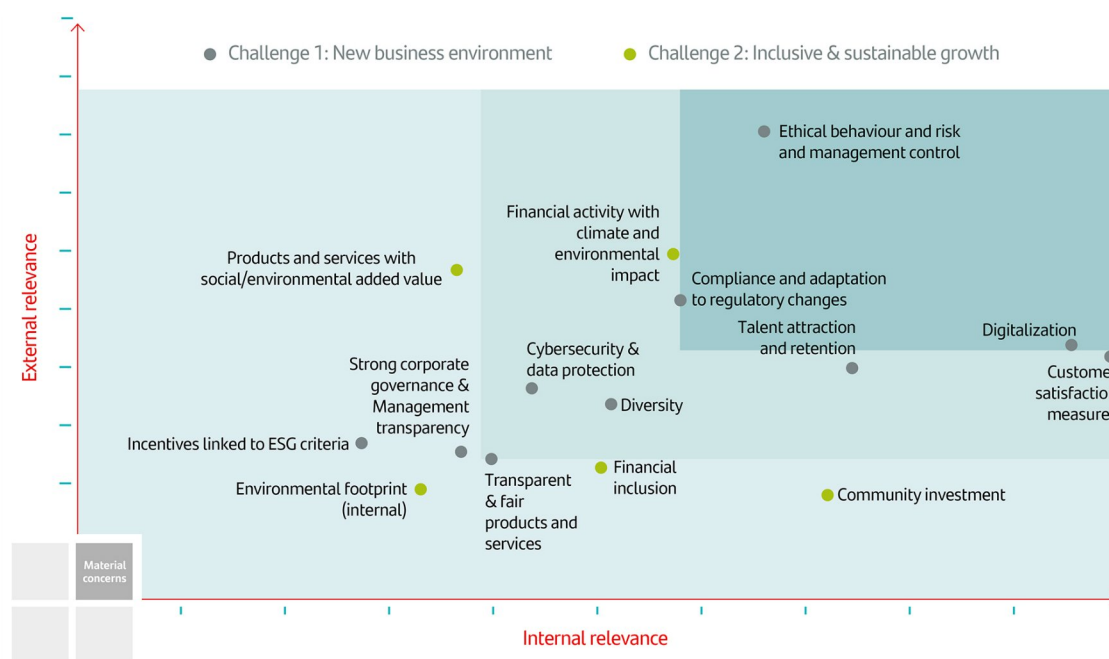
External

- Shareholders (ESG investors; Rep risk)
- Banking sector (Peers reporting and materiality analysis)
- People (Customers surveys; Impact by business segment; Press Analysis; social networks)
- Regulators (Regulatory & voluntary frameworks such as GRI, SASB or IIRC)

Internal

- Santander Strategic view (Public Commitments, Internal communication messages, workshops, Top risk analysis)
- Employees' perspective (employees' surveys; interviews with local & global areas)
- Executive perspective (Responsible Banking committees; Chairman and CEO messages)

Relevant aspects for the Group matrix^A



This analysis helps us to focus our initiatives and programmes right across the Group.

Key issues in which we have put focus in 2019 (and what our stakeholder expect from us)

• Customer satisfaction measures	Mechanisms to control and manage the entity's ethical behaviour and risks (fraud, corruption, terrorism, money laundering prevention tax evasion, etc.)
• Diversity	Initiatives to promote the incorporation of women, persons with disabilities, ethnic or other minorities
• Financial Inclusion	Initiatives to make financial services accessible for all, including those individuals and businesses with low incomes or no access to the formal financial system.
• Financial activity with climate and environmental impact	Strategy tackle to climate change and the transition to a low-carbon economy. Environmental impact derived from the Bank's financing of certain activities.

A. Aspects such as food waste, light and noise pollution, human rights and biodiversity are not material to the Group

Challenges and opportunities

Like every business, Santander operates in a world that is changing fast, creating new challenges and opportunities. Using the results of the materiality assessment, we have identified two core challenges - the challenge of the new business environment, and the challenge of inclusive and sustainable growth.

Challenge 1:

New business environment

Adapting to an evolving world

The world's economy continues to change fast. Advances in information technology and communications are transforming markets and business models. In this highly competitive environment, and in a time of rapid change, companies must work in new ways and have responsible business practices.

Santander, like all businesses, needs a motivated, diverse, skilled workforce that is able to deliver what customers want, harnessing the power of new technology. Meanwhile, we face new regulations and laws. These trends create the challenge of the new business environment in which we operate. Our task is to exceed our stakeholders' expectations, to do the basics brilliantly, every day. Key to this is having a strong culture - a business in which all we do is Simple, Personal and Fair.



For more detailed information on our strategy to tackle this challenge and turn it into an opportunity, please see section "[Challenge 1: New business environment](#)" of this chapter.

Challenge 2:

Inclusive & sustainable growth

Helping society achieve its goals

Growth should meet the needs of today's generation, without hampering future generations' ability to meet their own needs: a balance should always be struck between economic growth, social welfare and environmental protection. Financial institutions can deliver this by managing their own operations responsibly, and lending responsibly to help society achieve its goals.

We can play a major role in helping ensure growth is both inclusive and sustainable. Inclusive: by meeting all our customers' needs, helping entrepreneurs start companies and create jobs, strengthening local economies, improving financial empowerment, and supporting people get the education and training they need. Sustainable: by financing renewable energy, supporting smart infrastructure and technology to tackle climate change. We do this while taking into account the social and environmental risks and opportunities in our operations, and actively contributing to a more balanced and inclusive economic and social system.



For more detailed information on our strategy to tackle this challenge and turn it into an opportunity, please see section [Challenge 2: Inclusive & sustainable growth](#) of this chapter.

Principles and governance

All our activity is guided by principles, frameworks and policies to ensure we behave responsibly in everything we do. We have reformed and strengthened our responsible banking governance to help us manage initiatives which tackle the two challenges we have identified.

Policies that support our responsible banking strategy

General Code of Conduct		Corporate Culture Policy ^A	General Sustainability Policy	Human Rights Policy	Sector Policies	Sensitive Sectors Policy		
Brings together the ethical principles and rules of conduct governing the actions of all of the Group's staff and is the central element of the Group's compliance function		Establishes the guidelines and required standards to be followed ensuring a consistent culture is embedded throughout the Group.	Defines our general sustainability principles and our voluntary commitments with the aim of generating long-term value for our stakeholders.	Sets out how we protect human rights in all operations, and reflects the UN Guiding Principles on Business and Human Rights.	Lays down the criteria governing the Group's financial activity with the defence, energy, mining & metals and soft commodities (products such as palm oil, soy and timber) sectors.	Sets down guidelines for assessment and decision making about the Group's participation in certain sectors, whose potential impact could lead to reputational risks.		
Consumer Protection Policy ^B	Code of Conduct in Security Markets	Cybersecurity Policy	Third-party Certification Policy ^C	Tax Policy	Conflicts of Interest Policy	Financing of Political Parties Policy	Policy on Contributions for Social Purpose	Global Mobility Policy

A. Includes the Group's Diversity & Inclusion Principles and the Corporate Volunteering Standard.

B. Includes financial consumer acting principles.

C. Includes principles of responsible behaviour for suppliers.

Changes to policies in 2019

- To make our policies easier to navigate, we have incorporated our climate change policy into our **General Sustainability Policy**. More detail on the governance of the policy has been included. The protected areas criteria has been aligned with the new **Environmental and Social Sector Policy** approach.
- The **Corporate Culture Policy** has incorporated the Volunteering Policy. We have also updated our **Diversity & Inclusion** principles to reflect our commitment to people with disabilities and different sexual orientations; and to highlight the importance of having appropriate, accessible products for all. Our **Leadership Commitments** have been included under our Santander Way minimum standards.
- The **Human Rights Policy** has been amended to update the main declarations and codes on which it is based. It also gives further specifics on relevant issues regarding our relationships with customers, suppliers and communities; and more detail on the policy governance.
- The **Global Mobility Policy** has been reviewed to give our employees new opportunities to work in different geographies. We have also reviewed compensation and benefits given to employees when they work abroad, as well as the governance model.



Available on our website www.santander.com those policies that the bank has made public.

Strategic overview and coordination

Governance

The **responsible banking, sustainability & culture committee** assists the board of directors in fulfilling its oversight responsibilities with respect to the Group's responsible banking strategy overall. It focuses on corporate culture, ethics and conduct; the impact of digital transformation on our working practice; the Group's policies on sensitive issues and sectors; and how the Group delivers inclusive and sustainable growth.

The committee is supported by the culture steering group and the inclusive & sustainable banking steering group.

- The **culture steering**, promotes, supports and tracks the implementation of The Santander Way (our corporate culture) across the geographies, ensuring corporate and local actions are consistent.
- The **inclusive & sustainable banking steering** reviews and tracks initiatives to tackle social and financial inclusion; extend and improve access to education and training; support by financing in the transition to a low carbon economy; and support investment which benefits society as a whole.

Responsible Banking network

- The **corporate Responsible Banking unit** coordinates and drives the responsible banking agenda. Supporting this unit, Santander has a **Senior Advisor on Responsible Business Practices**, who reports directly to the executive chairman.
- **Santander subsidiaries' sustainability and culture units** coordinate and drive their local responsible banking agendas, ensuring they are aligned to Santander's corporate strategy and policies. Each subsidiary has appointed a senior executive responsible for the Responsible Banking function. Its function is to drive responsible banking agenda at local level aligned with the Group.

Coordination and strategy

- **Metrics and targets** have been established to drive Santander's Responsible Banking agenda and embed Responsible Banking into the heart of the Group's business strategy.
- **Guiding principles** have been developed for subsidiaries (and global business units) to ensure the governance and implementation of our responsible banking agenda is embedded across the Group as a whole.
- **There is regular coordination** between business units, including joint meetings held every two months. Additionally, the first **Responsible Banking workshop**, attended by Responsible Banking representatives from across the Bank's businesses and geographies, was held in 2019.

Key initiatives agreed by the RBSCC in 2019:

Responsible Banking strategy

- Approval of our Responsible Banking priorities for the next cycle, 2020-2022.
- Launch of Responsible Banking commitments for 2021 and 2025.

Challenge 1. The new business environment

- Leadership Commitments have been included under The Santander Way.
- Global simplification initiative has been launched, nominating the responsible people and setting main indicators: Global Engagement Survey (GES), Net Promoter Score (NPS), Simple, Personal and Fair perception (SPF).
- New global maternity and paternity minimum standards created.
- New initiatives launched to increase recruitment of people with disabilities.
- Signed up to the UN Women's Empowerment Principles
- Update of Corporate Culture Policy.
- Update of Human Rights Policy.

Challenge 2. Inclusive and sustainable growth

- A new climate change strategy created.
- A new Global Sustainable Framework for the issuance of Green, Social and Sustainable Bonds created.
- Updated environmental & social policies.
- A financial empowerment and inclusion action plan created.
- A new approach taken to responsible banking at Santander Wealth Management and Santander Corporate Investment Banking.
- New Santander Group Energy Efficiency and Sustainability plan to reduce our internal environmental footprint.
- New commitment made to become carbon neutral in 2020.



For more information, see section 4.9. ['Responsible banking, sustainability and culture committee'](#) of Corporate governance chapter.

Main international initiatives we support

At Group-level, we work with a number of initiatives and working groups at local and international level to drive forward our agenda on responsible banking. These include the following:

- **UNEP Finance initiative.** We are a founding signatory of the United Nations Principles for Responsible Banking. We also participate along with other 15 banks in the UNEP FI pilot project on implementing the TCFD recommendations for banks.
- **World Business Council for Sustainable Development (WBCSD).** Our president, Ana Botín, is a member of the executive committee. And we participate in the WBCSD Future of Work initiative, by looking into how to adapt our own business and human resource strategy to evolve with the digital age.
- **Banking Environment Initiative (BEI).** We participate in two climate related work streams, the Soft Commodities Compact and the new initiative Bank 2030, which aims to build a roadmap for the banking industry to 2030 seeking to increase the financing to low carbon activities.
- **CEO Partnership for Financial Inclusion.** We, along with other nine companies are part of a private sector alliance for financial inclusion, an initiative promoted by Queen Maxima of the Netherlands, Special Representative of the United Nations to promote Inclusive Financing for Development.
- **Equator Principles.** We analyse the environmental and social risks of all our financing operations under the scope of the Equator Principles and we actively participate in the evolution of a common criteria.

In addition, during 2019 we took an active role in the climate change and sustainable finance policy debate, participating in the formal consultation process on relevant regulatory files (particularly in Europe) and industry forums focusing on the transition to a low carbon economy. We have worked very closely with trade bodies - including the Institute of International Finance, European Financial Services Round Table, the Association for Financial Markets in Europe, and the European Banking Federation - to reach common positions on issues so relevant as the EU framework for identifying sustainable economic activities (the so-called taxonomy), and the ongoing work on the technical criteria undertaken by the TEG; the disclosure regulation relating to sustainable investment and sustainability risks; or the ongoing work on the identification and management of climate-related risks. In addition, Santander is participating in the EBF-UNEP FI working group that will develop voluntary guidelines for banks on the application of the EU taxonomy.

Other international and local initiatives in which we participate



> United Nations Global Compact	> International Wildlife Trade Financial Taskforce
> UN Women's Empowerment Principles	> Round table in responsible soy
> The Valuable 500	> Working group on sustainable Livestock
> Principles for Responsible Investment	> Climate Leadership Council
> CDP (before Carbon Disclosure Project)	> The Wolfsberg Group
> UN Global Investors for Sustainable Development (GISD) Alliance	

Helping us to address today's main global challenges: 2030 agenda

We want to do more every day to promote inclusive, sustainable growth and ensure that we are actively tackling climate change.

Our activity and investments help us to contribute to a number of the United Nations' Sustainable Development Goals, and support the Paris Agreement's aim to combat climate change and adapt to its effects.



Main SDGs where Banco Santander's business activities and community investments have the most weight.



We are committed to reduce poverty and strengthen the welfare and local economy of the countries in which we operate. Through our microfinance products and services and our community investment programmes we empower and help millions of people each year.



We are at the forefront of support for higher education. Through Santander Universities, a pioneering programme and the only one of its kind in the world, we support universities and students to prosper, focusing on education, entrepreneurship and employment. Santander Scholarships is one of the largest scholarship programme financed by a private company.



We promote an inclusive and diverse workplace. Ensuring equal opportunities and fostering gender equality at all levels is a strategic priority for us. Additionally, we also operate a number of initiatives to support diversity in our business activity.



We have a long history of leadership in the financing of renewable energy projects. Actually, we are the global leader in renewable energy financing. Additionally, we support our customers financing energy efficiency projects, low-emission, electric and hybrid vehicles, and other electric mobility solutions.



We have a prepared and committed team that allows us to respond and meet the needs of customers, help entrepreneurs to create businesses and employment, and strengthen local economies.



We develop products and services for the most vulnerable in society, giving them access to financial services and teaching them how to use these in an appropriate way to manage their finances in the best possible way. We have continued to support diversity and inclusion in our business.



We finance the construction of sustainable infrastructure that guarantees basic services and drives inclusive economic growth. Additionally, we also promote affordable housing opportunities.



We promote sustainable consumption both in our own operations as well as with our customers, offering our products and services that are Simple, Personal and Fair, and promoting ethical behaviours among our suppliers.



We tackle climate change in two main ways: by reducing our own environmental footprint and by supporting our more than 144 million customers to help them transition towards a more sustainable economy.



We participate actively and we are part of the main initiatives and working groups at local and international level as an important way to manage our responsible banking agenda.

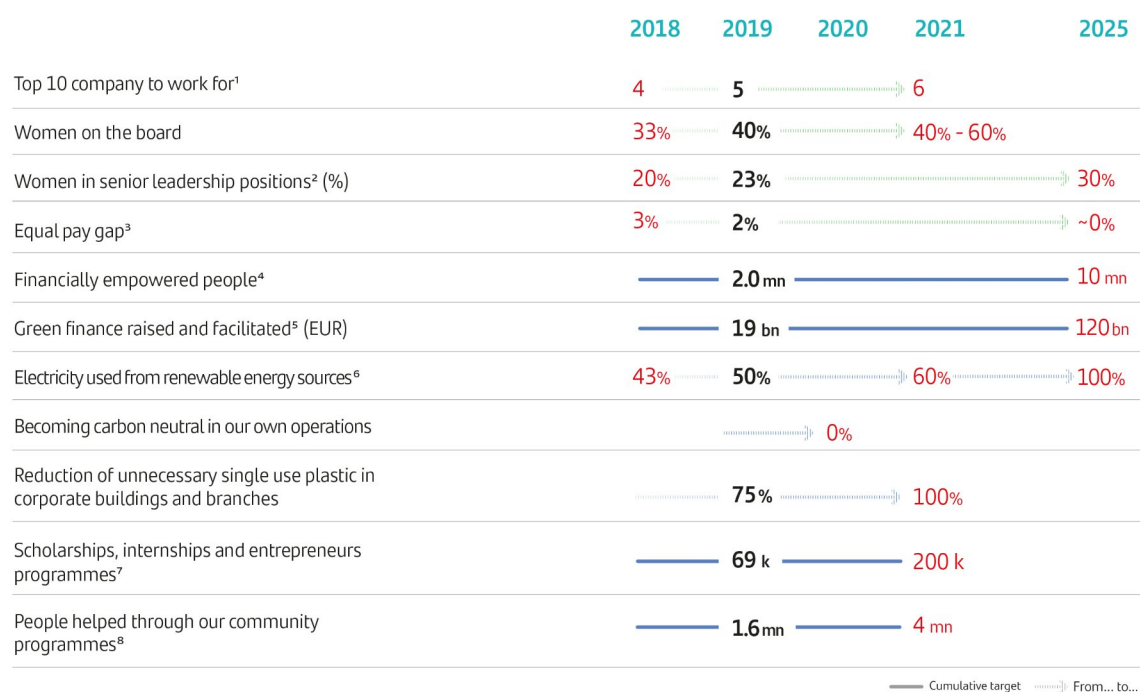
2019 highlights

We have set 11 targets which reflect our commitment to building a more responsible bank...

We work to have a strong corporate culture – a skilled, motivated and diverse workforce that can deliver solutions to our customers' needs: increase access to finance; improve financial resilience through education and training, and supporting our customers in their transition to the green economy, while reducing our environmental footprint. Meanwhile, we create new opportunities by supporting education through our Universities programme and improving lives in the communities where we operate.

Our aim was to create commitments that were SMART: specific, measurable, achievable, realistic and time-bound. The commitments also reflect the ways in which our business can address the United Nations' Sustainable Development Goals most relevant to our operations; and our support for the Paris Agreement's aim to combat climate change and adapt to its effects.

Our external commitments: we need to deliver



1 According to relevant external indexes in each country (Great Place to Work, Top Employer, Merco, etc.).

2 Senior positions represent 1% of total workforce.

3 Calculation of equal pay gap compares employees of the same job, level and function.

4 People (unbanked, underbanked or financially vulnerable), who are given access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education.

5 Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is 220Bn.

6 In those countries where it is possible to certify renewable sourced electricity for the properties occupied by the Group.

7 People supported through Santander Universities initiative (students who will receive a Santander scholarship, will achieve an internship in an SME or participate in entrepreneurship programmes supported by the bank).

8 People helped through our community investment programmes (excluded Santander Universities and financial education initiatives).

... and we have continued to address the challenge of the new business environment...

- **Updated the Corporate Culture Policy**, which now incorporates our Leadership commitments under The Santander Way, our updated principles of Diversity and Inclusion, and integrates the Volunteering Policy.
- Approved **global parental leave minimum standards**, which includes minimum period of 14 weeks paid for primary maternity/paternity leave and 4 weeks in a row or divided into periods of 15 days for secondary maternity/paternity leave.
- Launched **Canal Abierto**, a new way for employees to report breaches of the General Code of Conduct and actions that do not reflect our corporate behaviour.
- Launched **new customer feedback techniques in Portugal and Mexico**, so we can improve our products and services.
- Developed **corporate guidelines for good practices on treatment of vulnerable customers**, so we can cater for their individual needs and help prevent over-indebtedness.
- Opened **our new corporate Cyber Security centre** to protect Santander, our systems and customers from cyber threats.
- Integrated **new ESG criteria into suppliers' certification process**.
- Signed the **UN Women's Empowerment Principles**.
- Signed **'The Valuable 500'**. Commitment to put inclusion of people with disabilities on our board room agenda.

...while promoting inclusive and sustainable growth...

- Signed, as a founder member, the **United Nations Principles for Responsible Banking**, created to use the power of finance to tackle the major challenges that societies face, and support the UN Sustainable Development Goals and the Paris Climate Agreement.
- Signed the **Collective Commitment to Climate Action**, which sets out concrete and time-bound actions that banks will take to scale up their contribution to and align their lending with the Paris Climate Agreement.
- Analysed part of our **portfolio's alignment to climate scenarios**, as a step towards addressing the recommendations of the Task Force for Climate-related Financial Disclosures.
- Launched Santander **Sustainable & Green Bonds Frameworks** and issued a **€1 billion green bond**, starting our global sustainable debt plan.
- Launched a new **Green Bond investment fund** that completes Santander Asset Management sustainable range, exceeding EUR 1,500 million of assets under management.
- Joined the United Nations' **CEO Alliance on Global Investors for Sustainable Development (GISD)** to help scale up long-term investment in sustainability development.
- Joined the **International Wildlife Trade Financial Taskforce** as a part of the Group's commitment to the prevention and deterrence of wildlife trafficking.

We have received global recognition for our efforts

- Santander was recognised as the **most sustainable bank in the world** in the Dow Jones Sustainability Index.
- We also have been recognised as **one of the top 25 companies to work for in the world** by Great Place to Work and as **one of the Best Places to Work in Latin America**.
- We received the **Top Employer Europe** certification, which acknowledges excellence in the working conditions a company provides to its employees and its contribution to their personal and professional development.
- Santander leads the **2020 Bloomberg Gender-Equality Index** out of 322 companies analysed. The index is focused on several metrics like equal pay & gender parity, inclusivity and female leadership & talent.
- Santander Brazil was recognised by Fortune Magazine as **one of the companies that are changing the world**, and by Great Place to Work as **one of the 10 companies that stand out for their corporate practices focused on the LGBTQI+**.
- Santander Mexico was recognised in the International Finance Banking Awards for being **"the most Socially Responsible Bank in Mexico"** for second time.

The new business environment

To meet the challenge of the new business environment, we're focusing on...



Our strong corporate culture. The Santander Way.

Having a strong corporate culture is critical if we are to succeed in today's competitive and fast-moving environment.

A talented and motivated team.

The more prepared and motivated our workforce is, the stronger its commitment to helping people and businesses prosper will be. Our team is diverse in terms of expertise and gender.

Responsible business practices.

We develop our products and services responsibly, and aspire to deliver excellent customer service. Our procurement processes are based on ethical, social and environmental criteria to ensure we operate in a sustainable way throughout our operations.

Shareholder value.

We have clear and robust governance. Risks and opportunities are prudently managed; and long-term strategy is designed to safeguard the interests of our shareholders and society at large.

Our strong corporate culture: The Santander Way

The Santander Way reflects our purpose, our aim, and how we do business. It is the bedrock on which we are building a more responsible bank.

To be more responsible, we need a strong culture

Our corporate culture is critical to Santander's ambition to build a more responsible banking. By fulfilling our purpose, and helping people and businesses prosper, we grow as a business while helping society address its challenges. Economic progress and social progress go together. The value created by our business is shared to the benefit of all.

The Santander Way



To live The Santander Way, and be Simple, Personal and Fair in all we do, in 2016 we defined eight corporate behaviours.

We have embedded them in every step of the employee's lifecycle, making sure they are present in everything we do: from recruitment and hiring, performance management, training, career development, remuneration, recognition, etc.

"Just as important as what we do is how we do it"

Ana Botín, Group Executive Chairman

Leadership commitments

Leadership is key if we are to accelerate our business and cultural transformation. That is why, in 2019, we launched the Leadership Commitments for our leaders. These Commitments had been defined by more than 300 employees from across 28 different units and countries in the Group.

To embed the Commitments in all our operations worldwide, we ran a major internal communications campaign; and included them in the leaders' development programs and specific training modules. Four questions,

which reflect the Leadership Commitments, have been included in the global engagement survey and feed into the performance management system, MyContribution.

We have also changed our corporate culture policy to reflect leadership commitments as a common minimum standard (mandatory) in all units.

To embed a strong culture, in 2019 we focused on the initiatives below.



Stakeholder perception of Santander as a Simple, Personal and Fair bank



People

84%

of employees believe that their colleagues behave in a way that is more simple, personal and fair



Customers

63%

of customers think they have been treated in a Simple, Personal and Fair way



Shareholders

56%

of shareholders think the bank is Simple Personal and Fair



Communities

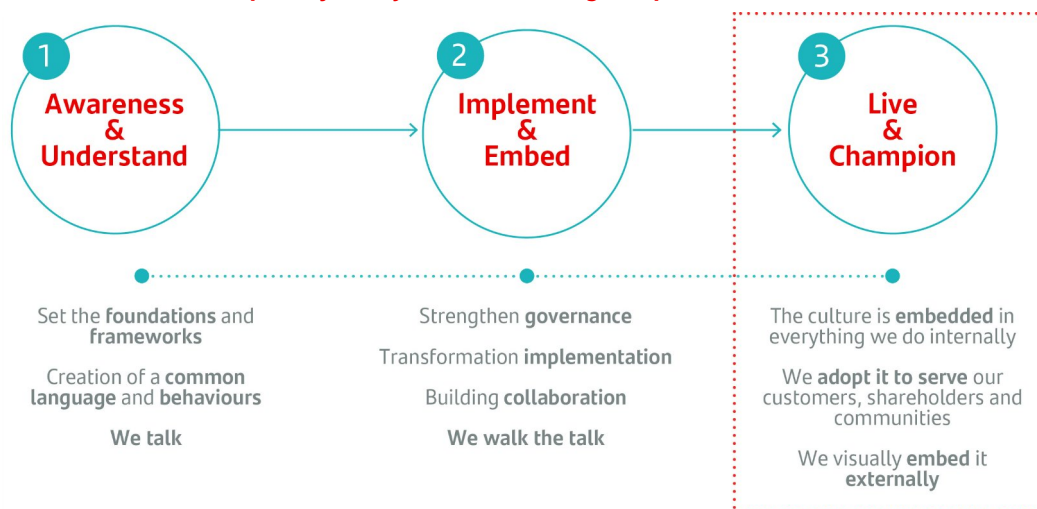
59%

of university students think the bank is Simple, Personal and Fair

Cultural transformation: a never-ending journey

Cultural transformation takes time. The Santander Way journey started in 2015, and since then we have focused hard on making all we do Simple Personal and Fair.

Our culture transformation is a 3-phase journey ... we are moving into phase 3



Culture Plan 2019 objectives and achievements

	Objectives	Achievements
 Diversity & Inclusion	Promote gender diversity and pay equality. Foster cultural diversity . Corporate vendor process to incorporate D&I principles .	- External gender commitments launched - Bloomberg Gender Equality index: highest score 40% women on the Board - Equal pay improved from 3% to 2% - Approved global maternity and paternity minimum standards - D&I included in vendor assessments - Gender and cultural diversity targets set for 2025
 Speaking up	Global minimum standards and the promotion of anonymous whistle-blowing channels .	- Global minimum standards approved - Anonymous "escalations" channels in all geographies 2% increase in Global Engagement Survey "speak up" related question
 SPF for customers	Development & communication of Consumer protection principles . Promote conduct global training for customer facing employees.	- Consumer protection principles launched and embedded >90% of customer facing workforce completed conduct training - Top 3 for Customer Satisfaction in 6 countries
 Simplification	Define and map simplification current position for people & customers. Simplify governance structures to improve accountability and decision-making.	- Global mapping completed and measurement standards introduced - Strategic simplification projects identified 48% reduction in head quarters committees, saving 533 senior management hours - Corporate policies reduction: 30%

Further details regarding Diversity & Inclusion and Speaking up can be found in Talented and Motivated team chapter. How we are making our approach Simple, Personal and Fair for Customers is within Responsible Business Practices chapter.

Simplification

Simplification is a priority for our Responsible Banking agenda, not only because Simple is one of our core values, but also because it is closely related to the ability to adapt to a changing environment, which remains a challenge for the Group according to feedback from our stakeholders.

An initiative was launched in 2019, working with countries and global areas, to ensure we meet our customers' and employees' expectations of making Santander a Simple bank.

This means:

- focusing on processes and systems that are both internal and customer-facing.
- breaking down silos so we work across business units and geographies, or, where appropriate, focusing on local projects and initiatives.

During 2019 we asked our employees and customers what their priorities are in terms of simplification. They told us they wanted:

- clear, simple language
- processes that are easy to understand
- quick service
- easy to understand products.

In light of these findings, we have launched from Group a series of initiatives. For example:

- Simplification is now included in the objectives for management roles.
- We have simplified the Group's structure into three regions: Europe, South America, North America.
- We have launched the new Santander.com website to provide a simplified and streamlined platform for our stakeholders.
- We have developed a new digital workplace platform to enhance and promote communications, collaboration and best practice sharing across the Group. It will be launched during 2020.
- We simplified our HR platform for our employees to make it easier to access relevant information.
- A products and services global review is being conducted, focusing in particular on speed of service.
- A systems review is being conducted, and improvements made to foster digitalization, making it easier for customers to deal with us and for teams to work together.
- Using agile methodologies, we are changing processes to reduce the time to market, time to make decisions and boost collaboration.



Portugal, a case study on simplification

Santander Portugal has conducted a series of initiatives to simplify its operations:

- Processes: through a focus on end to end process simplification, the time to market for mortgages has been reduced from 75 days to below 25 days, becoming the best in class in Portugal. The focus is now on reducing the end to end process for individual loans, reducing time from an average of 11 days to a few hours. This will be deployed in 2020.
- Product offering: reducing and simplifying the number of products being marketed and enhancing digital channels in the following business lines remains a key area of focus: accounts, cards, credit, savings & investment and protection. The target is to reduce the number of products from 206 to 54.

In 2019, they focused on reducing the number of products related to individuals from 159 to 77.

- Operational excellence: alignment of processes transformation with business priorities, with strong focus on improving the internal customer experience and cost savings, including automation tools that decrease implementation time for new processes and reduce manual intervention along several processes.
- Governance: reduction in number of committees from 37 to 27. Simplification has increased transparency, effectiveness and efficiency in decision-making, reducing duplication and the time spent preparing for and attending meetings.

Risk pro: our risk culture

Managing risk is the business of banking - and prudent risk management is a cornerstone of a responsible bank. This requires clear policies, processes and lines of accountability – all backed by a strong risk culture that reflects the fact that, in a bank like Santander, everyone has a role to play in managing risk.

Banks' approach to risk, and their "risk culture", is under increasing regulatory scrutiny: the European Central Bank and other regulators are focusing on how risk is understood at all levels in financial services.

Against this backdrop of constant change, with new types of risk emerging and increasing regulatory requirements, the Group maintains an excellent level of risk management that enables it to achieve sustainable growth.

Our risk culture is called risk pro^A, with the aim of promoting everyone's personal responsibility for managing risks, regardless of their level or role. This requires prudent risk management, while building a sound internal risk management culture across the whole organisation, which is understood and implemented by all employees.

Risk pro is included within the common minimum standards within the Corporate Culture Policy.

Embedding a strong risk culture

In 2019 we have continued to focus on embedding the importance of risk culture across all areas of the employee lifecycle including:

- recruitment and onboarding
- training and awareness
- performance management and reward
- recognition
- day to day management including promoting speaking up and raising concerns
- best practice sharing and promoting the importance of risk culture from our senior executives

^AI AM Risk is the name of Risk Pro in UK and US

Risk management: key to being a responsible bank

Our approach to risk management and compliance is key to ensuring we operate and behave in a way that reflects our values and corporate culture, and delivers our responsible banking strategy. It is based on three lines of defence:

1. Business and support units
2. Risk management and compliance
3. Internal audit

The board of directors is responsible for the risk control and management, and, in particular, for setting the risk appetite for the Group. To do this it counts with the expert support of the risk, supervision, regulation and compliance board committee.

Risks related to compliance, conduct, digitalisation and climate change, as well as the analysis of social, environmental and reputational risks, are clearly highly relevant to our efforts to build a responsible bank. These are overseen by risk supervision, regulation and compliance board committee.

In 2019, following the recommendations made by TCFD, a special effort was invested in the analysis and identification of short, medium, and long-term climate change risks (for more information, see the Sustainable finance chapter).



For more information on environmental and social risks can be found in [section 2.5](#) of the Risk Management and Control chapter.



Information on measures taken to prevent corruption and bribery, money laundering and financing of terrorism is available in [section 7.3](#) of the Risk Management and Control chapter.

risk pro

Everyone's business

93%

of employees claim that they are able to identify and feel responsible for the risks they face in their daily work.

91%

of employees claim that cyber security is considered a critical priority.

75%

of employees consider that senior leadership encourages reporting important information up-the-line even if it is bad news.

79%

of employees affirm they can report unethical behaviour or practices without fear of retaliation.

Source: Global engagement survey 2019

Cybersecurity

Cybersecurity is critical in the digital age. Cyber attacks and fraud risk pose systemic risks to financial services. Customers expect their data to be held securely and handled ethically. Therefore embedding behaviour that promotes cybersecurity remains a key priority for us.

Our aim is to help employees, customers and wider society prosper in the cyber space. Our Cybersecurity and IT conduct Policy defines acceptable use of Santander equipment and Information Technology (IT) services, and the appropriate employee cybersecurity and IT conduct rules to protect Santander.

The policy also highlights areas of risk and misuse and gives guidance on how reputational or commercial risks can be avoided, mitigated or managed through Santander's key cybersecurity rules. Our policy also sets out how the Group and its subsidiaries must use and handle technology, work tools and information Santander gives its employees so as to avoid legal, reputational or cyber-related incidents.

In 2019 a wide range of employee training and awareness campaigns have been launched across all entities in the Group, including online courses, articles, and practical exercises. Furthermore, a new tool for employees to help them to report any cyber incident was developed. This tool is available through a website or through "App Tips". Information is also being shared with customers and general public through Santander digital channels, such as social media, banking apps, emails and the web.

As well as this, a new Global Cyber Security Centre was launched. The centre protects Santander, our systems and customers by taking a proactive approach to monitoring cyber threats 24 hours, 7 days a week, across all of Santander's core markets.

We also work in partnership with public and private organisations to promote information sharing and collaboration on cyber security. Activities include: building bilateral information sharing processes with key public entities and peers; leading efforts across key geographies to help increase information sharing with government agencies and local financial institutions; and championing the creation of international information sharing mechanisms to help combat cyber crime.

Cybersecurity is a responsibility for everyone employed or engaged in any way by Santander.



For more information on the cyber-risk training given to our employees see "[A talented and motivated team](#)" section of this chapter.

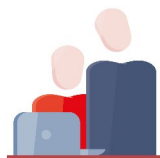


For more information on our cyber security plan see "[Risk management and control model](#)" chapter.

Our cybersecurity and IT conduct policy has five simple rules to help protect employees and Santander, which have been promoted throughout 2019.



**Protect your
information and
equipment**



**Be discreet online
and in public**



**Think before you
click or reply**



**Keep your passwords
safe**



**If you suspect it,
report it**

A talented and motivated team

To win in the new business environment, and to earn and retain customers' loyalty, we need a workforce that is both talented and motivated. And if we are to understand the needs of today's society, our team needs to reflect its diversity.

Our people, the cornerstone of our strategy



Target for 2021

We believe that by acting responsibly towards our employees, we will build a strong team that is willing to go the extra mile for our customers. This will generate predictable returns for our shareholders, enabling us to invest more to support communities – which builds employees' pride in Santander. This is the virtuous circle of loyalty which drives success. **In 2019 we set the target to be one of the top 10 companies to work for in at least 6 of geographies where we operate by 2021.^A**

A. According to a well-known external source in each country (Great Place to Work, Top Employer, Merco, etc.).

Progress 2019



Top 10
in 5 geographies*

*Portugal, Chile, Argentina, Spain and Uruguay. In Portugal the employed ranking was that corresponding to businesses with more than 1,000 employees.

Talent Management

Successful businesses need skilled and motivated teams: a responsible business attracts the best talent and earns its loyalty. Talent management and retention is therefore one of our key human resources strategies.

We have developed a number of core projects which will help us attract and retain the best talent:

- **Strategic Workforce Planning (SWP)** aims to identify and quantify the resources and skills needed to deliver the future business strategy. This dynamic tool allows a detailed analysis to help Human Resources and Organisation teams to create action plans and address the need of new and changing profiles.
- **Skill Model** helps focus our current workforce up-skilling and re-skilling efforts.
- **Dojo** is the programme that tackles Santander's learning and development transformational challenge.

Finally, **Workday**, the new human resources information system global platform, will provide us with a seamless view of individuals' skills and competences, while making it easier to communicate internally and work together.

Talent attraction

Santander's workforce is constantly evolving and developing. Our ability to identify the talent we need to contribute to the company's vision, as well as how to recruit and retain these people, is critical in order to remain at the forefront of the industry.

Global career site

In 2019 we launched the new global careers site, a gateway for the talent which will continue to build the future of Santander over the next few years. Candidates and employees can search on one website for career opportunities all around the world in all the Group's companies.

In 2019 we also created the Global Talent Attraction Community, to design and implement global initiatives to recruit new talent.

Santander Effect: our employee value proposition

We have updated our employee value proposition and launched The Santander Effect, reflecting our values and highlighting Santander as an employer of choice for current and future talent.

Digital Cellar

Following our internal research (80 interviews in 4 geographies) we have identified target areas for talent attraction such as Cybersecurity, Data Science and User Experience. This enables us to target our attraction and recruitment strategies with personalised elements which are most relevant to prospective recruits, helping us to differentiate Santander from other companies competing for the same talent.

To achieve this, in 2019 we launched the Digital Cellar website and toolkit to attract and retain the digital talent we need.

Main Group data

	2019	2018
Total employees (thousand)	196	203
% employees with a permanent contract	97.9	96.0
% employees working full time	94.9	94.6
Employees joining/leaving (turnover)	17.6	15.4
% of workforce promoted	8.3	8.6
Average length of service (years)	10.2	10.3
% coverage of collective agreements	74.5	70.6



For additional information, see '[Key metrics](#)' section of this chapter

Social dialogue

Banco Santander maintains a fluid and permanent social dialogue with the legal representation of employees, which is articulated through bilateral meetings and specific committees where the dynamics of information, participation, consultation and negotiation of the trade union representatives are channelled. Respect for labour standards, trade union rights, and freedom of association and collective representation, are relevant aspects for the Group.

Restructuring processes

In the last few years, Santander has restructured its workforce, affecting people's roles and employment. Whenever this has happened, we have followed a series of steps, namely:

- We negotiate and engage with the local unions and legal representatives, ensuring employees' rights are respected.
- We commit to supporting employees by offering alternative roles within Santander or finding alternative roles in other companies.
- We undertake to make redundancy payments in excess of the mandatory amount paid to employees being made redundant.

Talent development

Identifying talent with leadership potential, and giving employees the chance to progress in their careers and fulfil their ambitions, is key to accelerating Santander's transformation and achieve our purpose of helping people and business prosper.

Our main programmes to identify and develop the best talent are:

- **Talent review.** A structured process to identify and assess the potential of our employees.
- **Succession planning.** Succession planning for the key positions in the Group to ensure the sustainability of Santander.
- **Action Learning Programme Santander (ALPS).** A learning programme for senior management talent. ALPS develops leadership and business problem resolution skills within a collaborative environment. In 2019 we concluded the second series of this programme and launched a third one. Since its launch, 95 people have participated.
- **Young Leaders.** Launched in 2018, this 18-month professional development programme is aimed at 280 emerging leaders from 22 countries, who have distinguished themselves with their digital understanding, innovative approach, adherence to our SPF culture and corporate behaviours. Participants were chosen by their peers, and have the chance to work with our top executives and contribute to the strategy of Santander by proposing new ideas and perspectives. A second series is planned for September 2020.

Talent mobility

The mobility of our employees is an essential if we are to develop talent. We want to give our employees the chance of further career opportunities and professional progress, while increasing the diversity of the teams by providing businesses with employees with different profiles and experiences.

Our main mobility programmes are:

- **Global Job Posting.** This offers all employees the chance to apply for vacant positions in other countries, companies or divisions. Since its launch in 2014, over 5,500 positions have been posted globally.
- **Mundo Santander.** Our employees can work for several months on a project in another country, helping the exchange of best practices and broadening their global mindset. Since its launch, over 2,000 people in 38 different countries have taken part.

"Mundo Santander allowed me to meet incredible people, learn new languages and broaden my horizons"

Jonathan Lee, UK

Santander, a great company to work for

Santander has received **Top Employers Europe 2019** certification, which acknowledges excellence in the working conditions a business provides for its employees, and the business's contribution to their personal and professional development. The Group is being awarded this certificate for companies in eight European countries.

In 2019 the Bank has also been included (for the first time) in the **Great Place to Work** list of the **25 best companies** to work for in the world. Santander ranked 24th and is the world's 2nd best bank to work for thanks to the performance of our operations in Portugal, Argentina, Brazil, Chile, Mexico and Uruguay, among others.

As well as this, Santander was distinguished by Great Place to Work as one of the **Best Places to Work 2019 in Latin America** in the Multinationals category, ranking no. 15.

In 2019 we set a new target to be top 10 employer in 6 of the countries we operate by 2021. We have changed our commitment to be a "top bank" to be a "top company", to reflect the competitive environment we operate in to attract best talent.



Learning and development

Continuous learning is key to helping our employees adapt to a fast-paced, continuously changing work environment. We have a global policy on induction, knowledge and development that provides criteria for the design, review, implementation and supervision of training to:

- Support the business transformation.
- Encourage global talent management, facilitating innovation, knowledge transfer and sharing and identifying key employees in the various skills domains.
- Support the company's cultural transformation under the governance standards set for the Group, including the Corporate Culture Policy and Code of Conduct.

To support the required up-skilling and re-skilling of our current workforce identified by our Strategic Workforce Planning, the foundations of two transformational projects have been set to be launched in 2020: Skill Model and Dojo.

Santander's **Skill Model** will help us focus efforts up-skill and re-skill the workforce by helping our professionals assess their capacity gap - in other words, the gap between what they know now and the demands of the future.

Dojo is the programme that tackles Santander's learning and development transformational challenge in 4 levels - technology, content, operating model and data - by interconnecting all Santander countries in one global L&D ecosystem, in order to accelerate the required up-skilling/reskilling of our workforce.

This will transform Santander's course-based training to a skill-based training approach, linked to the new global skill model shared with Workday and Strategic Workforce Planning.

In 2019, the Global Learning Council, composed of Chief Learning Officers of all geographies was established as part of the strategic governance transformation.

The Scouts Community was also launched as a key element of Dojo, a global community of experts whom the Group's employees can contact for advice about various topics.

Main Group data	2019	2018
Millions invested in training	102.6	98.7
Investment per employee (euros)	522.3	486.8
% employees trained	100.0	100.0
Hours of training per employee	40.7	33.8
Employee satisfaction (over 10)	9.3	8.0



For additional information, see '[Key metrics](#)' section of this chapter

Other focus areas for training in 2019

- The **Risk Pro Banking School and Academy**, together with the other training centres for risk, help define the best strategic training lines for the Bank's professionals in accordance with Group priorities, as well as disseminating the risk culture & developing the best talent.
- The **Global School of Internal Audit** supports the training and developing of auditors by providing practical training solutions designed to complement business evolution and regulators' requirements.
- **Leaders Academy Experience** is an executive programme with two work-streams - business transformation and cultural transformation - to make it easier for participants (638 senior leaders and 280 young leaders) to transform the Group, and to equip them with the tools and training they need to accelerate change. In 2019, the "Leading in the digital era" programme was the key pillar of this training.
- **Leading in the digital era**: an executive masterclass for the 35 top leaders of the Group which provides a foundation of technical knowledge, creating a common language and underscoring the urgency of our mission to become a global platform. The programme is sponsored by our Executive Chairman and leads to a certification.
- **Cyber Heroes** global programme is an online training programme which aims to reinforce the idea that each of us play a direct role in the protection of Santander, our people and customers. The objective is to build a culture of cybersecurity awareness, and put into practice cybersecurity rules outlined in the Cybersecurity Policy. This training became mandatory for all the countries and business inside the Group in 2019.

Sharing good practices across the Group

Fostering collaboration and sharing best practices helps us leverage our global scale and improve our performance faster.

In 2019, more than fifteen global workshops were held by the different functions. Some of these are:

- **Good Conduct with Customers Workshop:** focused on conduct with customers, digitalization and process simplification.
- **Planning and monitoring Compliance&Conduct (C&C) programmes:** these aimed at reinforcing the process of C&C planning and monitoring annual programmes.
- **First Data Forum:** focused on the relevance of data and how Santander must extract maximum value from it in a responsible way.
- **First workshop on best reputational risk practices:** the purpose of this workshop was to strengthen the network of people working on reputational risk and share experiences and best practices.
- **Internal communications workshop:** shared best practices and discussed on how to move forward towards a single digital workplace across the Group.

- **Responsible Banking Workshop:** helped outline the future of Santander Responsible Banking strategy.

In addition, through country visits and presentations to monthly Culture Steering meetings, good practices are shared. Some local initiatives that have been shared wider and adopted in other countries include:

- Risk Pro Heroes, developed and launched in Poland to recognise employees who have highlighted potential fraud has also been adopted in Germany;
- the UK Keep it Simple Santander (KISS), which has been adopted and launched in the US during 2019;
- the successful Work Cafe, launched in Chile a couple of years ago, which has been extended in a number of countries including Spain and UK in 2019.

Evaluation and remuneration

We have a comprehensive remuneration system that combines a fixed salary (which reflects the individual's role and level of responsibility) with short- and long-term variable remuneration. This system rewards employees for their performance on the basis of merit. It reflects both what has been achieved (Group targets and individual or team targets) and how these results are obtained (reflecting behaviour and conduct such as leadership, commitment, development and risk management). In addition, the Group also offers competitive benefits such as pension plans, banking products and services, life insurance and medical insurance.

Fixed remuneration is referenced to the local market. Remuneration levels are set according to local practices and strictly follow the collective agreements applicable in each geography and community. Variable remuneration is a form of reward for achieving the Group's quantitative and qualitative strategic targets.

To align with European regulations on remuneration, we have identified 1,359 staff who take decisions that may involve some risk for the Group. We apply to them a deferral policy for their variable remuneration which includes deferral of between three and seven years, payment in shares (50% of variable remuneration) and potential reduction (malus) or recovery (clawback).

Main initiatives developed in 2019:

- Support the adoption and methodology to include responsible banking within executive remuneration framework.
- Continue to reinforce the embedding of risk frameworks within the context of remuneration.
- Drive the awareness of fair pay practices, including gender pay, equal pay, and diversity inclusion within remuneration.

Approved for 2020:

- In the 2020 executive scorecard (which underpins the Group's remuneration scheme), when calculating our achievement of our profitability metrics, we will consider progress against our Responsible Banking targets.



For additional information regarding remuneration data see ['Key metrics'](#) section of this chapter.



For additional information regarding board remuneration see [section 6 of the Corporate governance chapter](#).

MyContribution

Our employee evaluation model is designed to reinforce the key role that the corporate culture has in driving the Group's transformation.

MyContribution directly applies to senior leaders, employees nominated as being in key positions, and employees nominated as being material risk takers (according to Regulatory & Compensation policy). In addition to them, other employees may participate or fall within the scope, subject to agreement with local HR teams.

The model is based upon two core concepts: 40% of reward is based upon the How we do things, and 60% based upon What we do or deliver:

- How: Key elements to demonstrate achievement of The Santander Way.
- What: Key individual goals with measures that link to the organisational goals.

During 2019 we have been working on harmonising a Global Performance Management Framework continuing with MyContribution, which will be launched in 2020. Based on this, MyContribution framework will permeate to all levels and all geographies. It will be a common model; one model for all the employees with some variations depending on the segment and level.

MyContribution

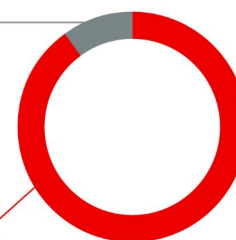


60% What

Objectives that help achieve sustainable business results

10% Minimum Risk Management

90% Maximum Business and/or Functions



Diversity & Inclusion

If we are to understand and reflect modern society, we need a diverse and inclusive workforce that reflects society. Managing this diverse talent in an inclusive way, reflecting our values, will enable us to attract, develop and retain the best professionals and to achieve better results in a sustainable manner.

During 2019, the Group's Diversity & Inclusion (D&I) General Principles, included in the Corporate Culture Policy, were updated as follows:

- Increased the reference to diversities based on sexual orientation and disabilities.
- Introduced a statement about our products reflecting the diversity of our customers and being accessible to all.
- Reworded some principles for simplification and clarity.

In order to ensure appropriate management and promote diversity and inclusion at Group level, we have two working groups:

- **A Global D&I Executive Working Group** with business influencers and decision makers from different geographies and functions to develop and direct to Group diversity and inclusion strategy.
- **A Global Network of D&I experts** with representatives from the countries (operational team to share practices and be the transmission chain at a local level).

The Group also takes measures against sexual harassment and to promote employment. In Spain, for example, the Group has an equality plan that incorporates measures to promote employment, protocols against sexual and gender-based harassment, and plans for the integration and universal accessibility of persons with disabilities.

54.7%

of women employed,
=vs 2018

22.7%

of women in management
positions, + 2 vs 2018

38.6

Average age of the workforce,
=vs 2018

1.8%

of employees with a
disability, +11 b.p. vs 2018

86%

of employees believe Santander treats employees fairly regardless of their age, family, marital status, gender identity, expression, disability, race, colour, religion or sexual orientation.
+1 vs 2018.^A

A. 2019 Global engagement survey



The Santander Group has been named as a Leader in Diversity 2020 by the Financial Times in a new index, which lists the 700 leading companies across Europe with outstanding diversity and inclusion policies.

Initiatives and achievements in 2019 at Group and local level

Gender

- Agreed minimum standards in all countries for maternity and paternity leave to be implemented from 2020 over a 3 year period: a primary maternity/paternity leave of 14 weeks paid and a secondary maternity/paternity leave of 4 weeks (in a row or divided into two periods of 15 days) until each child is one year old. Plus flexible return to work schedule.
- Improve or at least maintain male/female ratio in divisions when hiring for leadership positions and increase the percentage of women in the pipeline for succession planning in order to meet 2025 commitments.
- Supported women growth by cross function mentoring and development programmes.
- Signed the UN Women's Empowerment Principles.
- Spain launched Santander Career Forward programme to help women who left their professional careers to take care of their family responsibilities.
- Portugal and Mexico launched programmes to promote women leadership.

Culture+ identity

- The 2019 executive committee includes 40% of members from international background.
- In Spain, *Proyecto Integra* of Integra Foundation enables access of refugees from war zones to take part in internship programmes
- Affinity Groups: ensured minority groups are represented in relevant employees' networks.
- UK: mentoring programme Black, Asian and Minority Ethnic (BAME) talent.

LGBTI

- In 2019 we launched a global brand for our LGBTI employee networks called. "Embrace". For now, the LGBTI networks have members from Brazil, Corporate Centre, Spain, Openbank, UK and US.
- UK: LGBTI training for staff on how to be a LGBTI ally.
- Santander Brazil recognised by Great Place to Work as one of the 10 companies that stand out for their corporate practices focused on the LGBTI.

Disability

- In countries without legal requirements for employability, we have set the target to increase 1 p.p. the percentage of employees with disabilities.

Enablement

- In order to foster inclusive leadership and raise awareness, we launched a global D&I online training programme for our senior management leaders, including a focus on unconscious bias.
- Brazil launched *Aliados* diversity training programme which focuses on gender and sexual orientation.

Gender equality

Ensuring equal opportunities and fostering gender equality at all levels continues to be a strategic priority for Banco Santander. Currently 55% of the employees in the Group are women, but this percentage falls significantly in leadership positions. There is significant work that is underway to increase representation of women in senior positions.

To support this goal, in 2019 we have established specific diversity objectives for our top-level executives:

- At the Board level, we agreed to raise our current objective of women representation (30%) to be between 40% and 60% in 2021.
- In senior leadership positions, we have set an ambition to have at least 30% of these positions to be filled by women by 2025¹.

1. Senior leadership positions represent 1% of total workforce

Pay equality

Guaranteeing full pay equality between men and women is another of our key strategic commitments.

Across the Group, and aligned with emerging standards, the measurement of pay equality is focused around two concepts: Equal pay, and Gender pay (expressed as gaps).

Gender pay gap: 31%

What it measures:

Gender Pay Gap (GPG) metric measures the difference in pay regardless of the work's nature, in an organization, a business, an entire industry or the economy in general. At Santander, differences are mainly driven by the following factors: lower representation of women in senior and business positions and higher presence of women in retail banking and support positions.

GPG is calculated as the difference of median of compensation paid to male and female employees expressed as a percentage of the male compensation. For this calculation, compensation includes base salary and variable remuneration, excluding benefits/in kind remuneration or local allowances.

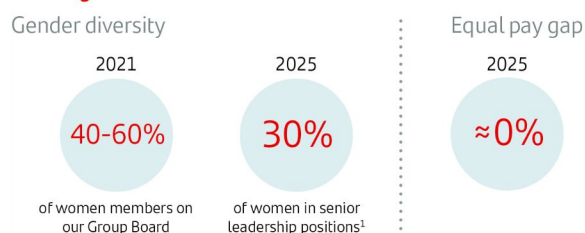
Our progress:

In order to address the gender pay gap, Santander has established a methodology based on best practices, establishing common guidelines for both, the Group and local units, on how to address issues and opportunities and improve.

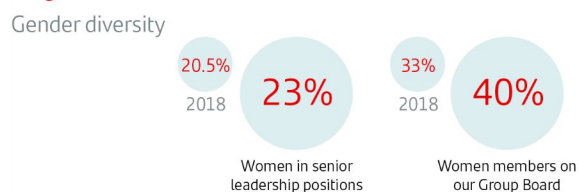
In 2019, the action plans have focused on building rigorous standards for promotion, recruitment, succession planning, unconscious bias training and the building of talent pipelines to ensure strong diversity representation. This accompanies communications from management and initiatives such as mentoring to build balance in the organization.

In 2019, the calculated median GPG was 30.8%, slightly better than 2018 reported figure of 30.9%. However, there are a number of noticeable underlying achievements, including 15% growth in women occupying executive segment positions over the last two years, and the fact that female promotions to top segments have more than doubled since 2017.

Our targets



Progress 2019



Banco Santander leads the Bloomberg Gender-Equality
For the third consecutive year, Santander has achieved the highest score out of 322 companies.

Equal pay gap: 2%

What it measures:

The Equal Pay Gap (EPG) metric compares compensation for women and men who hold the same job, with the same level, in the same function. This is intended to capture "equal pay for equal work".

Currently, factors which may impact these comparisons such as tenure in position, years of service, previous experience or background have not been considered to mitigate the reported figures.

Our progress:

In 2019 we developed different programmes across the Group to promote fair pay practices and reduce the measured equal pay gap. Actions include systematic reviews tied to compensation cycles (promotions, merit and bonus processes), the fine-tuning of the job architecture and grading structures and professional development programmes to support the recruiting of diverse talent. Likewise, the incorporation and promotion of women and the reduction of the wage gap have been included among the factors determining variable pay in some units.

In 2019 the calculated gap was 2%, a 33% improvement over the reported figure at 3% in 2018 and we are working across the Group to reduce this each year. Demonstrable improvement was evident in the majority of our main markets.

Disability

We believe that the inclusion of people with disabilities is a question of talent, ethics and responsibility. Employing people with disabilities promotes their independence, freedom and dignity.

In 2019 we have focused on increasing the percentage of people with a disability in our workforce reaching to 1.8% in the Group. To achieve this, we have undertaken a global disability mapping exercise to ensure compliance regarding employability and accessibility; and in countries without legal requirements for employability, we have set the target to increase by 1% employees with disabilities.

Fundación Universia is a key partner who helps us integrate people with a disability into the bank.

All the geographies are making efforts towards the inclusion of people with disability.

Our commitment to the inclusion of people with disability led us to join The Valuable 500, a global movement for putting disability on the business leadership agenda.



Inclusion of people with disabilities in Santander Corporate Centre

Santander Corporate Centre, via Fundación Universia, fosters the inclusion of talent with disability within its workforce. To achieve this, we have several initiatives:

- Fundación Universia offers different scholarships for students with disability. Through them, they map and identify talented professionals to be considered for vacancies in the Corporate Centre.
- "Santander Incluye" internship programme: 10% of the internship in Corporate Centre are assigned to professionals with disability. This initiative aims to create a pool of talent with disability.
- The bonus of senior managers is linked to fostering diversity (which includes disability) within their teams.
- Awareness and teamwork sessions through talks and training, like "Open up your Senses", an initiative that aims to demonstrate how diverse teams - including people with disabilities - can be stronger and more effective.

Thanks to these initiatives, at the end of 2019, 54 people with disabilities joined the Corporate Centre, 25 as full time employees and 29 as interns.



Employee experience

Keeping our workforce motivated is key to ensuring their commitment and success in helping people and businesses prosper.

1. Speaking up / active listening/ taking action

If we are to build a responsible bank, everyone should feel able to speak up, not just to suggest how to improve doing things, but to alert management when things go wrong, or when there is suspected malpractice.

This means:

Protect

What we do:

Risks and ethical concerns, internal governance

Innovate

Ideas, solutions, simplification improved processes

Engage

Recognition, performance management, feedback

How we do it:

Ethical channels & Whistleblowing lines Committees and forums

Agile working, ideas channels

StarMeUp, MyContribution; Global Engagement survey

Global engagement survey

Measuring our employees' satisfaction is fundamental for our Group, as it enables us to continue to progress towards being the best company to work for.

2019 survey results show that our team is proud of working for Santander and committed to continue making a bank that is more Simple, Personal and Fair. The results also show that Santander continues to have a strong Risk Culture (85% favourable) across countries and business lines, while more than 8 out of 10 colleagues are positive about living The Santander Way, our common culture. Also the perceptions about Openness to Change are very high and have improved since 2018, with most employees being positive about a culture of sharing best practices, being innovative and creative.

Areas of improvement include the need to continue improving our processes to make them simpler, and to foster collaboration.

88%

of participation
= vs 2018

82%

of employees committed
= vs 2018

85%

of employees are satisfied
with Santander as a place
to work. +1 point vs 2018

86%

of employees believe
Santander acts
responsibly in the way it
does business. +3 points
vs 2018

Ethical Channels

In 2019, a new model for employees was launched, *Canal Abierto*, and it has been implemented in most of the Group's units and is expected to be launched in Portugal, Poland, Openbank and Argentina during 2020. The purpose of the *Canal Abierto* is to report breaches of the General Code of Conduct and also to report conduct which is not in line with the corporate values and behaviours.

In developing this model, the Group's best practices have been taken into account, as well as the opinions of employees. Common standards have been established for all geographies, which include easy access, the avoidance of conflicts of interest during the investigations, confidentiality through external third party management and communication to employees of the measures adopted as a result of their issues raised. Various communication campaigns have also been carried out to remind employees of the importance of reporting inappropriate conduct.

During 2019, 4,473 issues have been received through the Group's channels, 79% of which have been processed. The main types of communications were: labour relations (64.8%)^A; fraud, conflicts of interest and corruption (19.4%); and marketing of financial products and services (9.2%). In addition, 20.57% of the communications received have

given rise to disciplinary proceedings, with 32%^B, having concluded with the dismissal of the employees involved. The average processing time for managing issues raised through these channels is 30 days.

Canal Abierto in Santander Brazil

In 2018, a number of communications were received highlighting alleged irregularities in the marketing of products related to the activation of customer accounts by branch employees. This led to the investigation of the activity of the offices and the promotion of measures against the employees involved.

In 2019, the reporting of these irregularities has served to strengthen internal processes and to raise the awareness of employees about appropriate conduct in situations that may pose a risk to themselves and to the Group. As a result, the number of breaches of internal product marketing regulations has fallen by 37% in the last year.

A. No complaints have been received through the *Canal Abierto* regarding incidents of discrimination or human rights violations. Outside of the channel, only one related complaint has been received, which has led to a penalty of 150,000 euros on the bank.

B. Data obtained taking into account the information reported by local units in June, September and December of 2019.

2. The way we work

We actively promote flexible working for our employees to enhance work-life balance.

Flexiworking

Our corporate flexiworking policy applies to the entire Group. It covers:

- How we organise the working day (flexibility and time), searching compatibility with the type of job: schedules of entry / exit, alternative configurations of the workday, regulation of vacations, guides and recommendations for the rational use of email and meetings.
- Where we work from: working remotely, teleworking.

In 2019 we undertook a survey of 6,000 employees to understand their needs related to flexiworking. After reviewing the results and undertaking a gap analysis, we reviewed the policy and refreshed the value proposition while developing local action plans. We created guides with a clearer, common definition and vision of flexiworking.

In addition, the Bank has measures aimed at facilitating the work-life balance of its employees through the different agreements signed with the relevant unions' representatives. Santander has committed to promoting a rational management of working time and its flexible application, as well as the use of technologies that allow a better organisation of the work of our professionals, specifically addressing the employees' right to digital disconnection.

New workspaces

We continue to redesign our offices to create new work spaces that encourage collaboration and improve employees' experience.

In 2019 we opened a new corporate building in Argentina, in which the space, furniture and technology enables better collaboration and a more conducive working environment. Facilities such as a gym, medical centre, dining rooms and open air spaces have all been incorporated.



85%

of employees indicate that their direct manager helps them reach a reasonable balance between personal and professional life.^A

A. 2019 Global engagement survey results.

Digital workplace

A digital workplace is a unified online platform where tech-based solutions and tools allow employees to be productive, creative and engaged any time, anywhere. In 2019 we launched a pilot of a digital workplace that will be rolled out in the Corporate centre in 2020 and then gradually in other countries.

The new digital workplace will help us change the way we work in terms of how we communicate and collaborate across the entire Group as well as locally, and will simplify our employees' work integration into one single platform tools and processes. This platform will provide increased opportunities to share best practices and initiatives across the Group.

Agile methodologies

During 2019 we continued working on agile methodologies to foster collaboration, help speed up decision making and and to drive change through multiple remote teams in several countries.

We celebrated "Agile days", where representatives from the Agile Transformation and Engineering Excellence teams from different countries had the opportunity to share progress and experiences.

3. Culture of recognition

The StarMeUp initiative is a global recognition network that allows employees to appraise colleagues who lead by example by championing our 8 corporate behaviours, and the work of teams or groups of people, who performance following the SPF culture.

Three years after its launch, 2 million stars have been awarded by Santander's professionals to other colleagues through StarMeUp. To achieve this, in 2019 we promoted the platform launching new temporary stars:

- Cyber hero star, to award employees for their focus on cybersecurity.
- Champion star, to recognise the team mates who have stood out the most during the 2019 season.
- Santander effect star, to acknowledge employees who have made a big positive impact both within and outside the Bank.
- Risk pro star, to recognise those employees who identify or escalate risks enabling action to be taken.

Overall, in 2019, the number of active users of StarMeUp in the Group grew to 183,000 (out of 196,419 employees in total) and we have already given 700,000 stars to our colleagues.



StarMeUp

2

millions stars given
by employees

4. Social benefits

We offer several benefits for employees across all the geographies. Each country establishes programmes adapted to the local conditions, with benefits ranging from maternity and paternity leave, free services for employees and family members, to discounts on products and services.



Santander Contigo

Santander Contigo gives employees in Spain and Corporate Centre, and their families, access to many services to make life easier and help them balance their personal and professional lives. Some of the benefits and services of the programme are:

- Mental health and legal advisory services
- A 24hr personal assistant to help with daily personal tasks like planning holidays, booking restaurants, etc.
- 56 annual hours of help for people whose medical condition means they need assistance with activities such as house cleaning and babysitting,
- 14 annual visits to specialists (e.g psychologists or speech therapists).
- And much more like: conciliation service on non-labour conflicts, online will writing, a network of specialists and private medical centres, dentists and beauty centres.

5. Volunteering

Volunteering builds a strong team spirit and a sense of purpose - while also helping the communities in which we operate. Our corporate volunteering standard, included in our Corporate Culture Policy, sets out that employees are entitled to spend a certain number of working hours each month or year in volunteering.

At Group level, there are two important moments during the year: our "Santander Week" and the International Volunteering Day.

Our "Santander Week" is held in all Group countries at the same time. During this week, countries arrange different volunteering initiatives in which employees can take part.

In addition, in December we participate in International Volunteering Day. Most local units support this with volunteering initiatives to support vulnerable people and their families.

At a local level, the Group's subsidiaries, within their community investment commitments, organise multiple volunteering programmes.

In Spain, we have Santander Natura programme, which covers all our initiatives, services and products that aim to protect the environment and fight climate change. This programme includes volunteering initiatives, and in 2019 more than 450 volunteers, including employees and pensioners, along with their families and the bank's customers, collected more than a ton of waste, garbage, and plastic from different beaches in Spain.

In the UK, in 2019, our team supported Wise, a Santander developed programme in which our colleagues advise students how to manage their money, prepare for the world of work and be safe online. Also, through our partnership

with Young Enterprise, we enabled 197,470 students during My Money Week, an initiative aimed at 4 - 19 year old to gain skills, knowledge and confidence in money matters.

In Portugal, a group of about 110 volunteers participated in the renovation of the retirement home at Nossa Senhora da Penha de França's Social Centre and Parish. Several of Santander's employees have collaborated in painting the walls and ceilings of this retirement home and have also repaired the facilities.



+38,000

employees participating
in community activities

+140,000

hours devoted

Pro bono activities

In 2019, our legal department at our HQ and across all our markets have offered pro bono legal assistance to social, cultural and educational non-profit organisations, assisting vulnerable or socially excluded people.

The Corporate Centre offered legal training on contractual, data protection and intellectual property issues to various non-profit organisations. The "Legal Marathon" was held in February to tackle the legal challenges that charities face when creating a social enterprise.

In the United States, our legal teams advised "pro bono" various charities on a wide range of issues, including veteran matters, immigration, property law and family law.

In Argentina, Brazil, Chile and Mexico, we have given pro bono financial training and legal advice: in Chile, we have helped on 23 cases.

In Spain, Portugal, Poland and the United Kingdom, pro bono initiatives have included supporting vulnerable children in need of education, and advising cancer sufferers as to how their data is handled and protected by hospitals.

Santander Consumer Finance also joined the volunteering scheme, providing legal training for immigrants every two months.

6. Health and occupational risk prevention

Santander considers employees' safety and health to be of paramount importance. The continuous improvement of working conditions, and achieving the highest level of protection for our teams is a priority for the Group.

Our Occupational Risk Prevention plans are regularly reviewed with employees' legal representatives. These plans are implemented through:

- Periodic evaluations of the risks that could be detected in the workplace in terms of safety and / or health.
- Planning what needs to be done to eliminate or control the risks detected.
- Considering how to prevent risks emerging in the first place, by improving the design, contracting or acquisition of products or services, such as work centres, furniture, equipment, products and IT equipment.
- Developing, applying and maintaining the appropriate procedures for the control and assurance of safe working conditions.
- Ensuring employees get the information and training they need.
- Integrating the prevention of occupational risks into the management of the bank.



BeHealthy

Live fit, reach your potential

BeHealthy

In Santander, the health of our people is the health of our company. This is why we have a commitment to be one of the healthiest companies in the world. We offer employees health and wellness benefits, and we raise awareness through our BeHealthy wellbeing programme.

BeHealthy focusses on 4 main pillars: Know Your Numbers, Eat Well, Move, and Be Balanced. The purpose of the programme is to give employees access to health and wellbeing benefits, which differ in each market we operate in.

It has a digital space through which employees around the world can access training on the four pillars of BeHealthy. Employees can access the flagship training programme called Sustaining Executive Performance, where they can find the keys to achieving improved performance, both personally and at work, by encouraging healthy habits. We also have a global agreement with Gympass that offers employees the chance to benefit from over 52,000 affiliated health and wellness centres across the globe which offer a wide range of activities.

In 2019, we launched a new nutrition programme about optimum nutrition. Our employees have access to videos, recipes and backup material such as infographics or downloadable action plans.

We also held in 2019 our third BeHealthy week. Tens of thousands of colleagues took part in various activities related to the four main pillars of the programme.

3.0%

Absenteeism rate^A

9,862

thousand hours missed
due to non-working
related illnesses &
accidents

0.2%

Severity rate^B



For additional information
regarding remuneration data see
'Key metrics' section of this
chapter.

A. Hours missed due to work related accidents, non-work related illness or non-work related accident for every 100 hours worked.

B. Hours missed due to occupational accidents involving leave for every 100 hours worked.

Responsible business practices

Being responsible means offering our customers products and services that are Simple, Personal and Fair, and promoting ethical behaviours among our suppliers. We need to do the basics brilliantly, and we must solve problems fast and learn from our mistakes.

As a Responsible Bank, our customers are at the centre of all we do

Being responsible also involves our suppliers

- ✓ Third-party Certification Policy
- ✓ Principles of Responsible Behaviour for Suppliers
- ✓ Risk Control
- ✓ Whistleblowing channels

We focus on our customers



We listen to them and enhance their experience with us.

We protect our customers



By identifying vulnerabilities and avoiding mis-selling of products.

We manage their complaints



In case something goes wrong, we act and learn from it.

Focusing on the customer

We listen to our customers

By placing our customers at the heart of what we do, we aim to win and keep their loyalty.

To achieve that, we use a range of interactive channels to listen to and understand them better. The Consumer Protection function gathers Santander insights on customers at a global working group called CuVo (Customer Voice) that meets monthly, and includes all global areas that have an impact on customers.

The matters discussed in this forum come from many different channels. For example:

- Customer centres: these enable us to listen to our customers' views, in person and online, about our products and services. For example, we invite our Spanish customers to our corporate headquarters in Madrid to get their insights about any possible product launch. Meanwhile, we have created a digital platform for online focus groups. We have customer centres in Chile, Mexico, Spain and Portugal (last two were opened in 2019).
- Customer care on social media: we have to improve constantly the way we care for and engage with customers. This is why in 2019 we analysed the countries' social media customer care models and best practices; and we have designed a global to-be model to provide the best customer care on social media to be implemented with countries.

Transforming our customer experience

Customer satisfaction is critical to building loyalty. We believe that we will achieve this by focusing on improving our customers' experience. We are doing this in several ways:

- Simplifying our products catalogue.
- Improving the service for our clients with initiatives such as Toque Santander in Mexico, a protocol that reminds employees how to welcome customers, listen and solve their problems, and how to encourage the engagement with the Bank. Likewise, there is our Service attitude program in Portugal - a mandatory training focusing on the best ways employees should behave to deliver excellent customer service.
- Enhancing our customers experience with new models of branches, such as Work Café, Smart Red, Digital (highly automated branch, focused on self-service and multichannel strategy, videoconference booths and tablets to support customers in digitalization, digital sales of basic products and extended opening hours), Fast point (service hub for monetary and operational transactions with the quickest service), and Multichannel point (small format retail kiosk to provide banking services to customers located within retail locations such as shopping malls).



Smart Red branches

Spain, Portugal, Mexico and UK are redesigning their branches to generate a more positive experience. The Smart Red branches have an innovative and functional design that makes them more comfortable and accessible to all, and they use technology to allow a more agile and personalised service.



Our Work Cafés around the world

The Work Café concept adds a whole new banking experience reflecting our commitment to bringing innovation and investment to the branch network.

This innovative space for customers and non-customers brings a bank, working area and coffee house together in a single place. It is a collaborative space open to all, where one can work, surf the internet, hold meetings, attend events and, of course, make financial arrangements as it works also as a branch. All of this can be done while having a delicious coffee.

The Work Café concept was developed by Santander in Chile in 2016. Since then, Spain, Portugal, Brazil and Argentina have followed. In 2019, Work Cafés opened in Poland, UK and Mexico. We currently have 69 Work Cafés across eight countries.



More information of our Work Café innovative branch concept available at www.santander.com.

Customer satisfaction

We are consistently tracking our customers' views and their experiences with Santander. This data reveals where we can improve our services further, and helps us gauge customers' loyalty to Santander. More than a million surveys are conducted annually.

We measure the loyalty and satisfaction of our customers through the *Net Promoter Score* (NPS). This metric has been included as a metric in the variable remuneration systems of most of the Group's employees.

In 2019 we were in the top 3 in 6 out of 9 geographies. Three main drivers impact NPS: the main driver is service (56%), followed by product and price (24%) and image (20%).

In 2019, the number of loyal customers increased by 1.7 million, to a total of 21.6 million loyal customers.



Top 3

6 of 9 countries

South America



Europe



North America



Internal benchmark to measure customer satisfaction, audited by Stiga / Deloitte

We measure 3 main drivers: Service, Image and Product Price

SERVICE

<i>Branch</i>	General service, waiting time, meet your needs when you visit the branch, layout,....
<i>Channels</i>	Mobile, internet, ATM, CDM, contact centre, personal manager
<i>Personal</i>	Treats me as an individual, kindness, employee professionalism....
<i>Simple</i>	Simple to operate, speed and agility....
<i>Communications</i>	Clarity of statements, offer and promotions info, consistency of info,
<i>Problems</i>	Issues perceived

IMAGE

Strong and solid, commitment to social responsibilities, innovative, trust, transparent....

PRODUCT PRICE

Product and service offer, simple products, fees and charge, benefits offered, credit card,

Customer satisfaction by channel

% of satisfaction among active retail customers

89.3%



Branch

85%



Telephone

95.4%



Internet

96.1%



Mobile

91.5%



ATM

Protecting consumers, helping vulnerable customers

Being responsible means offering our customers products and services that are Simple, Personal and Fair. We need to do the basics brilliantly and, when it comes to customer protection, we aim to go beyond legal requirements.

Customer protection policy and principles

Santander Group has a strong culture with a focus on consumers. To embed this, the Compliance & Conduct function has developed the Customer Protection Policy, which sets out principles that embody how we expect our teams to handle customer relationships.

Customer protection principles

To ensure our Consumer Protection principles are embedded into our day to day practices, we have launched thematic reviews involving different issues related to the protection of our customers: treating customers in fraud cases, in debt collecting activity, and customer care on social media. As a result of this, we have created action plans to share best practices across the Group; launched awareness campaigns in several countries; and held workshops on product governance and consumer protection.

Customer protection principles



Treat Customer fairly



Complaints handling



Consideration of special customers' circumstances and prevention of over-indebtedness



Data protection



Customer-centric design of products and services



Responsible pricing



Financial education



Transparent communication



Responsible innovation



Safeguarding of assets

Vulnerable customers

We consider a vulnerable customer to be someone whom, due to their personal circumstances, is especially susceptible to suffer a financial and / or personal damage or loss. Customers can be considered vulnerable for a number of reasons like gender, age, incapacities, disabilities or impairments, limited access to education and illiteracy.

This definition is included in the guidelines we have approved in 2019, which have been developed to establish a consistent approach throughout the Group regarding vulnerable customers.

The goal is to prevent their over-indebtedness, ensure they are always treated fairly, with empathy and sensitivity according to their particular circumstances.

Additionally, since 2019, as part of the continuous enhancement of the new product validation process, it is required to specify whether the new product or service can be offered to a vulnerable customer.



Santander UK has developed a framework to help our understanding of vulnerability in order to be able to offer support and special treatment to those customers. This framework allows easy access to relevant information for employees and customers, and considers vulnerability within internal governance across all product and process developments. This model includes specific training to assist all employees to identify situations in which customers may need support.

Product governance

Our governance structure reflects the importance we attach to protecting customers' interests.

Our **Product Governance & Consumer Protection function**, within our Compliance and Conduct area, is responsible for ensuring appropriate management and control in relation to products and services and consumer protection.

Within this function, the **Product Governance Forum** protects the customers by validating products and services and preventing the launch of inappropriate ones.

In this context, the current focus is on the following topics:

- How we use digital technology without undermining customers' rights. To achieve this, in 2019 we created a guide to help the business areas to identify what needs to be considered in terms of the design, launch and post-sale of digital products in order to protect customers' rights.
- Consumer finance products targeted at vulnerable segments, as we must ensure applicable financing terms are reasonable and over-indebtedness is not encouraged.

Sales force cultural transformation

We want our managers to lead culture change, reflecting not simply our customers' rising expectations but also the fact that the first line of defence is key to managing risk and creating a sustainable business. For these reasons we believe that improving our remuneration plan is directly correlated with our customers' satisfaction.

To achieve this, a three year transformation plan is underway to **revise our remuneration practices** for our sales force. Corporate Compliance & Conduct, with the collaboration of HR and local teams, have monitored the implementation of the local action plans to check that significant improvements are made. The action plan covers topics such as governance, variable/fixed remuneration ratio, linear business objectives that do not promote specific products, and relevant weight of quality components with adequate diversification of conduct metrics.

Since 2017 we have reached, in 5 out of our 10 most relevant geographies, the objective of setting a 40% of variable remuneration based on conduct and quality components.

Training is also critical if we are to improve customer service. The main initiatives include designing a specific mandatory course on conduct risk with customers for all employees, and developing a procedure for sales force training. The Conduct and Compliance and HR functions in our subsidiaries have focused during 2019 on ensuring good governance in this area, analysing the adequacy and sufficiency of existing training initiatives, ensuring a relevant presence of customer conduct issues in training programs and strengthening the control environment. Local action plans are in progress.

Since 2019, the Responsible Banking Unit is also represented on the Product Governance Forum. Also, the product validation process involves ESG categorization and how we are supporting vulnerable customers.



For more detail on product governance and consumer protection see '[Risk management and control](#)' chapter.



Santander Consumer Finance and responsible lending

Santander Consumer Finance (SCF) distinguishes between credit worthiness and affordability.

SCF is assessing the market best practices both from a prudential and conduct perspective, as well as regulations in place in the different markets in which it operates. Based on them it is defining a policy to be complied with in all units. The aim is to provide responsible financing in the best interest of customers and SCF.



Santander Bank Polska: authors of the Declaration of Responsible Selling

Santander Bank Polska is one of the originators and authors of the financial market self-regulation standard called "The Declaration of Responsible Selling". The project has been initiated by financial institutions and is coordinated by the Polish Consumers' Association.

The aim is to raise and promote ethical standards in relationships with customers, educate the business and consumers, improve consumer trust in the financial sector and prevent unfair practices. It is the first example of a partnership of businesses who want to improve the quality of banking services. Its founders also include ANG Cooperative and BNP Paribas Bank Polska.

Complaints management

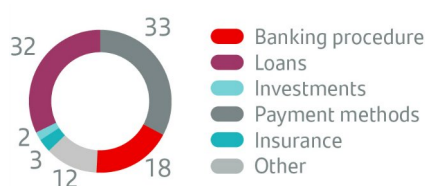
We don't simply aim to address complaints, but to learn from them – tackling the issues that gave rise to complaints in the first place. The Group's procedure for complaint management and analysis aims to handle any complaints submitted, ensuring that customers may submit complaints via their usual contact channels including digital ones (web/internet banking/App/social media) and to provide customers with the best possible service.

In 2019 the Group has focused on the first point of contact resolution with customers, to improve complaints handling and the customer experience. We have also sought to improve the root cause analyses of complaints in all the markets where we operate, while strengthening reporting of mitigation plans and governance.

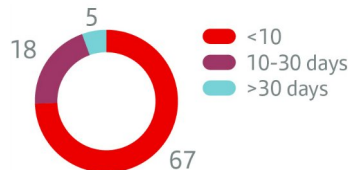
We listen to our customers and act to improve our service, as their loyalty is important to us and generates sustainable returns.

Listen	We listen carefully to our customers' questions, complaints and claims.
Analyse	We review and understand our customers' needs.
Act	We provide innovative solutions to address complaints.
Improve	We apply new processes globally.

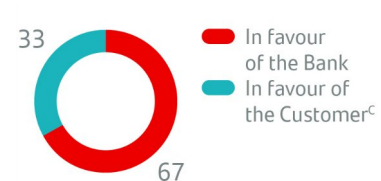
Type of complaints^A (%)



Average resolution time^A (%)



Resolution^{A, B} (%)



A. Personal Protection Insurance (PPI) complaints in UK are excluded. This adjustment has been made to avoid a biased global outcome.

B. If the UK complaints were included, the uphold ratio would decrease up to 16%.

C. +2 p.p. vs 2018

Continuous improvement of processes



During 2019, Santander UK continued to improve its resolution of customer issues by simplifying processes and through a dedicated knowledge tool, providing customer-facing employees with improved access to information and enabling them to solve customer problems faster.

The evolving content and usage of a single knowledge tool, coupled with increased coaching, has driven improved customer experience through resolution of issues at first point of contact in branches and telephone channels, and resulted in overall complaint volumes (excluding Personal Protection Insurance) reducing by 15%.



Argentina has launched COSMOS, a new customer service and problem resolution model, which includes digital attention to queries and complaints on all channels; automated complaint resolution and service requests through predefined business rules; diverting to offline resolutions for more complex cases; multichannel monitoring and more resolution information.

As a result, the length of calls to contact centres has decreased 50%, the average resolution time decreased from 5 days up to one day, and the NPS improved from -10 up to 48 in December 2019.



Payment Protection Insurance (PPI) complaints

The Financial Conduct Authority set a deadline of 29 August 2019 for PPI complaints and delivered a nationwide communications campaign to raise awareness of this deadline among consumers. In line with industry experience, we received unprecedented volumes of information requests in August 2019 and saw a significant spike in both these requests and complaints in the final days prior to the complaint deadline, with the processing of these claims ongoing.

Cumulative complaints to 31 December 2019 were 4.4 million, including 327,000 (approximately) that were still being reviewed. Future expected claims, regardless of the likelihood of Santander UK incurring a liability, were 49,000 (approximately).

We aim to clear the majority of the PPI complaints by the end of the first half of 2020, and the remaining queries second half of 2020.

Responsible procurement

We have a responsibility to ensure that our suppliers are themselves acting responsibly, as suppliers have an impact on society and the environment. So we expect our suppliers to uphold ethical, social and sustainable standards just as we do.

We have a model and a certification policy for managing our suppliers, setting out a common methodology for all countries to follow when selecting, approving and evaluating suppliers. In addition to traditional criteria such as price and quality of service, diversity and sustainability issues are included in this methodology, through the Principles of Responsible Behaviour.

Following the approval of these principles in 2018, during 2019 we enhanced the existing supplier questionnaire to reflect the new Principles of Responsible Behaviour, including diversity and inclusion, and human rights. These applied to all the new suppliers, reaching at least 5,000 of our critical vendors per year.

In total, the Group has 9,863 certified suppliers (-7% vs 2018). 16.7% of the total supplier base in Aquanima^A has been certified for the first time in 2019 (+5 p.p. vs 2018). Additionally, in 2019 we awarded 8,721 contracts (+6% vs 2018) to 4,744 suppliers (+4% vs 2018) through Aquanima. Of those suppliers, 93.2% were local (companies that operate in the same geographical area where the purchase is made), representing 95.7% of the total volume of purchases (+1 p.p. vs 2018), reflecting our support to the local economies.

We also have a whistleblowing channel for suppliers, through which any supplier that provides services to the Group is able to report inappropriate conduct by Group employees which breaches the General Code of Conduct. This whistleblowing channel has been implemented in Argentina, Brazil, Chile, Mexico, Portugal, Spain, United Kingdom and United States.

The Group is working to implement different controls and/or audits to the suppliers which allow us to ensure policy compliance as well as alignment with our corporate values.

Risk control

- Suppliers are an important community at Santander. In 2018 a new focus on risk assessment was agreed at Group level. This goes beyond the traditional approach on financial, reputational, tax, health and other issues, adding specialists into the onboarding process to check our largest suppliers' performance in five key areas: Cybersecurity, Business Continuity, Physical Security, Facilities and Data Privacy. These specialists provide suppliers with advice on how to improve their performance, and monitor the implementation of any remediation plan.
- With the support of the Compliance Unit, all companies in Spain have implemented the Norkom system, which is software to prevent money laundering and the financing of terrorism. This tool allows us to perform a daily check of suppliers; it will be progressively implemented in the other countries during 2020. In addition, in order to control better the cybersecurity among our suppliers, we have assessed their cybersecurity ratings using data supplied by the American company BitSight.
- In 2020, we will launch a new platform for supplier risk management. This tool will create as a single point of contact for the Group with its suppliers and will mean all the supplier management and information will be on an integrated into a single platform making the system more efficient and dynamic.

A. Aquanima is the Group's subsidiary specialized in purchases.



Brazil, promoting the sustainability amongst its suppliers

Santander Brazil promotes the sustainability of its suppliers in different ways:

- It has a portal for suppliers management through which it promotes best practices.
- It adheres to CDP Supply Chain to foster the commitment of its suppliers to climate change.
- It holds events to share with suppliers best practice to reduce operational, social and environmental risk. In 2019 it focused on personal data protection and cybersecurity laws.

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Shareholder value

Our aim is to build lasting loyalty among our four million shareholders by delivering sustainable growth and stable profits

Creating value for the shareholder

As a responsible bank, transparency and engaging with our shareholders and investors is a priority.

We are addressing key shareholder issues as follows:

- Equality principle for all shareholders: one share, one vote.
- Encouraging active, informed participation at shareholders' meetings. In 2019 Santander broke its record for participation, both at the general meeting of shareholders (quorum of 68.5% and nearly one million shareholders participating) and at the extraordinary general meeting (quorum of 59.2%).
- At our 2019 annual general shareholders' meeting we took one additional step to incorporate blockchain technology for shareholder voting. Building on the success with our institutional tranche last year, we launched a pilot targeting the delegation and voting cycle of minority shareholders. Blockchain technology offers greater transparency during the voting cycle, helps simplify the process, increases the motivation to vote, and improves voting security. The best results in digital participation were also achieved at a general meeting (more than 300,000 shareholders).
- Maintaining constant communication with shareholders and investors, informing them about the evolution of the Group and the share and encouraging a fluid dialogue with them, is also a priority for us.

Shareholder remuneration

In 2019 the Santander remained one of the most profitable and efficient banks in the world. In a trading environment of high volatility, we met all the financial targets we set.

- Total shareholder remuneration has been 23 cents per share in 2019¹. The percentage of the underlying attributable profit of 2019 dedicated to shareholder remuneration (pay-out) is 46.3% (within the range of 40%-50% announced at the beginning of 2019) and the proportion of cash dividend 89.6%² (thus exceeding that of 2018, also as announced at the beginning of 2019).
- The European banking sector, against a backdrop of economic slowdown, was affected by changes in the monetary policies of the main central banks, especially the European Central Bank. The Santander share price ended the year at EUR 3.73, as it was additionally affected by some uncertainties in geographies in which the Group is present³.
- On 31 December, Santander was the second bank in the Eurozone and the twenty-fifth largest bank in the world by market cap at EUR 61,986 million. It had 16,618,114,582 shares outstanding and posted daily average trading of 76 million shares in 2019.

4
million
shareholders

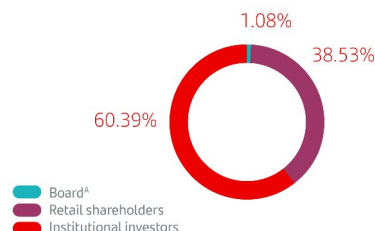
EUR 3,822
million total
shareholders
remuneration¹

EUR 0.23
total shareholders
remuneration per
share¹

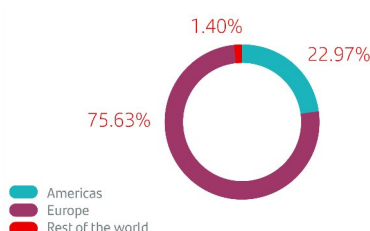
0.20 cash dividend
per share¹, c. +3% vs
2018

EUR 4.36 TNAV per
share +4% vs 2018

Share capital ownership



Geographical distribution of share capital



For more information on shareholder transparency & remuneration, please see section 3 of the [Corporate governance](#) chapter.

¹ The board of directors has resolved to submit to the 2020 annual general meeting that the second payment of remuneration against the results of 2019 amounts to 0.13 euros per share by means of (1) a final dividend in cash of 0.10 euros per share (the 'Final Cash Dividend') and (2) a scrip dividend (under the 'Santander Dividendo Elección' scheme) (the SDE Scheme) that will entail the payment in cash, for those shareholders who choose so, of 0.03 euros per share. In November 2019, shareholders received the first dividend charged to 2019's earnings, totalling EUR 0.10 per share in cash. The total dividend for 2019 would be EUR 0.23 per share (EUR 0.20 in cash and EUR 0.03 in scrip).

² Assuming a ratio of cash options in the Santander Dividendo Elección scheme of 80%.

³ Presidential elections in Argentina; social protests in Chile; Brexit in the United Kingdom; or the ruling on mortgages in Swiss francs in Poland.

^A Shares owned or represented by directors. For further details on shares owned and represented by directors, see Corporate Governance chapter.

Awards and recognitions

The performance of our Shareholder and Investor Relations team was recognised by prestigious industry publications such as IR Magazine and Institutional Investor, and it gained prominent positions in the Extel survey.

Environmental commitment

In 2019 we have offset the carbon footprint of our main corporate events globally.

We were the first European financial institution to obtain AENOR certification for its Investor Day. AENOR also renewed for the third year in a row its certification of "sustainable event" for our Ordinary General Meeting and also for the Extraordinary General Meeting.

Social commitment

In collaboration with the Fundación Universia, in 2019 Santander awarded 60 grants to university students with disabilities, shareholders and their relatives, to support socio-occupational integration of people with disabilities.

Engagement with shareholders, investors and analysts

The Shareholder and Investor Relations team had the following priorities in 2019:

- Maintain continuous, fluid communication as well as the dissemination of relevant information to our stakeholders, fostering a flowing dialogue.
- Optimise and enhance the Group's reputation in the markets.
- Offer shareholders and investors personal attention adjusted to their needs, and adapting the channels to their profile.
- Facilitate the participation of shareholders in the progress of the bank through, for example, the general shareholders' meeting.
- Offer exclusive products and benefits through the new yosoyaccionista.santander.com website.

In 2019 we launched a new section for shareholders and investors on the corporate website, which improves user experience by facilitating access to information and improving accessibility from mobile devices.

40,924

shareholder and investor opinions received through studies and qualitative surveys

322

events with shareholders

+800

communications using mainly digital channels

3,507

contacts with institutional investors (including 126 meetings with ESG investors and analysts)

133,939

queries managed by email, phone, WhatsApp and virtual meetings

Evaluation of Santander by ESG indexes and analysts

Santander sustainability performance is periodically evaluated by well-regarded indices and ESG analysts. These evaluations and their results are used internally to measure our performance and identify improvement opportunities. In 2019 our results stand out in both the Dow Jones Sustainability Index (DJSI) and Vigeo Eiris.

Santander was recognised as the most sustainable bank in the world by the DJSI, an international benchmark which assesses economic, environmental and social impact of over 175 banks globally. The bank achieved a total score of 86 points out of 100, achieving the maximum score in a number of areas, including tax strategy, privacy protection, environmental reporting, corporate citizenship and philanthropy, and financial inclusion. As a result it has received the Gold Class distinction.

In November 2019 Vigeo Eiris updated Santander's ESG rating profile and the new ESG overall score achieved shows a notable improvement, moving from a position of 22nd in the sector in December 2016 to 5th in 2019. Vigeo Eiris recognised upward trends in four areas of performance: Environment, Human Rights, Community Involvement and Corporate Governance.

In addition, Santander remains a constituent of the FTSE4Good Index Series and is also evaluated by other ESG analysts such as Sustainalytics, ISS-ESG or MSCI.

Others ESG analyst valuations^A

Rating/Scoring	2019	Vs. last year	2018	Vs. Sector average
DJSI	86	=	86	First position within the banking sector. Gold class
ISS-ESG	C	=	C	> (decile rank of 2 out of 280 companies in the industry)
MSCI ^B	BBB	↓	A	-
Sustainalytics	32.7	↓	30.8	> (52nd percentile in the industry group)
Vigeo Eiris	63	↑	57	> (rank 5 of 31 companies in the sector)

A. Source: latest ISS-ESG rating (on a scale of A+ to D-) available at January 2020, compared to December 2018. The ISS-ESG decile rank of 1 indicates the highest relative ESG performance, and 10 the lowest. Latest MSCI ESG rating available (on a scale of AAA to CCC) at June 2019, compared to October 2018. Latest Sustainalytics scores (on a scale of 0 to 100) available at December 2019, compared to November 2018. Since September 2018 Sustainalytics has applied a new methodology for its ratings, where the score indicates a company's exposure to and management of ESG risks. Latest Vigeo Eiris overall scoring (on a scale of 100 to 0) available at November 2019, compared to December 2018.

B. Please review page 104 for MSCI disclaimer.

SAM
Sustainability Award
Gold Class 2020



For more information on communication with ESG analysts, see [section 3.1](#) of the Corporate Governance chapter.

Inclusive and sustainable growth

We play a major role in supporting inclusive and sustainable growth



Meeting the needs of everyone in society.

We develop innovative, simple, and personalised solutions to respond to customers' demands and meet the needs of everyone in society.

Financial empowerment.

We develop products and services for the most vulnerable and hard pressed in society, giving them both access to financial services and the skills to manage their finances.

Sustainable finance.

We innovate to offer new financial products and services that integrate ESG criteria along three main lines: sustainable infrastructures, socially responsible investment and climate finance. While we analyse and measure the social and environmental risks of our investments.

Environmental footprint.

We measure our environmental footprint, we reduce it and we have committed to it further.

Supporting higher education.

We have created a world leading network of universities, through which we help people access education and learn new skills.

Community investment.

We support community programmes that enhance equal opportunities and people welfare

Tax contribution.

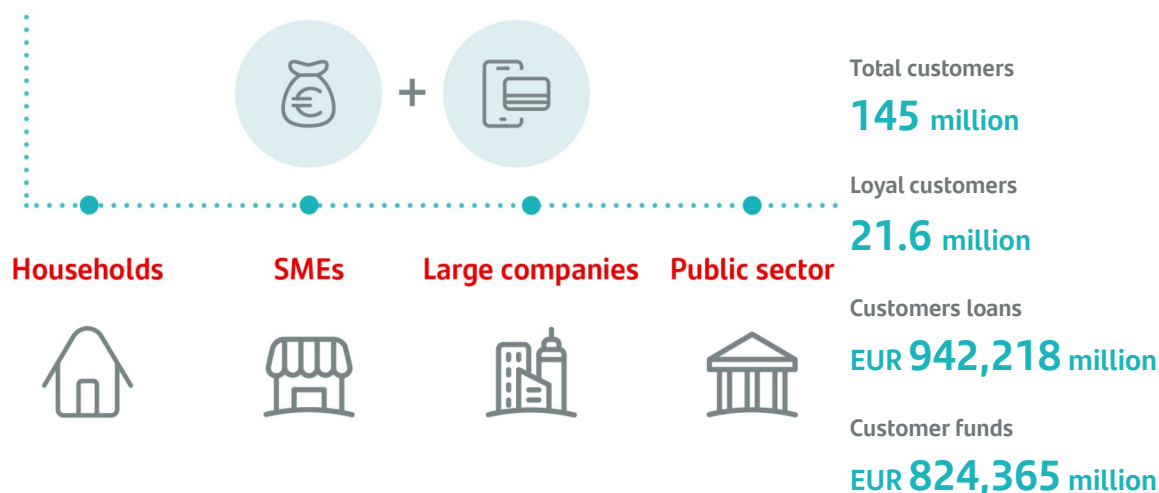
Wherever we operate, we pay our fair share in taxes, contributing to the growth and progress of the communities in which we are present.

Meeting the needs of everyone in society

We want to increase our customer loyalty by offering services and products that enable all our customers to manage their finances in the best possible way.

Our value proposition aims to meet the differing needs of our customers

Innovative, simple and personalised solutions



The financial sector is key to sustainable economic and social growth, and banks play a very specific role: we manage the savings of individuals and companies, finance their needs and facilitate commercial transactions.

Good access to finance improves a country's overall welfare because it enables people to thrive and better manage their needs, expand their opportunities and improve their living standards.

Our value offer

Our value offer adapts to the economic and social circumstances of each of the markets in which we are present, complemented by the advantages offered by our global businesses such as Santander Corporate & Investment Banking and Santander Wealth Management & Insurance.

In addition, we have developed and launched Santander Global Platform (SGP), through which we aim to create the best open financial services platform. By consolidating all our digital services under a single unit, we will be able to leverage the Group's talent and scale in high growth payments and digital businesses, targeting retail customers, large businesses and SMEs.

2019 highlights:

- Loans and advances to customers increased 7% year-on-year. 47% of loans were to individuals, 17% to consumer credit, 24% to SMEs and companies and 12% to corporate customers and institutional investors.
- Customers funds increased 6% year-on-year.

Helping people and families

When people are financially included, they can manage their money more easily - and thereby get access to better housing, healthcare and education; start a small business; and buy insurance to protect themselves from shocks. In this way, finance helps to reduce inequalities, and create new opportunities in society.

In 2019 credit to households increased 6.6% year-to-year.

Credit to households

Loans to customers at December 31, 2019, net of impairment losses

	millions euros
Residential	332,881
Consumer loans	167,338
Other purposes	19,777
Total	519,996

Digital solutions for better personal financial management

We continued investing across the Group in better, smarter and more accessible services which empower our customers - especially in terms of easy to use, simple, safe and effective payment and accounts solutions via mobile devices.



One Pay FX. The first multi-corridor international blockchain solution in the world for individuals and SMEs - was launched in four Santander Banks (Spain, UK, Brazil and Poland) in 2018: two more countries have joined in 2019 (Portugal and Chile), and Mexico will be offering the solution in early 2020.

One Pay FX offers transparency & predictability, competitive cost, digital experience and better speed, improving the current sub-optimal customer experience and client stickiness through a best-in-class global payment system.

Openbank

Openbank is Europe's largest fully digital bank and part of the Santander Group. Developed in Spain, our strategy is to expand its operations across Europe and the Americas.

In 2019 Openbank was launched in Germany, Portugal and the Netherlands. The bank offers a fee-free current account that allows free transfers to any EU country via the Openbank website or mobile app. This account comes with a free debit card that allows customers to use all mobile payment systems (Apple Pay, Google Pay, Fitbit). Customers can also turn on and off their cards from the website or app, as well as being able to block them in a particular country and unlock them instantly. Users can restrict the use of their cards to particular channels, such as ATMs, online or physical purchases, while also being able to authorize or block devices from which their account has been accessed within the last 30 days.

All Openbank cards have a charitable purpose and are linked to a charity chosen by the customer through the first 'charity marketplace', made up of a group of charities, selected by the bank.

Openbank was named Best Bank in Spain in 2019 by Forbes while achieving the best 'Net Promoter Score' (NPS) among Spanish banks.



Country examples on value offers for different segments



Santander Senior

We offer products and services, financial and non-financial, suited to meet the needs of the growing number of people aged over 65 (forecast to account for 25% of the population in 2030) who need support in planning their savings for old age.



iU Segment

Santander iU was created by Santander Rio for customers aged between 18 and 31 years old. The credit cards offer advantages such as discounts on certain transport services, brands and events; facilities for university payments, direct debit. It also offers information tailored for young people on topics such as entrepreneurship, job search, volunteering initiatives.



Santander ELA

To support businesses led by women, Santander Brazil has worked with IFC Brazil to offer a senior loan for US\$225 million to finance Santander's loans to women-owned SMEs, with a 15% discount on the rate during the month of June. The program was a success and every available line was taken up during that month.

Boosting enterprise

Small and medium-sized enterprises are a key driver of economic growth, especially job creation. It is critical that we support them - by lending and providing them with technologies that help them grow, employ more people and have everything they need to make their business competitive. At Santander we want to contribute to this growth and become the bank of choice for SMEs. By helping them, we can help all society prosper.

We now work with more than four million SMEs around the world, offering an increasing number of services to support with their growth and trade overseas.

In 2019, credit to companies and individual entrepreneurs increased 5.8% year-to-year.

Agreements with multilateral entities

Our focus on customers, our size and diversification enables us to maintain close relationships with a number of multilateral organisations such as the European Investment Bank (EIB). Working with these organisations, we can offer businesses credit lines with advantageous conditions.

In Spain, we recently signed - with the European Investment Bank Group, comprising the European Investment Bank (EIB) and the European Investment Fund (EIF) - a line of EUR 1,900 million to offer Spanish mid-caps and SMEs financing with advantageous conditions.

In Brazil, we have signed a 200 million euro credit line with the International Finance Corporation (IFC) to expand credit to small and medium-sized enterprises where women hold at least 50% of management positions.

In Poland, in cooperation with the EIB, we have negotiated a credit line of EUR 400 million available to SMEs and mid-cap companies, with a special focus on the development of micro-enterprises.

Credit to companies and individual entrepreneurs

	millions euros
Large companies	173,090
SMEs and individual entrepreneurs	124,559
Other purposes	21,967
Total	319,616

In total, in the last three years, the Group has signed agreements with multilaterals such as EIB, EBRD, IFC, CEB and CAF to offer financing lines to SMEs in Spain, Brazil, and Poland for a total value over EUR 2,500 million.

Supporting the most vulnerable SMEs

The European Investment Bank will participate in a portfolio of corporate loans approved by Banco Santander to the volume of EUR 450 million. This support will allow the Group in Spain to make EUR 900 million available to SMEs.

Part of this sum will be for financing vulnerable SMEs: self-employed people; micro companies with fewer than ten employees; and small businesses that perform their activity in regions with high unemployment. This agreement will enable us to support to almost 7,000 SMEs, providing jobs for about 160,000 people.



Patricio González, an agricultural entrepreneur in Mexico

In 2001, Patricio González, an agricultural entrepreneur from Chile, tried to expand his berries production in Santa Clara del Cobre, a poor area located in the state of Michoacan, Mexico. He needed financial support to achieve his goal. That same year Sun Belle, Patricio's small company, received its first loan from Santander, the only institution that trusted this project. For González, this changed everything.

Today, Santander is Sun Belle's main bank, and this company's production has exponentially grown from 250,000 boxes of berries to around 7.5 million. Sun Belle works with 900 local producers that the company supports by providing technical knowledge and by purchasing all of their production.

Santa Clara del Cobre, a traditional artisan and craft community based on farming, has seen poverty fall thanks to access to new services and education.

A good example is the Valencia family, who are one of the first berry producers to work with Patricio González. Before they joined Sun Belle, this hard-pressed family had a small cattle business. Now their quality of life has significantly improved. Thanks to the business loans approved by Santander through Sun Belle, they established their own company to supply Sun Belle, creating new jobs in their community.



Innovative solutions to drive business growth

The world of payments is a critical component in finance. Payments systems allow banks know their customers' needs and preferences, enabling the banks to personalise the products and services they offer.

At our Investor Day in April 2019 we set out how Santander Global Payments will be the cornerstone of our global platform and loyalty strategy, consisting of Global Merchant Services (GMS), Global Trade Services (GTS) alongside our other payment businesses (Superdigital, PagoFX). This payments platform will allow us to serve existing and new customers better, with best-in-class value propositions developed globally.

Global Trade Services (GTS)

Supports small and medium-sized businesses access global trade finance. This platform will offer trade finance, supply chain, payments, and foreign exchange, while operating quickly and efficiently for SMEs.

Global Merchant Services (GMS)

Gives online and offline retailers the ability to accept various forms of payment, helping them better manage and grow their business; built with Getnet, a leading payment platform in LatAm. We are currently extending it to Mexico and other Latin American market.

In 2019 we also invested EUR 400 million in acquiring 50.1% of Ebury, one of the major payments and forex platforms for SMEs, which already operates in 19 countries and with 140 currencies. With this investment we want to drive Ebury's growth through a capital increase, and benefit from the opportunities that will arise from helping more SMEs grow around the world. Ebury is looking to enter new markets in Latin America and Asia.

Trade Club Alliance

Along with other international banks, we launched the Trade Club Alliance, a global network of banks aiming to make international trade simpler with an innovative digital platform which enables companies in Europe and Latin America to connect with each other. This new platform will provide members with market information on more than 180 countries including currency analysis, market trends and shipping requirements, serving as a conduit for trusted buyers and suppliers to connect with counterparts in markets around the world.

"Santander is the best positioned bank to help SMEs in their international expansion and to provide them with global services for trade finance".

Ana Botín, Group executive chairman.

Santander Cash Nexus, global connectivity for the bank's largest corporate multinational clients.

For our largest corporate clients, Santander Cash Nexus offers an industry-leading, highly-automated mass transaction engine that combines the best security technologies and procedures available today with 24/7 availability.

At its core, Santander Cash Nexus provides clients with a single point of entry to the global treasury management services we offer in the countries where we operate. The platform is currently available in more than 15 countries.

By creating one, simple platform for SCIB's global connectivity solutions, SCIB helps clients optimize costs, achieve greater control over their transactions, and provides a standardised digital service in the countries where Santander operates and Cash Nexus is available.

Cash Nexus is already being used by more than 100 of SCIB's global clients.

Santander Innoventures

Santander InnoVentures (SIV) is our \$200 million corporate venture fund. SIV invests in start-ups in fintech and adjacent areas to accelerate their growth, support entrepreneurs and teams with the capital, scale and expertise of the Santander Group. Since launching in 2014, the fund has invested in more than 25 companies, being one of the most active bank-backed fintech corporate venture in the world. Over 70% of the fund's portfolio companies are now in strategic engagements with Santander

In 2019 we invested in companies, as for example:

- Klar, a Mexican alternative to traditional credit cards and debit services.
- Trulioo, a Vancouver-based global identity verification provider.
- Securitize, a California-based startup which offers a trusted global solution for issuing and managing compliant digital securities on the blockchain.

Financial inclusion and empowerment

We help people get access to finance; set up and grow microbusinesses; and give them the skills to manage their finances through financial education. Our aim is to financially empower 10 million people from 2019 to 2025.

Our financial inclusion and empowerment and inclusion strategy focuses on three main areas



Target

We believe that we can help more people prosper and enjoy the benefits of growth by empowering them financially: giving them access to tailored financial products and services, and improving their financial resilience through education. **So we aim to financially empower 10 million people between 2019 and 2025.^A**

Progress



A. In order to measure, assess and improve the Bank's contribution to financial inclusion, we have designed a Santander Group corporate methodology tailored to Santander's requirements and specific mode. This methodology sets out a series of principles, definitions and criteria that can be used to consistently count those individuals who have been financially empowered through the different initiatives, products and services promoted by the bank.

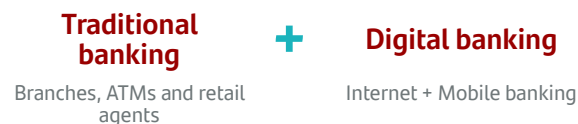
Digital technology: boosting access to finance

We want to give everyone access to financial services, regardless of factors such as income level, gender, educational attainment, geographic location or age.

Our flagship digital platform Superdigital helps us achieve this ambition, allowing us to overcome some of the barriers that prevent unbanked and underserved populations from accessing financial products and services.

Our branches and ATMs in remote locations are also an integral part of our strategy to foster access to basic financial services. We operate branches in sparsely populated regions in Spain, Portugal, and the US and branches in remote locations in Argentina. In Mexico, we have reached agreements with retailers to manage basic financial services through their POS.

Fostering access to basic financial services: our twin track approach



Guaranteeing access for all segments





Superdigital - Banking without a bank

Mobile phones and the internet are powerful tools to drive financial inclusion amongst the unbanked or underserved. We want our digital platform Superdigital to become the single-most important access-point to financial services for many of our low-income clients in Latin America.

Available in Brazil, Mexico and Chile, Superdigital leverages the rapid growth in smartphone adoption and improved network coverage in Latin America to increase financial inclusion in the region¹. To date the platform has almost 500,000 active users, with plans to reach five million active clients by 2023 across seven markets in Latin America. In the long-term, we aim to have 10 million active users on the platform given the growth potential of digital payment solutions in the region.

Developed with Santander's proprietary technology, Superdigital is very user-friendly and offers a differential customer experience. For instance, clients are able to make online financial transactions without having a bank account, chat with other users of the app, split expenses amongst groups, and receive automated alerts regarding their financial situation. At the same time, fostering digital channels such as Superdigital allows us to drive greater operational efficiencies within the bank, enabling us to serve this segment in a sustainable manner.

In Brazil, Superdigital's largest market, the platform offers access to financial services to individual micro entrepreneurs who use the platform to pay suppliers and receive customer payments and companies with large numbers of employees on their payroll that large banks tend not to serve. Access to financial services through our digital channel, combined with financial education, helps our customers develop their financial resilience.

Globally, 1.7 billion adults remain unbanked, yet two-thirds of them own a mobile phone that could help them access financial services¹

45% of adults in Latin America sent or received digital payments in the last year vs. 91% in high-income economies²



For more information visit
Superdigital Brasil
Superdigital México
Superdigital Chile



(1) According to GSMA, which groups more than 750 telecom operators worldwide, smartphone adoption in Latin America will reach 78% of total connections by 2025, compared to 62% at the end of 2017. Source: GSM Association (2018).

(1) Source: World Bank (2018)
(2) Source: World Bank (2017)



Other initiatives and services that offer physical access to financial services



Financial inclusion branches & remote agents in Argentina

Santander Río has opened four branches in Buenos Aires (in the neighborhoods of Santa María, Castelar Sur, La Juanita and Don Orione, which previously had no banking coverage) as means to encourage financial integration.



Branches in small villages in Portugal

In Portugal, Santander operates 79 branches in small urban areas, highlighting those in Azores and Madeira islands, providing services to over 103,623 customers.



Partnerships with Oxxo and 7 Eleven for cash-in, in Mexico

In Mexico, Santander offers customers the ability to carry out basic transactions through more than 26,000 convenience stores such as Oxxo, 7 Eleven and others.



Cashless program in Poland

Developed by the Polish government, this program aims to expand the card payment network in small urban areas and amongst small and micro businesses. The program allows participants to use a card terminal at no cost for the first twelve months.

Banking the unbanked, while supporting our more vulnerable customers

We offer specific banking products aimed at those groups who are not in the banking system, who are underserved or who are financially vulnerable.

Microfinance products and services can support economic and social development in a number of ways. They can help increase people's earnings potential; help increase their spending on necessities such as education and health; and help people save for retirement or unforeseen events¹.

Our geographical footprint is wide and our clients' needs differ significantly across countries. As a result, our microfinance products and services are tailored to meet local needs, with a focus on income-generating loans to low income and underbanked entrepreneurs.

In Latin America, we launched our microfinance offer in 2002 in Brazil and have since scaled up rapidly across the region, starting operations in Argentina and Mexico. Most recently, in 2019, we set up our microfinance programme in Uruguay, leveraging on the Group's existing presence in the country.

In mature markets, our initiatives are focused on affordable housing programs and loans to SMEs in Spain, US and Portugal, with plans to further enhance our product offering in these countries.

¹Source: World Bank (2018)

² In developing economies 67% of men but only 59% of women have an account, a gender gap of 8 percentage points. Source: World Bank (2018)

Financial solutions to support unbanked, under-banked and vulnerable customers

Microfinance programmes

Our programmes target micro-entrepreneurs and mainly focus on women borrowers, given that in developing countries women are less likely than men to own a bank account². Our value offer includes microloans, microinsurance, and remittance services, amongst others.

Affordable housing initiatives

In the US, through our Inclusive Communities Plan, we offer affordable home purchase and home improvement products. We also lend to projects that benefit low-to-moderate income individuals and communities, primarily through affordable housing projects.

In Spain, we have contributed 1,000 homes to the Social Housing Fund, of which 985 are for rent. Meanwhile, we have another 609 houses with more affordable rents for families in a vulnerable situation.

Specific programs to refinance debt

In Spain, since 2011 we have helped more than 140,000 families with financial problems to continue paying their mortgages, with specific measures which include: the suspension of evictions, mortgage re-financing and restructuring.



Lending in underserved communities in the US

The cornerstone of Santander's approach to supporting communities in the US is our "Inclusive Communities" plan, the Bank's \$11 billion commitment across its eight-state north-eastern footprint for 2017 through 2021. This plan increases Santander's Community Reinvestment Act¹ activity by 50% compared to 2012 to 2016, and includes a goal of \$9.1 billion in loans to underserved communities for the 2017-2021 period.

Santander's pledge to increase lending in underserved communities includes enhanced affordable home purchase and home improvement products, piloting pre-foreclosure counseling with community organisations, expanded Small Business Administration lending, and community development financial institution (CDFI) loan products.

Santander Bank has committed to lending \$9.1 billion to underserved communities over a five-year period

⁽¹⁾Enacted in 1977, the Community Reinvestment Act requires federal financial regulatory agencies to encourage regulated financial institutions to help meet the credit needs of their local communities, including low to moderate-income neighbourhoods. The US Office of the Comptroller of the Currency (OCC) within the United States Department of the Treasury evaluates a bank's record of meeting these credit needs and takes this record into account when evaluating certain corporate applications filed by the bank, such as branch openings.

Our main microfinance programmes



Prospera Brasil

Banco Santander is recognised as the leading provider of microcredits among private banks in Brazil. Since its creation in 2002, Prospera Santander has supported growth of small businesses, mainly micro-businesses, helping disadvantaged populations and low-income families escape from poverty.

The program grants loans to groups of microentrepreneurs who share the responsibility of repaying the full amount of the loan. A team of Loan Officers helps and guides the entrepreneurs throughout the life of the loan.

In 2019, 56 new Prospera Santander Microfinanzas branches were opened, and the number of municipalities served has grown from 600 to more than 1,700. The number of active clients grew by 253,000 to more than 500,000, with 69% of them being women borrowers.

- Average microcredit size: \$550
- Average microcredit term: 7 months



Elaine Cristina, Brazil

Elaine Cristina began her business at the age of 17 as a street vendor selling clothes in her area and to family members. After 8 years, she managed to open Elaine Boutique, a women's clothing store in a busy area of Sao Paulo, hired two people and is now considering opening other stores.

Prospera has been with her at every moment of her journey, advising her and supporting the realization of her dreams.





TUIIO

Launched in 2017, TUIIO offers a comprehensive range of products and services specially designed for low income and under-banked populations, including tailor-made loans, savings products and insurance. All the products offered have a high digital component, which delivers operating efficiencies and a better user experience.

Tuiio supplements its offer with financial, technological and entrepreneurial education courses for its customers; and has branches and ATMs in the communities where customers live.

Microcredits are granted to groups of neighbours composed of at least eight micro-entrepreneurs, with 92% of them being women micro-entrepreneurs.

- Average microcredit size: \$330
- Average microcredit term: 4 months



Patricia Santos, Mexico

In early 2018 artisan Patricia Santos set up her own business with the help of a MXN 5,000 loan from Tuiio. Since then, her food business, La Magia del Sabor, has grown and she has now been granted a MXN 20,000 loan. Today, Patricia holds banquets for more than 300 people.

Full story of Patricia Santos. See [video](#)

"Tuiio gave us workshops to help us manage the cash that had been given to us, it supported us, and gave us a bank card. But it was not just about giving us a card to withdraw all the cash in one go. We also learnt how to make online payments and to use the app... Initially we were like 'what if I hit the wrong button and our money goes where it shouldn't?!' But we learnt how to do it... I also paint ceramics that I sell on the open market, I receive payments on my card and my products reach people I never thought it would... I am deeply grateful to Tuiio for its trust and for saying 'go ahead, you can make it'."



Prospera Argentina

Through our Social Integration Branches we help unbanked communities gain access to the financial system, offering opportunities for inclusion and growth.

Since 2015, we offer microcredits and other products specially designed for the community where each branch is located.

- Average microcredit size: \$500
- Average microcredit term: 9 months



Prospera Uruguay

Launched in 2019 as a pilot programme in the Salto department, Prospera Uruguay offers credits and insurance to entrepreneurs. Since then, the programme has scaled up across the country (current coverage of 84%), reallocating the sales force arising from the digital transformation of a financial institution in Uruguay. With every expansion Prospera has trained its sales agents, 95% of them women with extensive experience in marketing financial services.

In 2020 Prospera Uruguay aims to expand the product offering include savings accounts and payment solutions, amongst others.

- Average microcredit size: \$800
- Average microcredit term: 12 months

Promoting financial education

Poor access to financial services is often associated with lower levels of education¹. As a result, our financial inclusion strategy goes beyond providing access to bank accounts and other basic financial services, as we want people to have the skills to manage their finances, so they can make the right choices about what products and services meets their needs.

Our financial education initiatives are online (websites and social media networks with videos, tools, courses and games) as well as face-to-face (such as training actions, workshops and courses in schools, social organizations and other institutions).

1. According to the World Bank's Global Findex Database 2017, globally 62% of unbanked adults have primary education or less. Source: World Bank (2018)

+580,000

People benefited from
financial education
programmes in 2019

Outstanding programmes



"Finanzas para Mortales" programme in Spain

In Spain, we held over 1,300 financial education sessions at schools, NGOs, and other institutions. Highlights our financial education project "Finance for Mortals" ("Finanzas para Mortales" in Spanish).

Launched by Santander, the University of Cantabria, and Santander Financial Institute (SanFi), "Finance for Mortals" has been recognised as one of the country's leading financial education programmes by the Central Bank and the National Securities Market Commission (CNMV in Spanish). The programme involves Santander volunteers who provide face-to-face financial education sessions at schools, institutes, NGOs, associations and vocational training centres across Spain.

More information see www.finanzasparamortales.es



"My Money Week" initiative in the UK

Santander UK supports financial education by partnering with organisations such as National Numeracy, Young Enterprise (YE) and the Financial Inclusion Alliance.

In 2019 Santander sponsored YE's My Money Week, a national activity week for primary and secondary schools that provides the opportunity for young people to gain the skills, knowledge and confidence in money matters. My Money Week is regarded as the highest profile and most recognised personal finance education initiative in England, having reached 197,470 people in 2019 across England, Wales, Scotland and Northern Ireland. For 2019 the focus was placed on financial decision making to help saving.

More information see My Money Week.



SanodeLucas

Sanodelucas is the platform that brings together all of Banco Santander's financial education initiatives in Chile. Among them, the following stand out:

- Sanodelucas tips and advice. Information, articles and videos on basic aspects of managing individual and family finances.
- Financial Education Programme in Schools. Helps to improve the financial skills and knowledge of students in the country's schools.
- First steps. Initiative that seeks to train those who open a checking account for the first time in the proper use of commercial products.

More information see www.sanodelucas.cl



Multiple initiatives in Mexico

- Launch of a new financial education website: this includes a course on basic personal finance concepts and tools such as calculators. In 2019, more than 40k users visited the bank's financial education website.
- Participation in the National Financial Education Week: Every year the Government organises a week of conferences and activities that provide information on how to better manage one's finances. During this week Santander provided financial education to 10,950 people.
- Financial education courses through the "Tuiio, Finanzas de tú a tú" programme: A microfinance programme aimed at informal entrepreneurs (mainly women) who want to grow their business. The main support mechanisms for microentrepreneurs are courses designed to facilitate the use of financial services and financial tips, digital simulations and calculators available on the Tuiio website.

Forging partnerships to catalyze financial inclusion

Using our global networks, we have developed partnerships that help to further financial inclusion in markets where we operate. We believe partnerships are an important tool for sharing knowledge, learning about industry best practices, and developing innovative approaches to bridging the financial inclusion gap. With the CEO Partnership for Financial Inclusion (CEOP), in 2019 we have made progress on a number of initiatives that have the potential to expand access to financial services at scale.

CEO Partnership for Economic Inclusion

Founded by the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, Queen Máxima of the Netherlands, the CEOP brings together an influential group of CEOs from a diverse set of sectors working together with the aim of accelerating financial inclusion around the world.

Under the auspice of the CEOP, Santander and Mastercard have joined forces to help smallholder farmers in Mexico.

At the beginning of 2019 Santander and Mastercard launched a pilot programme designed to meet the financial needs of smallholder coffee farmers in Mexico. Thanks to this initiative, close to 2,000 farmers have been able to go cashless, receiving digital payments into a digital account associated with a debit card linked to additional financial services.

In 2020 the project will be rolled out to other segments of the economy while also expanding the financial product offering to smallholder farmers.

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Sustainable finance

We play a major role in the transition towards a more sustainable economy, offering a wide range of products and services, integrating environmental, social and governance criteria into our lending decisions. We are committed to support the climate change goals of the 2015 Paris Agreement.

Main lines of action

we analyse the environmental and social risks of all our project finance deals.

Climate Finance



Curbing climate change is a key objective at Santander. We are a world leader in the financing of renewable energy projects.

Socially responsible investment



We see Sustainable and Responsible Investment as creating value for both management and the investor.

Sustainable infrastructure



We finance the construction of infrastructure that guarantees basic services and drives inclusive economic growth.

Target

We believe that we can support our customers by helping them make the transition to the green economy. **So we aim to raise or facilitate the mobilization of 120Bn euros between 2019 and 2025, and 220Bn euros between 2019 and 2030 in green finance to help tackle climate change.^A**

A. Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is 220Bn.

Progress

Green finance

Raised or facilitated



A. SCIB's contribution to green finance target includes: Project Finance (lending): 5Bn; Project Finance (advisory): 6.1bn; Green bonds (DCM): 1.9bn; Export Finance (ECA): 0.3bn; M&A: 3bn; Equity Capital Markets: 2.2bn. This information was obtained from public sources, such as lead tables from Dialogic or TxF. All roles undertaken by Banco Santander in the same project are accounted for. Other aspects related to sustainable finance in a social manner, such as financial inclusion or entrepreneurship, are not included.

Climate Finance

The transition to a low-carbon economy is critical in light of climate change and if we are to meet the goals set by the Paris Agreement.

The banking sector has a key role to play in the transition to a low-carbon economy, which presents both challenges and major investment opportunities.

At Banco Santander we lead the change with initiatives to fund renewable energies and supporting our customers in the transition.

Our strategy reflects our commitment both to contribute to the UN Sustainable Development Goals and to the Paris Climate Agreement's goals to combat climate change and adapt to its effects.

Our progress on climate-related actions

The Task Force on Climate-related Financial Disclosures (TCFD) made a number of recommendations regarding the clear disclosure, backed by comparable and consistent information, of the risks and opportunities presented by climate change. Below we set out how we are implementing the TCFD's key recommendations, and the most significant actions we have taken to embed climate in our risk and opportunity management.

Incorporating climate into our businesses' day-to-day activity will help steer decisions so that we can make progress towards the Paris Goals.

TCFD Disclosures

Governance

- The responsible banking, sustainability & culture committee (RBSCC) assists the board in the oversight of the responsible banking strategy, which includes climate change. The RBSCC consists of eight directors, seven external, with the majority being independent, and the Executive Chairman and it is chaired by an independent Board Director. All Directors have been appointed taking into account their knowledge, qualifications and experience. This Committee meets quarterly.
- As part of the responsible banking governance, the inclusive & sustainable banking steering has been set up to promote, among other topics, the transition to a low carbon economy, and fostering sustainable consumption. This steering meets every six weeks and consist of nine senior management permanent members and 2 rotating members (country heads).
- Governance is underpinned by the general sustainability policy which explains the Bank's action framework, in both its internal operations and its banking activities as well as sector-specific policies covering environmental including climate-change issues.
- In 2019 the General Sustainability Policy was updated. This policy is owned by the Board of Directors and it now further describes responsible banking (including climate) governance. This policy now also incorporates climate change and environmental management.
- During this year, climate change has been discussed in all four meetings of the RBSCC including issues such as TCFD, specific sector analysis, business lines plans and environmental footprint. This included a joint session of the RBSCC and the Board Risk Supervision, Regulation and Compliance Committee that reviewed a deep dive analysis of the extractive industries, as climate-relevant sectors.
- in 2019, the board attended a responsible banking training session, and another session solely dedicated to climate change and designed to better equip the Board to address the challenges posed by this subject. It was also agreed that the induction of new board members will include responsible banking and specifics on climate change.



For more information on the committee, see [Corporate governance](#) chapter of this report and the Board Committee's report.



For more information on our policies and governance, see [Principles and governance](#) section of this chapter



General Sustainability policy is available at www.santander.com.

Strategy

- Risks related to the transition to a lower carbon economy and physical impacts from climate change need to be incorporated in the risk analysis in the medium to long term.
- We have made progress in performing a high level analysis to identify sectors and geographies that are more likely to be impacted by climate transition and physical risks. This basic materiality approach is informing the selection of our sector deep dives with specific risk assessment exercises. Having undertaken an initial analysis of transition risk on the transportation sector in 2018, in 2019 we performed specific analysis for our European power sectors portfolio in Santander Corporate and Investment Banking. In relation to physical risk the focus has been on our UK mortgages book.
- During 2019 we have also taken steps to introduce climate-related information, specifically capturing information relating to products in the three year budget plans. It was also agreed at the RBSCC to incorporate climate into the long term business strategic planning process which will be started in 2020.
- Climate-related time horizons have been defined and embedded into our strategy process. We define short term as up to a year aligned with budget; medium term as 3-4 years aligned with budget planning; long term as 5-7 years; and, for ad hoc analysis, we define longer term as beyond 7 years.
- We have also made a number of commitments to help us achieve our aim to align our portfolios with the Sustainable Development Goals and the Paris Climate

Agreement. This includes raising and facilitating green finance as well as joining the UNEP FI Collective Commitment on Climate Action (which sets by 2022 a scenario based sector specific target to steer our portfolios to be aligned with the Paris Agreement on climate).

- This approach furthers Santander's track record as a leader in financing renewable energy projects. Furthermore, our responsible banking approach will help us to deliver sustainable development aligned financial products, including climate.
- A good example of this was the development of the Santander Sustainability Bond Framework and the issuance of our first green bond – a tangible way to support our strategy and meet our targets regarding new green investments.
- We have also set targets to reduce the emissions from our own operations. The approach incorporates both a reduction of emissions (by switching to renewable sources for electricity consumption) as well as offsetting the remaining emissions to become carbon neutral as regards to our own operations.

The training session regarding climate scenarios were led by experts who coached our Risk & Analysis teams.

Risk management

- Climate change related risks and opportunities are being embedded into the Group's processes. The top risk identification and assessment process led by the Enterprise-wide Risk Management department incorporates climate change and it is updated on a quarterly basis to reflect the evolution of the regulatory changes on the climate change agenda.
- Climate-related risk management criteria is included in Santander sector policies and covers issues such as financing of fossil fuels and protecting against deforestation. Dedicated E&S champions in the credit risk function review customers and provide assessments in relation to these criteria.
- A number of steps have been taken to incorporate climate change into the bank's overall risk management approach. Key highlights include the incorporation of climate change in our risk appetite statement. Starting from 2020 physical and transition risk will be included in the Group's risk management framework as factors that could aggravate the existing risks in the medium and long term.
- We have undertaken a number of detailed analysis to further understand what impact climate change has on certain portfolios.

- We performed a deep dive analysis of the oil and gas, mining and steel sectors with particular focus on the risks and opportunities that arise from climate change. This analysis was reviewed at a joint session of the RBSCC and the Board Risk Supervision, Regulation and Compliance Committee.
 - A specific analysis of the European Union power sector was undertaken to quantify the potential impact of a number of financial drivers linked to the International Energy Agency scenarios.
 - As part of our continued participation in the UNEP FI, TCFD Pilot II, Santander UK designed and performed a pilot to quantify the physical risks of climate change embedded in the UK mortgage portfolio.
- Sessions on climate scenarios training were given by experts to our risk and research teams.



Further information on our risk management approach and progress is available in the [Risk Management chapter](#)

Metrics and targets

- Santander has been increasing the number of climate-related metrics disclosed regarding business performance, such as our position in market league tables showing the number of deals; total financing of most relevant climate financial services; and emissions avoided from renewable energy financing.
- In this report we also provide metrics that help track delivery against our commitments and as well as metrics relating to the different assessments the bank has initiated to manage risks and opportunities from climate change.
- We continue to identify and develop new metrics that support climate management and which will be incorporated in future reports along with the continued disclosure of scope 1, 2 & 3 emissions data as detailed in [Environmental footprint](#) section of this chapter.
- Santander has set a number of targets on climate change. In relation to commercial activity we have set a green finance target to raise and facilitate 120Bn euros between 2019 and 2025 and 220Bn euros between 2019 and 2030. This includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory and other products to help our clients in the transition to a low carbon economy.
- Santander has also joined the UNEP FI Collective Commitment on Climate Action towards setting and publishing sector-specific, scenario-based targets for portfolio alignment with the Paris Agreement goals.
- Noteworthy is the disclosure of key highlights results from our implementation of the recognized PACTA methodology from 2^o Investment Initiative, using International Energy Agency climate scenarios. Implementing this methodology is a valuable step in making progress towards the Collective Commitment on Climate Action and the alignment of sector-specific scenario -based targets.
- Our approach also incorporates the management and reduction of scope 1 and 2 emissions, in this regard Banco Santander has committed to have 100% of electricity from renewable sources by 2025. Furthermore, we have committed to become carbon neutral by offsetting all the emissions generated by our own operations from 2020 onwards.

Assessing our portfolios in relation to the Paris Agreement on climate

During 2019 we have started implementing measures to fulfil the Collective Commitment on Climate Action. A key action was our participation in the PACTA (Paris Agreement Capital Transition Assessment)¹ pilot led by 2^o Investment Initiative, along with 16 other banks. This recognised methodology allows banks to study the alignment of their corporate lending portfolios with 2°C benchmarks. It is a science based approach that uses scenarios to provide valuable information to banks in steering their portfolios to be aligned with the Paris Agreement on climate.

The methodology focuses on high climate impact sectors including fossil fuels (oil & gas, coal), power, automotive, cement, steel, and shipping. The pilot was undertaken using Santander Corporate and Investment Banking (SCIB) portfolio. Sectors covered by the methodology represent 31% of the entire SCIB portfolio.

Focus on fossil fuels and power sectors

We provide here more detailed information on the results from two of the key climate impact sectors, fossil fuels and power.

The initial analysis shows that against today's Corporate economy² our portfolio compares favourably - in fossil fuels with lower coal exposure, and in power with a high exposure to renewables energy. Santander's portfolio projected to 2024 is broadly in line with the mix of technologies in the International Energy Agency scenarios to align to Paris targets³. To remain aligned with the Paris targets beyond 2024, we would need to shape our portfolio and engage with our clients so that the share of renewables and gas increases while the share of coal falls.

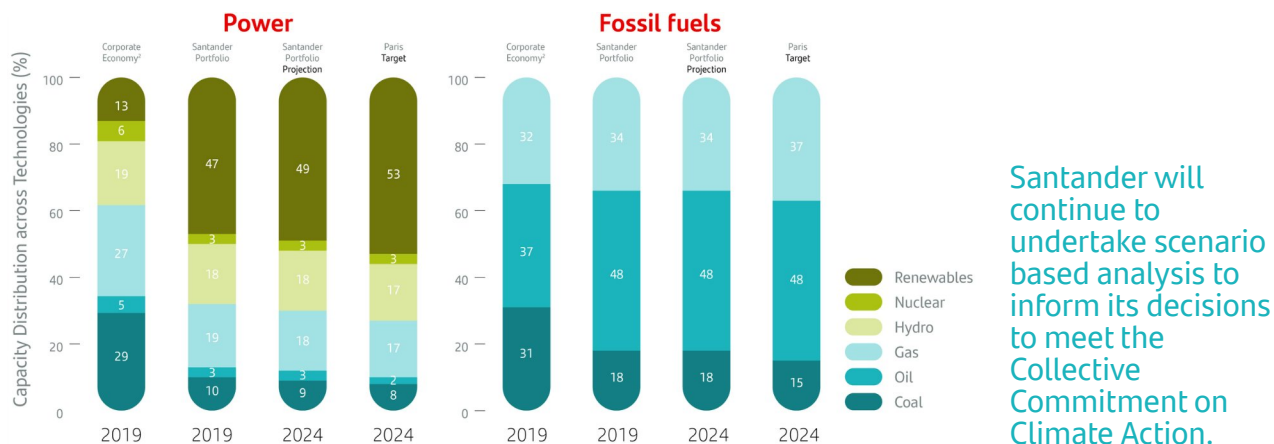
The Santander portfolio projection is based solely on confirmed plans by companies in our portfolio with no additional intervention.

Santander will continue to perform scenario based analysis going forward, to inform how to steer our portfolios to be aligned with the Paris Agreement on climate, and achieve our Collective Commitment on Climate Action and corresponding internal targets.

¹ PACTA: this methodology uses asset level performance metrics, including forward looking performance based on confirmed plans from companies in relation to future performance changes to these assets and contrasts this scenarios from the International Energy Agency to identify Paris aligned transitions paths.

² Corporate Economy: represents the aggregate/combined production of all assets in the 2Dii database, which captures approximately 70% of total world CO2 emissions (CO2 is the largest greenhouse gas (GHG) contributor to human induced climate change). Considering the inclusion of other GHG (such as nitrous oxide and methane - relevant in agriculture), the database captures approximately 60% of total GHG emissions. Based on data from the 2018 World Energy Outlook from the International Energy Agency.

³ Paris targets: This is a suggested trajectory for Santander portfolio where every technology attributed to the portfolio is set on the rate of change defined by the International Energy Agency scenarios.



(2) Corporate Economy: represents the aggregate/combined production of all assets in the 2Dii database, which captures approximately 70% of total world CO₂ emissions (CO₂ is the largest greenhouse gas (GHG) contributor to human induced climate change). Considering the inclusion of other GHG (such as nitrous oxide and methane – relevant in agriculture), the database captures approximately 60% of total GHG emissions. Based on data from the 2018 World Energy Outlook from the International Energy Agency.

During 2019 Santander UK submitted to the UK Prudential Regulatory Authority its plan to address the PRA's Supervisory Expectation regarding climate change.

In developing a coherent view of climate change we circulated a briefing paper to inform our teams of climate change science facts, geopolitical and macro-economical implications, as well as commercial impacts on companies. This provided the basis for a training session attended by over 200 staff in Head Quarters, which will be now rolled out to local units as part of our training programmes.

Santander has also been active engaging different stakeholders such as regulators, sector associations, think tanks and other in working groups, consultations and debates to contribute and shape the discussions to build finance solutions to better support the UN Sustainable development Goals and the Paris Agreement on climate.

UNEP FI Pilot project on TCFD recommendations

During 2018 and 2019 Santander participated actively in the development of the United Nations Principles for Responsible Banking. In September 2019, Santander became one of the founding signatories to the principles, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change. Furthermore, we have also signed up to the Collective Commitment on Climate Action, to scale up our contribution on the climate change agenda and align lending with the objectives of the Paris Agreement on Climate. We will continue engaging with UNEP FI in progressing on the development and implementation of these two important initiatives.

We have also continued our participation in the TCFD Pilot II following the first pilot which started back in 2017. The project focuses on implementing certain elements of the TCFD recommendations for banks. This initiative aims to develop models and metrics to enable scenario-based, forward-looking assessment and disclosure of climate-related risks and opportunities.

Banking Environment Initiative

Santander shared insights on sustainable finance practice with the Banking Environment Initiative (BEI), to help on its [Bank 2030 research report](#). The research seeks to shed light on how banks can accelerate the transition to a low carbon economy and develop a vision for a bank in 2030. The report is a significant contribution to the banking sector in identifying barriers and opportunities for banks in this transition, which requires a transformation of assets and behaviours. Also working with the BEI, Santander remains committed to the soft commodities compact and the fight against deforestation.



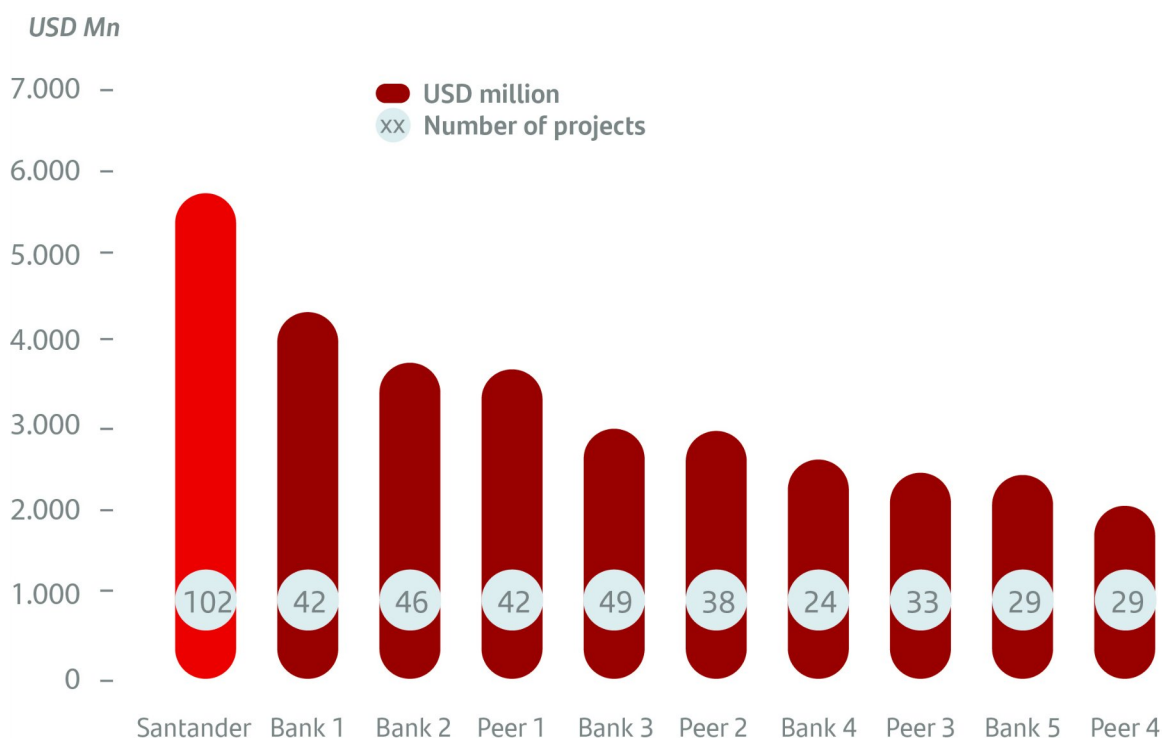
For more information see section [Environmental and social risk](#) section of the Risk management and control chapter

Finance for renewable energy and energy efficiency

As a major financier of energy production infrastructure, we understand that the banking sector has to play a particularly prominent role in the transformation of the energy sector. Aware of this, we have a long history of leadership financing renewable energy projects.

In 2019, we have been the global leader in renewable energy financing, in terms of both the number of transactions and their amounts.

Financing of renewable energies ranking^{1, 2}



1. As indicated by Dealogic and Bloomberg New Energy Finance league tables for project financing within the Lead Arranger category.

2. Peers are considered those banks that due to their size and market capitalization are comparable to Santander. The peers' list includes: BBVA, BNP Paribas, Citi, HSBC, ING, ITAÚ, Scotia Bank and UniCredit.

Compared with other large peers and other large commercial banks, Santander has a comparatively low total amount of financing to fossil fuels. According to Banktrack Santander is placed in 31 out of 33 banks in absolute terms in financing fossil fuels and in the last place (33 out of 33) as a relative measure of total credit provided. (Source: Banking on Climate Change – Fossil Fuel Finance Report Card 2019)

Renewable energy projects

In 2019, we helped finance greenfield renewable energy projects with a total installed capacity of 8,036 MW. In addition, we also contributed to the expansion, improvement or maintenance of existing renewable energy infrastructure projects (brownfield), with a total installed capacity of 16,785 MW.

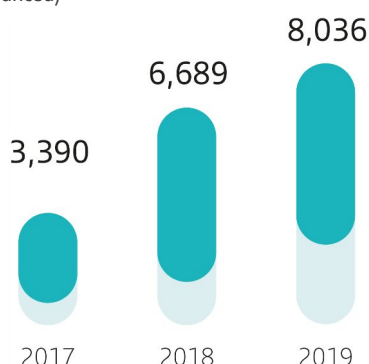
Our total portfolio of renewable energy project finance at the end of last year totalled €10.03 billion, approximately half of the bank's total project finance portfolio. The renewable projects are spread over 349 transactions, of which 166 are wind projects and 145, solar projects.

These projects have a generation capacity equivalent to the consumption of 6.5 million households in one year¹.

1. Equivalence calculated using data on final electricity consumption for the residential sector by country published by the International Energy Agency (source updated in 2019 with data from 2017).

Financing of renewable energy

(MW financed)^A



Breakdown of MW financed by type of renewable energy



Wind energy

2017	2018	2019
81%	77%	77%



Solar energy

2017	2018	2019
19%	22%	22%



Others^B

2017	2018	2019
--	1%	1%

Breakdown of renewable MW financed by country in 2019^C


3,135MW
USA


1,164MW
United Kingdom


1,312MW
Spain


727MW
Chile


839MW
Brazil


480MW
France


256MW
Argentina


117MW
Mexico

A. In the chart, the light colors represent the attributable MW to the Bank according to its participation percentage in each project. In 2019 this represents 34% of total.

B. Include biomass for 2018 and hydroelectric for 2019.

C. Others: The Netherlands (6MW).

€1 billion green bond as a starting point for a global sustainable debt plan

In 2019 a Global Sustainable Bonds Framework was developed in line with the Green and Social Bond Principles 2018. This framework is aligned with and supports our Responsible Banking strategy and reflects our intention to deploy additional capital for responsible and sustainable projects.

This Global Sustainable Bonds Framework enables the issuance of Green Bonds, Social Bonds and Sustainable Bonds that align the finance-raising activities with sustainable development and our commitment towards a more inclusive and sustainable growth.

On top of this, we issued our first green bond for €1,000 million as a starting point for a global plan on sustainable emissions. The net proceeds will be divided between existing wind and solar assets on Santander balance sheet and new assets of the same nature that will be added. The re-financing share will be less than 50% during the term of the bond.

Financing lines with multilaterals for energy efficiency and renewable energy projects.

In Chile, Santander signed a risk-sharing agreement with the IFC. The additional RWA capacity will be used by the Bank to support new climate finance projects and extend more credit to MSMEs, including women-led enterprises, thereby promoting growth and employment in the country.

In Poland, Santander signed a EUR 80 million loan facility whose proceeds will be used to provide green financing in form of sub-loans or leases to micro, small and medium-sized enterprises in Poland for energy and resource efficiency investments, including the acquisition of energy-efficient equipment and machinery, to upgrade their facilities and support a lower carbon footprint.

Over the last 3 years the Group has signed agreements with multilaterals such as the EIB, EBRD, IFC, MIGA, CEB and CAF to support green finance in Spain, Poland, Brazil, Chile and Peru for a total value of EUR 1,016 million.

Financing low-emission, electric and hybrid vehicles

We concentrate efforts on shifting the automotive sector towards a low-carbon economy through services such as vehicle leasing and renting, to promote the use of hybrid or electric cars in the countries where it operates.

Supporting other electric mobility solutions

In Brazil, we offer an exclusive financing line for bicycles, improving transport alternatives with non-polluting sources and helping to reduce traffic in our cities. Up to 100% of the purchase can be financed and both bicycles and electric chargers have special rates.

Funding sustainable agriculture and livestock farming

We also fund agricultural initiatives that promote the sustainable agricultural practices.

In Brazil, since 2010 we have offered credit as well as technical guidance to rural producers who wish to invest in innovation and sustainability in the field. Financing is available, among others for equipment for renewable energy generation on rural properties; for low carbon agriculture solutions such as direct planting of straw, integration of crop-livestock and forestry and recovery of degraded pastures; for modernization and expansion solutions that include soil recovery and animal defense; for the purchase and modernization of assets, environmental projects, research and innovation and for technological innovations, increased productivity, good management practices and marketing.

Socially Responsible Investment

We see Sustainable and Responsible Investment (SRI) as a source of value for investments. The assumption of ESG criteria allows our managers to have a more complete vision of the assets to be invested in; to identify those differential elements that reflect competitive advantages and warn about potential risks; and - overall - to help us make more and better informed investment decisions.

Santander Asset Management has a full-time dedicated SRI expert team, which is responsible for developing and implementing our ESG analysis methodology. This methodology allows us to obtain an ESG score in order to have a better picture by incorporating extra-financial criteria into our assessment.

Santander Asset Management's commitment to SRI has several lines of action:

- Investment. We offer a range of SRI products and services to meet the demand of different types of clients.

Currently we manage nine SRI funds, seven in Spain (Inveractivo Confianza, Santander Responsabilidad Solidario, the four products of the Santander sustainable range, Santander Equality Acciones fund), one in Brazil (Fundo Ethical), and one in Portugal (Santander Sustentável Fund).

- Training. We collaborate with universities and educational centres, organising and participating in events and training days in SRI.
- Dissemination and development. We participate in initiatives and organisations to help spread SRI, and which enable different organisations share best practice and understanding.

In 2009 Santander Asset Management became a co-founder of SPAINSIF, the Spanish SRI forum.

In addition, both Santander Pensiones SA SGFP in Spain (since 2010) and Santander Asset Management Brazil (since 2008), are signatories to the United Nations principles for responsible investment (PRI). Santander employees' pension fund in Spain is also a signatory to this initiative.

Santander Asset Management held in 2019 its first SRI conference in Spain and Portugal. And actively participated in COP25, having organised 2 official events in the Green Zone.

- Donations through solidary funds: . We collaborate with NGOs, through some of our SRI products, to support initiatives which help those who are at risk of social exclusion.



Best Private Bank in ESG & Impact Investing award in Latin America, Chile, Mexico, Portugal and Spain.



For information on socially responsible Investment visit:
www.santanderassetmanagement.es.



New Green Bond Investment Fund

Santander Asset Management strengthened its range of sustainable investment funds with the launch of Santander Sustainable Bonds, a product aimed at conservative savers who will invest their portfolio in issues mainly of green bonds (corporate debt designed to finance green projects: clean energy, reduction of emissions...), which will be complemented with other types of sustainable bonds, such as social, climate change or environmental bonds, all focused on generating positive impacts on society and the environment.

SAM has over EUR 3.5 billion in SRI assets under management. The Santander Sustainable Range now has over EUR 1.5 billion in assets under management.

Santander AM is the undisputed leader in SRI management in Spain. We manage 58% of the assets in SRI funds, and we are a pioneer in the launch of this type of product, with more than 20 years creating SRI Investment Solutions.

The Santander Sostenible range consists of two mixed funds: Santander Sostenible 1 and Santander Sostenible 2, with different weights in equities and fixed income; and a European equity fund Santander Sostenible Acciones.

In addition, in our commitment to continue promoting sustainability in investments, we have launched the first Spanish sustainable bond fund, Santander Sostenible Bonos.

Sustainable Infrastructure

Infrastructure is fundamental to drive development. Finance institutions play a critical role as enablers in providing the environment that satisfies the basic needs of society. Infrastructures have a significant impact on the three dimensions of sustainable development, the economic, environmental and social. Therefore, it is critical that infrastructures are planned and operated in a way that is consistent with the Sustainable Development Goals and the Paris Agreement on climate.

Aligned with our commitment towards a more inclusive and sustainable growth and working on the implementation of the Principles for Responsible Banking we have started work towards having a better understanding of the positive and negative impacts from financing infrastructure, while taking into account the local necessities and priorities towards a more sustainable development.

We have started working with the methodology developed by the UNEP FI Impact working group, and its application to project finance, assessing positive and negative impacts of individual projects. In working with this newly developed methodology we have also looked into incorporating other developments, namely around taxonomies.

The first phase of this methodology consists of analysing, for each country, the relevance of 22 different factors in different areas (air quality, biodiversity, employment, health, education, etc.) from a sustainable development perspective. In the second phase, we analyse both the positive and the negative impacts (both direct and indirect) of a particular sector using UNEP FI's IP Impact Radar, as it applies to a specific country. Cross-referencing this information with the project finance portfolio data of each country, we are able to quantify the impact of our portfolio investments in such country.

Using different global and local taxonomies, we are then able to refine further more the impact information.

Ultimately, this approach will help us in making better decisions while directing our investments towards those projects that generate the greatest positive impact on the local society.

Analysis of environmental and social risks

Within the framework of our sustainability policies, we analyse the environmental and social risks of all our project finance deals.

At Santander we attach great importance to the environmental and social risks which might result from our customers' activities in sensitive sectors. We follow international best practice regarding social welfare and the environment, particularly the Equator Principles.

In addition, the Group employs the precautionary principle in order to analyse and manage its main environmental risks throughout its value chain, considering both the direct impacts on the assets where it carries out its activity, as well as the indirect ones derived from it.

Sector policies

The Group has specific sectoral policies that define the criteria for analysing environmental and social risks in customers' activities in sensitive sectors, such as energy, mining & metals, and soft commodities. These policies include specific activities within those sectors that we will not support (prohibited activities), and those where detailed assessments of their environmental and social impacts must be carried out (restricted activities).

During 2019, the energy, soft commodities and mining & metals sector policies have been updated. We have aligned these policies with our general sustainability policy, including two new prohibitions: Projects or activities located in areas classified as Ramsar Sites, World Heritage Sites or by the International Union for Conservation of Nature (IUCN) as categories I, II, III or IV; and the prohibition of the development, construction or expansion of oil and gas drilling projects on the north of the Arctic Circle.

Equator Principles

As well as our sustainability policies, since 2009 we have been a signatory to the Equator Principles, in order to analyse the environmental and social risks of all our project finance deals.

During 2019 we continued to contribute to the evolution of the Principles through direct participation in working groups. As a result, the Group will implement Equator Principles IV approved in November 2019 and due to come into full effect on 1 July 2020.

In 2019, 46 projects were analysed that fell under the Equator Principles' scope, all within the project finance category. All included under category B, which are those classified with potential limited adverse environmental and social risks and/or impacts.



Further information on the policies and their governance, see [Risk management and control](#) chapter.



Sector policies are available on our corporate website www.santander.com

Equator Principles

Category	Project Finance		
	A	B	C
TOTAL	0	46	0
 Sector			
Infrastructures	0	1	0
Oil & gas	0	3	0
Energy	0	41	0
Others	0	1	0
 Region			
America			
United States	0	18	0
Mexico	0	4	0
Chile	0	2	0
Brazil	0	1	0
Europe			
United Kingdom	0	5	0
France	0	1	0
Spain	0	15	0
 Type			
Designated countries ¹	0	41	0
Non-designated countries	0	5	0
 Independent review			
Yes	0	45	0
No	0	1	0

1. In accordance with the definition of designated countries included in the Equator Principles, i.e., those countries considered to have a solid framework of environmental and social governance, legislation and institutional capacity to protect their inhabitants and the environment.

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Environmental footprint

We are strongly committed to protecting the environment by reducing our own footprint.

Our environmental management strategy focuses on three main areas



Target

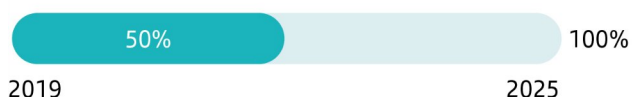
We believe that, if we are to tackle climate change, we have a responsibility to reduce emissions and our environmental footprint. **So we aim to purchase 100% of our electricity from renewable sources in all countries where it is possible to do so by 2025^A.**

A. In those countries where it is possible to certify electricity from renewable sources on properties occupied by the Group.

Progress

Electricity

From renewables sources



A. This percentage includes only the G10 countries (10 main markets where Santander operate).

Since 2001, we have been measuring our environmental footprint by quantifying energy consumption, waste and atmospheric emissions. And since 2011 the Group has implemented strict criteria through different energy efficiency and sustainability plans to ensure its environmental impact is kept to an absolute minimum.

2019-2021 Energy Efficiency Plan

In 2019 we launched the 2019-2021 efficiency plan to encourage energy efficiency measures in site and on the maintenance of buildings and of our branches. To do so we have supported and helped countries to implement energy-saving schemes; implemented efficiency projects with a return period that is longer than usual for these projects; analysed opportunities to optimise spaces; and created awareness to the users of the buildings as to how to make their use and operation as efficient as possible.

In addition to our strategy targets, with the 2019-2021 Energy Efficiency we plan the following:

- Electricity consumption: a 2.8% reduction of electricity consumption in G10 countries.^A
- Emissions of CO2: a 1,4% reduction of emissions in G10 countries.

To meet these targets, during 2019 we have implemented diverse initiatives, focusing on energy savings, saving raw materials, waste reduction, emission reduction and awareness campaigns.

A. Ten main markets where Santander operate.

2019 highlights

Use of energy from renewables sources

50% of energy used in our buildings and branches is renewable, reaching 100% green energy in Germany, Spain and United Kingdom. The United States, Brazil, Chile and Portugal also acquire green energy for some of their facilities' consumption.

Certified Environmental Management System

All direct environmental impacts caused by the Group's activities are duly measured and managed through Environmental Management Systems implemented in most of the Group's buildings, which are externally audited under the ISO 14001 standard.^A

The bank has also received LEED certifications in:

- LEED PLATINUM certification in buildings in Poland (Atrium I, Warszawa Atrium II and Poznan Business Garden).
- LEED GOLD certification in buildings in Germany (Santander Platz and An der Welle 5), Brazil (Torre Santander and data center in Campinas), Spain (Tripark; Abellas; Luca de Tena and data center Norte Santander), and in Poland (Robotnicza, 11 Street).

Additionally, we received "Zero Waste" accreditation¹ in Santander Group headquarters in Boadilla del Monte. This certification recognises that at least 90% of the waste generated is reintroduced into the value chain (a maximum of 10% of the waste generated goes to the landfill).

A. Aspects such as light or noise pollution are not considered material aspects for Santander, due to its own activity.

B. The bank has buildings with ISO 14001 certification in Argentina, Brazil, Chile, Spain, Mexico, Portugal and UK.

C. By AENOR.

Awareness of environmental issues

Both globally and locally, the Group organises awareness campaigns to involve employees in the importance of reducing the consumption and waste we generate in our daily activities. In addition, via our internal Santander Today channel, the Bank provides employees with a space with guides and other information materials which enable them to join the challenge of reducing the organisation's environmental impact.

A year on, Banco Santander participated in Earth Hour, an international initiative to raise awareness of the impact we can have on our environment. The Group turned off the lights in its most iconic buildings of the main countries in which it operates for the tenth consecutive year.

Carbon neutral commitment for 2020

During the UN Climate Change Conference (COP25) in Madrid, we launched our new commitment to become carbon neutral in 2020 by offsetting all the emissions generated by our own operations.

2019 environmental footprint¹

	Var. 2018-2019 (%)		Var. 2018-2019 (%)
2,811,322 M³ water consumed from the supply system	-4.9	321,164 T CO₂ teq total emissions (market based)	-15.5
1,070 MILL. KWH total electricity	 50% renewable energy	Scope 1	22,691 T CO₂ teq direct emissions
18,101 T total paper consumed	 85% recycled or certified paper	Scope 2	177,504 T CO₂ indirect electricity emissions (market based)
9,410,831 KG paper and cardboard waste	-2.1		322,038 T CO₂ teq indirect electricity emissions (location based)
4,252,669 GJ total internal energy consumption	-3.5	Scope 3	120,969 T CO₂ teq indirect emissions from employees travelling to work

1. The environmental footprint table with 2-year historical data and the consumptions and emissions per employee can be found in the 'Key Metrics' section.

Supporting higher education

As the largest company investing in education in the world¹, we have been working for more than 20 years with universities around the world to support education, entrepreneurship and employability, which are the basis for inclusive and sustainable growth.

EUR 119 million
of investment in higher education

agreements with
1,333 universities
and other institutions of 33 countries

68,671 beneficiaries
of scholarships, internship and entrepreneurship programmes

We focus on three areas

2019 metrics

1 ▶

Education

We promote education mainly through studies and mobility scholarships. Our goal is to contribute to a more equitable and diverse educational system and helping to improve the university students' lives. We have created Santander Scholarships, one of the largest scholarship programmes financed by a private company.

30,669 beneficiaries of Santander Scholarships

2 ▶

Entrepreneurship

We also support university entrepreneurship through acceleration programmes, training workshops, startup awards and several competitions. Santander X aims to become the world's largest community for university entrepreneurship, connecting entrepreneurs with the 3 most important things they need: talent, clients and financing. This helps them turn an idea into a reality.

18,755 university entrepreneurs supported

8 awards and **+140 published calls** in Santander X

3 ▶

Employability

Santander Universities helps university students find employment through Santander Scholarship programmes for companies and SMEs. In addition, we run professional skills programmes including training in digital and transversal skills with universities worldwide. Universia offers career guidance and employment services, as we aim to be the main source of advice in the Ibero-American world for young talent management.

19,247 beneficiaries of Santander Internship Scholarships

Target

We believe that education is the bedrock of a fair society and strong economy. **So through our world leading Universities programme, we aim to fund 200,000 scholarships, internships and entrepreneurs programmes between 2019 and 2021.**

Progress

Scholarships, internships and entrepreneurs programmes



¹ Varkey / UNESCO / Fortune 500

² Fortune Magazine

Santander Scholarships

Scholarships promote excellence, equal opportunities and the recognition of effort, improving education and the employability of young people.

Banco Santander has been developing its scholarship programme since 1996. **More than 420,000 Santander Scholarships have been granted since 2005.**

We have seven **different programmes of Santander Scholarships**:

- **Santander Study Scholarships** to support university studies and guarantee equal opportunities in access to education, thus promoting educational inclusion.
- **Santander National and International Mobility Scholarships** for students who participate in programmes that require them to travel from their university and usual place of residence.
- **Santander Scholarships for Internships** in companies and institutions.
- **Santander Digital and Transversal Skills Scholarships** for training in multidisciplinary skills and skills such as leadership, communication, security, digital content.
- **Santander Scholarships for Professors**, supporting academics who wish to stay at other universities, continuing education courses and attracting innovative talent.
- **Santander Research Scholarships** for research projects, mainly doctorates.
- **Santander Scholarships for Entrepreneurs** for entrepreneurial initiatives (prizes, competitions, accompaniment of new ideas and startups).

For more information visit
www.becas-santander.com

Santander Erasmus Scholarship

Alejandro Villaluenga, Complutense University, and María Alonso, Francisco de Vitoria University, Spain.

"I would define the Santander Erasmus Scholarship with the word 'Excitement'. We have to live this experience intensely and take advantage of the opportunity because we are very lucky", Alejandro Villaluenga.

"Receiving this scholarship means not only economic assistance, which is also very necessary, but knowing that a company as important as Banco Santander supports us to continue studying", María Alonso.

[See video](#)

Santander W50

Santander W50 programme offers 45 Santander Scholarships to female managers. Participants receive high performance training in leadership skills, so they can progress into senior management positions.

The programme was launched in 2011 and since then more than 680 women have participated.



[See video](#)

Entrepreneurship

We support university entrepreneurship through acceleration programmes, training workshops, startup awards and several competitions. A centrepiece is **Santander X**, which aims to become the world's largest community for university entrepreneurship, offering free training, support and mentoring to young people.

Santander X offers an ecosystem for university entrepreneurship, connecting entrepreneurs with the three most important things they need: talent, clients and financing. We promote collaboration between universities, the business sector and entrepreneurs themselves.

To recognise successful university entrepreneurs on an international level, Santander Universities launches Santander X Global Award.

Santander X has been chosen by the Spanish Network of the Global Compact as one of the best initiatives that are contributing to the UN SDGs.

Our success was highlighted in 'A Global Alliance for the 2030 Agenda', which aims to raise awareness and provide information to the Spanish private sector about SDGs.

For more information visit
www.santanderx.com

Emprendedor X, Argentina

Facundo Noya / Winner - Project Ebers.

"Winning the entrepreneurship award has given us the necessary financial support to improve design issues of our product, as well as the ability to start manufacturing and testing it both here in Argentina and in Brazil, where we have begun working at the Hospital Israelita Albert Einstein in Sao Paulo".

[See video](#)

Santander Business Innovation Awards, Mexico

Paola Alejandra Garro Almendaro and José Luis Leopoldo González / Winners - Project Ecofilter

"It is very difficult to generate an impact with an environmental project. Winning this award is a great boost for us, which will enable us to achieve what we want", Paola Alejandra Garro.

Santander Universities Entrepreneurship Awards, UK

Lauren Bell / Winner - Project: Così Care.

"The prize will enable us to take our product all the way to the shop floor in six months. The support I've had has been incredible and we've made connections for life. Such a great all-round experience."

Robert Van Den Bergh / Winner - Project Scribless.

"The support we've had throughout has been instrumental in driving forward the growth of the business. It's been a great experience which will enable us to provide hand-written marketing to more companies around the world."

Empreenda Santander, Brazil

Bruno Costa Candia / Winner Univeristy Entrepreneur - Project Aurem.

"It has been many months of effort. Winning this award will help me grow as a person, professional and entrepreneur. My project promotes the inclusion of hearing-impaired students in schools".

Santander Explorer, Spain



9th edition of Explorer Awards with entrepreneurs from Argentina, Spain and Portugal.

More than 80,000 euros in prizes were awarded. The winner of this edition, was BactiDec, a device that allows a surgeon to know the number of bacteria present in the surgical wound in real time.

[See video](#)

Universia

Academic Guidance

Digital technology gives users access to accurate and quality information, offering complete resources that link academic guidance and employment making us unique and relevant at decisive moments for the students.

Employment

Our ambition is to create the largest community of professional guidance, internship and employment services for youth in Latin America and Santander America, strengthening their candidacies across 7 countries, and providing them with qualified job offers for a successful immersion in the labor market.

Universities Digital Transformation

Universia is encouraging the development of new technologies at several universities of around the world. And MetaRed is a great example of this digital transformation.



XIX Universia Spain Shareholders' Meeting with deans and academic representatives from universities in Spain and Latin America.

Ana Botin participated in a panel with five representatives of the Santander Erasmus scholarships. She highlighted the role that banks and the education system can play in changing the world. She emphasized the need for all people to have access to education and excellence.



Universia Jobs - For more information (link [here](#))



MetaRed - For more information (link [here](#))

Fundación Universia

Fundación Universia is a private non-profit organisation promoted by Universia. Our goals are broad, focusing in particular on how we can support the people with disabilities, through supporting their higher education and professional development.

The foundation aims to become internationally recognised as the benchmark organisation in qualified employment, linked to the identification and development of diverse talent. It also aims to build collaborative networks capable of producing changes that generate social value in educational and productive responsible environments.

Our strategic focus reflects the UN SDG: access and accessibility (SDG 11), education (SDG 4) and inclusive and equitable quality education (SDG 8).

436 scholarships
awarded to university
students with disabilities

166 people with
disabilities incorporated in
companies

Charles Fotso, a story of overcoming

Born in 1988 in Cameroon, Charles Fotso is a member of a large family of 14 brothers and sisters, two of whom suffer from albinism. The consequences of this genetic anomaly are physical-sensory imbalances of the eyes, cutaneous hypersensitivity to the sun's UV rays and photophobia.

After a difficult childhood, he arrived in Madrid in 2005 and studied a Higher Degree in International Trade.

"I heard about Fundación Universia whilst at university because I decided to continue studying. In 2012 I received this information but I did not apply for a scholarship from the foundation to study English until 2016 (He obtained a B2 diploma)".

In 2018 he received a job offer through Santander Summer Experience to work in a bank office during the summer. And a new offer from the Santander Private Banking Experience programme and currently works in a branch of Private Banking.

[See video](#)

Community investment

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

Main lines of action

Support for children's education



We support various educational projects to provide equal opportunities and access to quality education. Especially in Latin America.

Support for social welfare



We promote and collaborate with numerous programmes that aim to improve the lives of people at risk of exclusion, poverty, or vulnerability.

Support for the arts and culture



We encourage culture and knowledge through programmes and initiatives that promote, among others, art, literature, education and talent.

Target

We believe that we can play a major role to improve lives in the communities where we operate. **So we aim to help 4 million people through our community programmes between 2019 and 2021.^A**

Progress

People helped through community Investment



A. The Bank has devised 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 benefited from the community investment programmes promoted by the Bank. This methodology has been reviewed by an external auditor. The number of people helped through art and culture programmes has not been included in the methodology.

Main achievements in 2019



EUR 46 million
in social investment



2,300
partnerships with NGOs
and social welfare
institutions



1.6
million people
helped

Key initiatives by country

Commitment to childhood education

Education is the core of our social investment strategy. In addition to supporting university and financial education, the Group supports programmes that are mainly focused on Latin America, where we have been working for many years to guarantee access to quality education.

+500,000

children helped through programmes to support childhood education



Programa Escola Brazil (PEB)

This programme, promoted by the Bank, works with the objective of contributing to the improvement of the quality of basic education for children and young people in public schools in Brazil.



Bécalos

Once again, we collaborated in this initiative of the Association of Banks of Mexico and the Televisa Foundation to promote access to and improvement of education through student scholarships and teacher training grants.



Fundación Belén Educa

Banco Santander collaborates in Chile with the Belén Educa Foundation through various initiatives that foster educational excellence for children and young people (scholarships, internships, workshops, talks and teacher training for secondary school students).



Scholarships

In collaboration with Caritas, the Bank provides scholarships for students from low-income families to combat school dropouts.

Support for social welfare

We promote different initiatives to improve people's quality of life. Our actions are mainly focused on the fight against social exclusion through programmes that address situations of poverty and vulnerability.

+800,000

people helped through programmes designed to tackle social exclusion



Calls for aid to NGOs

Through various internal and public calls for proposals, the Bank supports projects and initiatives of non-profit organisations that contribute to improving people's lives.



Matched Donations programme

The programme is designed to help social enterprises, small charities and community groups deliver projects that improve communities and help disadvantaged people to have confidence in the future.



Fideicomiso por los Niños de México

Programme promoted by the bank's employees to help children in vulnerable situations in areas such as education, health and nutrition.



Techo Chile

Banco Santander has been collaborating for years with TECHO-Chile to help families at risk of exclusion. In 2019, for the second consecutive year, scholarships were awarded to allow access to training courses such as catering or hairdressing.

Promotion of art and culture



Santander Foundation

Santander Foundation has a number of aims, among them making art more accessible and relevant to the public; fostering the linkage between the humanistic and scientific worlds, as well as recovering memory in art, literature and history. It also manages the Banco Santander Collection, and develops support programmes for NGOs and programmes to restore natural areas.

The Santander Emplea Cultura programme aims to help creating jobs for young people and fostering the professionalisation of the culture sector. Each year, ten cultural organisations are selected and young professionals are sought to work in them for a year.

More information in: www.fundacionbancosantander.com



Farol Santander

Cultural and entrepreneurial centre located in Sao Paulo and Porto Alegre. It promotes contemporary art exhibitions, some of which are interactive, to raise awareness of real community problems, as well as discussion forums and events related to start-ups and innovation.

More information in: www.farolsantander.com.br



Santander Theatre

The largest and most modern multipurpose space in Brazil. Developed to bring cultural events, concerts, shows, exhibitions closer to the population, etc.

More information in: www.teatrosantander.com.br

Tax contribution

We support the communities where we operate, paying the taxes we owe in each of them.

Santander pays its fair share in taxes in every jurisdiction where we operate. Our tax strategy, which has been approved by the Board, sets out the principles by which the entire Group operates. It is published on our website.

All Group entities must comply with the Group's tax risk management and control system following its internal control model.

Since 2010 Banco Santander is a member of the Code of Good Tax Practices in Spain and the Code of Practice on Taxation for Banks in the United Kingdom. Santander also participated actively in cooperative compliance initiatives led by different national Tax administrations.

Tax contribution

Santander contributes economically and socially to the countries in which it operates by paying all taxes borne directly by the Group (taxes paid by the Group^A) and collecting or withholding taxes from third parties generated through business activity, cooperating as required with the local tax authorities (taxes from third parties^B).

Total taxes raised and paid by the Group in 2019 amount to EUR 16,099 million, of which EUR 6,765 million correspond to taxes paid directly by the Group with the remainder being taxes collected from third parties.

Therefore, for every 100 euros of the total income of the Group, 33 euros correspond to taxes paid and collected, as follows:

- 19 euros for the payment of taxes collected from third parties.
- 14 euros for own taxes paid directly by the Group.

A. Including net income tax payments, VAT and other non-recoverable indirect taxes, social security payments made as employer and other payroll taxes, and other taxes and levies.

B. Including net payments for salary withholdings and employee social security contributions, recoverable VAT, tax deducted at source on capital, tax on non-residents and other taxes



More information on the Group's tax strategy is available on our corporate website www.santander.com.

Core principles of the Group's tax strategy

Fulfill our tax obligations, making a reasonable interpretation of applicable rules that address its spirit and purpose.

Respect the rules on transfer pricing, paying taxes in each jurisdiction in accordance with the functions performed, risks assumed and benefits generated.

Not to provide any kind of advice or tax planning to customers in the marketing and sale of financial products and services.

Communicate transparently the total tax contribution of the Group, distinguishing for each jurisdiction between own taxes borne and those born by third-parties.

Not to create or acquire entities domiciled in offshore jurisdictions without the specific authorization of the board of directors, ensuring adequate control over the presence of the Group in these territories, and reduce it gradually.^C

Seek to create a good working relationship with the tax authorities, based on the principles of transparency and mutual trust, so as to avoid disputes and consequently minimize litigation.

C. At the end of 2019, we had 3 subsidiaries and 4 branches in offshore territories, having liquidated one in Jersey during the year. See detailed information on off-shore entities in note 3 c) of the notes to the consolidated financial statements.

The taxes included in each year's income statement are largely income tax accrued in the period (EUR million 4,427 in the 2019 financial year - see note 27c of the consolidated annuals accounts - which represents an effective rate of 35.3% or, if the extraordinary results are discounted, EUR million 5,103, which represents a 34.2% tax rate - see note 52.c of the aforementioned report). It also includes non-recoverable VAT, social security contributions as employer, and other levies paid, regardless of the date these amounts are paid.

The taxes paid directly by the Group shown in the accompanying table are included in the cash flow statement. The tax rate when comparing the corporate income tax paid (EUR million 2,951) with the Group's pre-tax profit is 23.5%. Additionally, total taxes paid by the Group includes non-recoverable indirect taxes and contributions to public social security systems, and other taxes that are exclusively levied on banking activities (such as the bank levy in the United Kingdom, Poland and Portugal), and also taxes imposed on financial transactions (in Brazil and Argentina among others). Total taxes paid directly by the Group amounts to 54% of the profit before taxes.

These amounts (taxes accrued-taxes paid) usually differ from each other, given that the date of payment established by national regulations in each country usually is not the same that the date of generation of the income or the date of the operation taxed.

Santander pays taxes in those jurisdictions where the Group's profit is generated. Thus, the profits obtained, taxes accrued and taxes paid correspond to the countries in which the Group carries out its activity.

Tax disclosure by jurisdiction

EUR million

2019					
Jurisdiction	Corporate income tax	Other taxes paid	Total taxes paid by the Group	Third-party taxes	Total contribution
Spain	(271)	1,313	1,042	1,685	2,727
UK	369	486	855	375	1,230
Portugal	37	185	222	260	482
Poland	210	228	438	160	598
Germany	98	47	144	198	343
Rest of Europe	400	230	630	(9)	621
Total Europe	842	2,490	3,331	2,669	6,001
Brazil	1,321	513	1,834	2,476	4,309
Mexico	396	248	644	749	1,392
Chile	186	66	252	302	554
Argentina	107	287	394	2,208	2,602
Uruguay	32	72	103	37	140
Rest of Latin America	27	13	40	17	57
Total Latin America	2,069	1,198	3,267	5,788	9,056
United States	39	124	163	871	1,035
Other	1	2	3	5	9
TOTAL	2,951	3,814	6,765	9,334	16,099

Key metrics

Employees

1. Employees by geographies and gender¹

Geographies	Nº employees		% men		% women		% graduates	
	2019	2018	2019	2018	2019	2018	2019	2018
Spain	29,078	30,868	52	54	48	46	70	73
Brazil	46,248	45,179	43	43	57	57	72	79
Chile	11,267	11,614	46	46	54	54	56	42
Poland	10,902	12,403	31	30	69	70	82	86
Argentina	8,254	9,000	49	50	51	50	40	23
Mexico	19,673	19,096	45	46	55	54	61	49
Portugal	6,255	6,499	54	55	46	45	55	55
UK	22,561	18,297	41	40	59	60	16	22
USA	17,005	16,783	43	42	57	58	15	15
SCF	12,406	12,642	47	46	53	54	34	34
Others	12,770	20,332	51	49	49	51	46	31
Total	196,419	202,713	45	45	55	55	53	52

1. The employee data presented is broken down according to the criteria of legal entities, and is therefore not comparable to that found in the Auditors' report and annual consolidated accounts, which are presented by management criteria.

2. Functional distribution by gender 2018

	Senior managers			Other managers			Other employees		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Continental Europe	913 77.8%	260 22.2%	1,173	6,735 64.5%	3,711 35.5%	10,446	26,173 44.4%	32,759 55.6%	58,932
United Kingdom	107 73.3%	39 26.7%	146	1,309 67.2%	640 32.8%	1,949	9,218 39.9%	13,862 60.1%	23,080
Latin America and other regions	523 83.9%	100 16.1%	623	6,427 60.2%	4,256 39.8%	10,683	40,729 42.6%	54,952 57.4%	95,681
Group total	1,543 79.5%	399 20.5%	1,942	14,471 62.7%	8,607 37.3%	23,078	76,120 42.8%	101,573 57.2%	177,693

2. Functional distribution by gender 2019

	Senior managers			Other managers			Other employees		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Continental Europe	918 76.4%	283 23.6%	1,201	6,043 63.1%	3,534 36.9%	9,577	24,117 44.3%	30,370 55.7%	54,487
United Kingdom	99 76.2%	31 23.8%	130	1,076 68.4%	496 31.6%	1,572	8,870 39.8%	13,391 60.2%	22,261
Latin America and other regions ¹	543 79.2%	143 20.8%	686	4,615 61.6%	2,876 38.4%	7,491	42,626 43.1%	56,388 56.9%	99,014
Group total	1,560 77.3%	457 22.7%	2,017	11,734 63.0%	6,906 37.0%	18,640	75,613 43.0%	100,149 57.0%	175,762

1. The decrease in the variation between 2018 and 2019 related to other managers in Latin America and other regions is due to a change in the categorization criteria in Mexico and Argentina.

3.1. Workforce distribution by age bracket 2018

Number and % of total

	aged <= 25		aged 26 - 35		aged 36 - 45		aged 46 - 50		age over 50	
Continental Europe	2,352	3.3%	14,715	20.9%	27,241	38.6%	10,739	15.2%	15,504	22.0%
United Kingdom	3,964	15.8%	7,092	28.2%	6,470	25.7%	2,810	11.2%	4,839	19.2%
Latin America and other regions	11,474	10.7%	46,233	43.2%	29,553	27.6%	8,637	8.1%	11,090	10.4%
Group total	17,790	8.8%	68,040	33.6%	63,264	31.2%	22,186	10.9%	31,433	15.5%

3.2. Workforce distribution by age bracket 2019

Number and % of total

	aged <= 25		aged 26 - 35		aged 36 - 45		aged 46 - 50		age over 50	
Continental Europe	2,040	3.1%	13,365	20.5%	25,374	38.9%	10,599	16.2%	13,887	21.3%
United Kingdom	3,941	16.5%	7,032	29.4%	6,064	25.3%	2,537	10.6%	4,389	18.3%
Latin America and other regions	10,546	9.8%	46,337	43.2%	30,597	28.5%	8,402	7.8%	11,309	10.6%
Group total	16,527	8.4%	66,734	34.0%	62,035	31.6%	21,538	11.0%	29,585	15.1%

4.1. Distribution by type of contract¹ 2018

	Permanent / Full time					Permanent / Part-time				
	Men		Women		Total	Men		Women		Total
Continental Europe	32,252	49.7%	32,604	50.3%	64,856	348	17.3%	1,662	82.7%	2,010
United Kingdom	9,580	53.5%	8,338	46.5%	17,918	622	9.8%	5,711	90.2%	6,333
Latin America and other regions	45,950	44.8%	56,591	55.2%	102,541	204	25.6%	594	74.4%	798
Group total	87,782	47.4%	97,533	52.6%	185,315	1,174	12.8%	7,967	87.2%	9,141

	Temporary / Full time					Temporary / Part-time				
	Men		Women		Total	Men		Women		Total
Continental Europe	966	33.2%	1,942	66.8%	2,908	255	32.8%	522	67.2%	777
United Kingdom	380	49.5%	387	50.5%	767	52	33.1%	105	66.9%	157
Latin America and other regions	1,249	46.5%	1,436	53.5%	2,685	276	28.7%	687	71.3%	963
Group total	2,595	40.8%	3,765	59.2%	6,360	583	30.7%	1,314	69.3%	1,897

4.2. Distribution by type of contract¹ 2019

		Permanent / Full time				Permanent / Part-time				
		Men		Women	Total	Men		Women	Total	
Continental Europe	29,768	49.2%	30,746	50.8%	60,514	309	17.6%	1,451	82.4%	1,760
United Kingdom	9,152	52.7%	8,213	47.3%	17,365	538	9.2%	5,296	90.8%	5,834
Latin America and other regions	47,253	44.9%	57,986	55.1%	105,239	413	24.8%	1,251	75.2%	1,664
Group total	86,173	47.1%	96,945	52.9%	183,118	1,260	13.6%	7,998	86.4%	9,258

		Temporary / Full time				Temporary / Part-time				
		Men		Women	Total	Men		Women	Total	
Continental Europe	833	34.3%	1,596	65.7%	2,429	168	29.9%	394	70.1%	562
United Kingdom	328	50.1%	327	49.9%	655	27	24.8%	82	75.2%	109
Latin America and other regions	116	40.8%	168	59.2%	284	2	50.0%	2	50.0%	4
Group total	1,277	37.9%	2,091	62.1%	3,368	197	29.2%	478	70.8%	675

1. The decrease in the variation between 2018 and 2019 related to temporary contracts in Latin America and other regions is due to a change in the policies of new contracts in Mexico, during the second half of 2019, established that every new employee must have a temporary contract, unless otherwise stated.

5. Annual rate of contracts by gender¹

	2019			2018		
	Men	Women	Total	Men	Women	Total
Employees with permanent /full time contract	87,111	97,701	184,813	88,738	98,294	187,031
Employees with permanent/part-time contracts	1,251	8,075	9,326	1,166	8,044	9,209
Employees with temporary/full-time contracts	1,813	2,761	4,574	3,684	4,971	8,656
Employees with temporary/part-time contracts	225	526	752	666	1,446	2,112
Group Total	90,401	109,064	199,465	94,253	112,755	207,008

1. The figure for 2018 has been estimated in this indicator.

6.1. Annual rate of contracts by age bracket 2018¹

	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Employees with permanent /full time contract	12,940	61,561	60,015	20,833	31,683	187,031
Employees with permanent/part-time contracts	1,185	2,602	2,502	891	2,030	9,209
Employees with temporary/full-time contracts	2,448	3,854	1,410	329	615	8,656
Employees with temporary/part-time contracts	694	755	424	90	149	2,112
Group Total	17,267	68,772	64,350	22,143	34,476	207,008

1. The figure for 2018 has been estimated in this indicator.

6.2. Annual rate of contracts by age bracket 2019

	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Employees with permanent /full time contract	12,787	60,831	59,303	20,586	31,307	184,813
Employees with permanent/part-time contracts	1,200	2,635	2,534	902	2,056	9,326
Employees with temporary/full-time contracts	1,294	3,854	745	174	325	4,574
Employees with temporary/part-time contracts	247	269	151	32	53	752
Group Total	15,527	65,771	62,733	21,694	33,740	199,465

7. Annual rate of contract by category¹

	2019				2018			
	Senior Managers	Other Managers	Other employees	Total	Senior Managers	Other Managers	Other Employees	Total
Employees with permanent /full time contract	2,022	18,418	164,373	184,813	2,046	18,639	166,346	187,031
Employees with permanent/part-time contracts	4	227	9,095	9,326	4	224	8,981	9,209
Employees with temporary/full-time contracts	12	88	4,474	4,574	23	167	8,466	8,656
Employees with temporary/part-time contracts	0	165	587	752	0	463	1,648	2,112
Total Grupo	2,038	18,898	178,528	199,465	2,073	19,493	185,442	207,008

1. The figure for 2018 has been estimated in this indicator.

8. Employees who work in their home country¹

%

	Managers		Other employees		Total	
	2019	2018	2019	2018	2019	2018
Continental Europe	89.26	89.77	96.98	96.83	96.84	96.72
United Kingdom	86.92	92.47	94.11	96.89	94.07	96.87
Latin America and other regions	89.21	88.44	98.28	98.94	98.23	98.88
Group total	89.09	89.55	97.34	97.96	97.26	97.88

1. United States data not included as it is confidential information.

9. Differently-abled employees ratio by region

%	2019	2018
Continental Europe	1.38	1.24
United Kingdom	2.05	1.61
Latin America and other regions	2.09	2.09
Group total	1.84	1.73

9.1. Differently-abled employees

Number of employees	2019	2018
Spain	361	365
Rest of the Group	3,223	3,071
Total Group	3,584	3,436

10. Coverage of the workforce by collective agreement

Countries	2019		2018	
	%	Nº Employees	%	Nº Employees
Spain	96.20	27,961	99.94	30,848
Brazil	98.80	45,674	94.13	42,529
Chile	100.00	11,267	100.00	11,614
Poland	0.00	0	0.00	-
Argentina	99.20	8,188	99.00	8,910
Mexico	22.50	4,429	20.05	3,829
Portugal	99.10	6,197	99.40	6,460
UK	94.40	21,294	100.00	18,297
US	0.00	0	0.00	-
SCF	94.00	11,663	50.22	6,349
Other business units	66.20	8,459	70.31	14,295
Total Group	73.70	144,800	70.61	143,131

11.1. Distribution of new hires by age bracket 2018

% of total	aged <= 25	aged 26-35	aged 36-45	aged over 45	aged > 50
Continental Europe	23.79	44.73	23.50	4.69	3.30
United Kingdom	47.81	28.51	13.39	4.09	6.20
Latin America and other regions	33.84	44.04	15.19	3.49	3.44
Group total	33.67	41.72	16.89	3.87	3.85

11.2. Distribution of new hires by age bracket 2019

% of total	aged <= 25	aged 26-35	aged 36-45	aged over 45	aged > 50
Continental Europe	30.16	44.54	18.03	4.26	3.01
United Kingdom	50.83	27.97	11.14	4.44	5.63
Latin America and other regions	26.35	46.71	17.30	3.52	6.12
Group total	31.84	42.62	16.18	3.82	5.53

11.3. Distribution of new hires by gender

	2019			2018		
	Men	Women	Total	Men	Women	Total
Continental Europe	6.6%	5.5%	6.0%	9.18%	11.29%	10.28%
United Kingdom	22.36%	19.5%	14.9%	22.31%	15.79%	16.97%
Latin America and other regions	16.5%	13.6%	20.7%	18.43%	16.97%	19.23%
Group total	13.67%	11.78%	12.63%	15.48%	14.45%	14.92%

12. Distribution of dismissals¹

by gender	2019						2018					
	Men	% ²	Women	% ²	Total	% ²	Men	% ²	Women	% ²	Total	% ²
Senior managers	45	2.88%	12	2.63%	57	2.82%	68	4.41%	26	6.52%	94	4.84%
Other managers	752	6.40%	342	4.95%	1,094	5.86%	375	2.59%	189	2.20%	564	2.44%
Other employees	6,945	9.19%	8,245	8.23%	15,190	8.64%	3,087	4.06%	3,681	3.62%	6,768	3.81%
Total Group	7,742	8.71%	8,599	8.00%	16,341	8.32%	3,530	3.83%	3,896	3.52%	7,426	3.66%

by age	2019			2018		
	Men	Women	Total	Men	Women	Total
aged <=25	451	535	986	382	492	874
aged 26-35	1,963	2,603	4,566	1,071	1,310	2,381
aged 36-45	1,878	2,710	4,588	884	1,028	1,912
aged 46-50	696	866	1,562	395	343	738
aged >50	2,754	1,885	4,639	798	723	1,521
Total Group	7,742	8,599	16,341	3,530	3,896	7,426

1. Dismissal: unilateral termination, decided by the company, of an employment contract not subject to term expiration. The concept includes encouraged redundancies within the context of restructuring processes.

2. Percentage expressing the number of dismissals over the total number of employees in each group.

13. External turnover rate by gender¹

%	2019			2018		
	Men	Women	Total	Men	Women	Total
Continental Europe	15.58	14.39	14.95	12.32	12.48	12.41
United Kingdom	19.73	20.49	20.18	16.39	14.17	15.10
Latin America and other regions	19.94	17.64	18.66	17.99	17.01	17.45
Group total	18.39	16.99	17.61	15.70	15.10	15.37

1. Excludes temporary leaves of absence and transfers to other Group companies.

14.1 External turnover rate by age bracket¹ 2018

% of total						Total
	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	
Continental Europe	40.01	16.15	8.68	7.46	14.43	12.41
United Kingdom	35.72	15.74	8.75	6.48	10.52	15.10
Latin America and other regions	25.73	17.16	13.72	15.49	21.45	17.45
Group total	29.84	16.75	11.04	10.46	16.31	15.37

1. Excludes temporary leaves of absence and transfers to other Group companies.

14.2. External turnover rate by age bracket¹ 2019

% of total						Total
	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	
Continental Europe	40.32	17.93	9.65	6.85	24.16	14.95
United Kingdom	38.97	19.59	13.49	11.51	18.61	20.18
Latin America and other regions	25.19	18.19	15.18	17.56	24.64	18.66
Group total	30.39	18.31	12.75	11.56	23.52	17.61

1. Excludes temporary leaves of absence and transfers to other Group companies.

15.1 Employees average remuneration and evolution

Euros

	By gender			By professional category		Total
	Men	Women	Senior officers ²	Other managers	Other employees	
Total remuneration (average) ¹	54,123	34,273	408,598	101,520	34,372	43,262
Variación 2019 vs. 2018	5%	6.7%	2.6%	4.2% ³	4.1%	5.7%

By Age Brackets

	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Total remuneration (average) ¹	17,597	27,563	47,221	62,574	66,216	43,262
Variación 2019 vs. 2018	(4.9)%	10%	6.4%	4.6%	5.1%	5.7%

1. Data at end of 2019. The total remuneration of employees includes annual base salary, pensions and variable remuneration paid in the year.

2. Includes Group Sr. Executive VP, Executive VP and Vice President.

3. The variation includes the effect of internal reclassification between the category and the rest of employees carried out in different geographies.

15.2 Average remuneration Senior officers

Thousands euros	2019			2018		
	Men	Women	Total	Men	Women	Total
Executive officers	6,571	9,952	7,698	6,738	10,481	7,986
Non-executive officers	354	251	292	347	255	317
Senior officers	3,693	3,902	3,740	3,349	3,343	3,348

16.1 Ratio between the Bank's minimum annual salary and the legal minimum annual salary by country and gender 2018

	% Legal Minimum Wage		
	Men	Women	% legal minimum wage
Germany	242.00%	215.00%	228.49%
Argentina	337.00%	337.00%	336.53%
Brazil	183.00%	183.00%	183.12%
Chile	111.00%	112.00%	111.63%
US	179.00%	207.00%	193.02%
Spain	213.00%	213.00%	212.58%
Mexico	130.00%	130.00%	130.23%
Poland	100.00%	114.00%	107.14%
Portugal	207.00%	207.00%	206.90%
UK	102.00%	102.00%	102.43%

16.2 Ratio between the Bank's minimum annual salary and the legal minimum annual salary by country and gender 2019

	% Legal Minimum Wage		
	Men	Women	% legal minimum wage
Germany	225.00%	193.00%	209.00%
Argentina	338.00%	338.00%	338.03%
Brazil	182.00%	182.00%	182.25%
Chile	175.00%	136.00%	155.43%
US	207.00%	207.00%	206.80%
Spain	176.00%	176.00%	176.05%
Mexico	128.00%	128.00%	128.14%
Poland	100.00%	100.00%	100.27%
Portugal	200.00%	200.00%	200.00%
UK	130.00%	130.00%	130.40%

17. Training

	2019	2018
Total hours of training	8,002,784	6,842,825
% employees trained	100.0	100.0
Total attendees	6,024,981	4,700,013
Hours of training per employee	40.70	33.76
Total investment in training	102,586,146	98,689,210
Investment per employee	522.28	486.84
Cost per hour	12.82	14.42
% female participants	54.2	54.4
% of e-learning training attendees	84.6	90.0
% of e-learning hours	48.1	48.1
Employee satisfaction (up to 10)	9.3	8.0

18. Hours of training by category

	2019		2018	
	Hours	Average	Hours	Average
Senior officers	77,861	38.6	69,358	35.71
Managers	678,335	36.39	764,104	33.11
Other employees	7,246,558	41.23	6,009,363	33.82
Group total	8,002,784	40.74	6,842,825	33.76

19. Hours of training by gender

	2019	2018
	Average	Average
Men	41.49	34.27
Women	40.13	33.37
Group total	40.74	33.76

20. Absenteeism by gender and region¹

%	2019			2018		
	Men	Women	Total	Men	Women	Total
Continental Europe	2.18	5.49	3.94	1.85	4.36	3.18
United Kingdom	3.73	5.40	4.72	3.65	5.14	4.54
Latin America and other regions	1.36	2.86	2.19	3.05	4.22	3.70
Group total	1.90	4.00	3.06	2.64	4.40	3.61

1. Hours missed due to occupational accident, non-work related illness and non-work related accident for every 100 hours worked. The decline in Latin America and the rest stems from a change in the quantification of hours in Brazil.

21. Accident rate¹

%	2019			2018		
	Men	Women	Total	Men	Women	Total
Continental Europe	0.10	0.27	0.19	0.07	0.09	0.08
United Kingdom	0.01	0.02	0.02	0.01	0.05	0.03
Latin America and other regions	0.18	0.33	0.26	0.66	0.95	0.83
Group total	0.14	0.27	0.21	0.36	0.53	0.45

1. Hours missed due to occupational accident involving leave for every 100 hours worked. The hours worked are theoretical hours. Accidents in itinere are included.

22. Occupational health and safety

	2019			2018		
	Men	Women	Total	Men	Women	Total
Frequency rate ¹	1.61	2.41	1.77	4.14	6.32	5.26
Severity rate ²	0.14	0.27	0.21	0.36	0.53	0.45
No. of fatal occupational accidents	0	1	1	2	2	4
Work related illness ³	0	0	0	0	0	0
Hours of absenteeism (hours not worked due to common illness and non-work accident) (millions of hours).	2,959,796	7,682,744	10,642,540	3,812,224	7,884,418	11,696,642

1. Days not worked due to accidents at work with and without leave for every 10,000 hours worked. The hours worked are theoretical hours. In itinere accidents are included.

2. Days not worked due to work accident with leave for every 1000 hours worked. The hours worked are theoretical hours. In itinere accidents are included.

3. No member of the Group's staff is exposed to occupational diseases, given that the activity carried out by Santander professionals and the sector in which they operate is not recognized in Royal Decree 1299/2006.

Customers

23. Group Customers¹

	2019	2018	var.
Europe	66,278,825	66,367,725	(0.1)%
Spain	13,711,173	13,752,964	(0.3)%
Portugal	3,062,608	3,056,238	0.2%
UK ²	25,078,945	25,519,550	(1.7)%
Poland	5,047,909	4,525,138	11.6%
SCF ³	19,286,148	19,427,881	(0.7)%
Rest of Europe	92,042	85,954	7.1%
Latinamerica	53,933,059	50,089,573	7.7%
Brazil	46,089,431	42,074,640	9.5%
Chile	3,415,807	3,460,654	(1.3)%
Argentina	3,548,366	3,701,498	(4.1)%
Rest of Latam.	879,455	852,781	3.1%
North America	23,395,482	21,906,671	6.8%
Mexico	18,134,468	16,690,402	8.7%
Santander Bank	5,261,014	5,216,269	0.9%
SGP	1,187,935	1,085,053	9.5%
Total	144,795,301	139,449,022	3.8%

1. Figures corresponding to total customers, understood as the first holder of at least one product or service with a current contract. Of the European countries listed, except for the United Kingdom, the customers of Santander Consumer Finance are included under "Rest of Europe".

2. Includes SCF.

3. SCF includes all European countries, except UK.

24. Dialogue by channel

	2019	2018	Var. 2019/2018 %
Branches			
Number of branches	11,952	13,217	(9.6)%
ATMs			
Nº ATMs	39,593	38,503	2.8%
Digital banking¹			
Users ²	36.8	32.0	15%
Visits	7,907	6,302	25.5 %
Monetary transactions ³	2,251	1,843	22.1 %

1. Santander Consumer Finance not included.

2. Counts once for users of both Internet and mobile banking.

3. Millions.

25. Customer satisfaction

% satisfaction among active retail customers

	2019	2018	2017
Spain	85.5	87.1	85.5
Portugal	86.4	91.3	91.4
UK	96.5	97.0	96.0
Poland	97.9	97.5	95.9
Brazil	86.2	79.6	77.9
Mexico	94.5	97.8	96.4
Chile	85.6	85.8	91.6
Argentina	86.0	83.3	87.1
US	88.4	83.3	81.8
Uruguay	93.6	94.5	93.3
Total	90.2	88.7	88.0

Source: Corporate benchmarking of experience and satisfaction among active Retail & Commercial banking customers. Based on audited external and local studies developed by well-known vendors (IPSOS, IBOPE, GfK, TNS...) (Data at end 2017, corresponding to survey results in the second half of the year). Uruguay's data has been added as it is now available for 2018 and 2019

26. Total complaints received

	2019	2018	2017
Spain ¹	91,046	85,519	107,103
Portugal	4,655	4,298	4,275
United Kindom ²	30,298	33,797	37,746
Poland	6,193	4,480	4,785
Brazil ³	133,841	111,829	101,589
Mexico ⁴	75,459	60,740	51,895
Chile ⁵	6,474	6,171	5,526
Argentina ⁶	4,106	5,464	4,372
US	4,097	4,160	4,041
SCF	30,535	29,067	30,126

Compliance metrics according to Group criteria, homogeneous for all geographies.

It may not match with other local criteria such as Financial Conduct Authority (FCA) in the United Kingdom or in Brazil.

1. Even Popular Bank complaints have been included, in Spain complaints inflow has decreased due to the effects of Supreme Court Ruling related to set up mortgages fees.
2. In the United Kingdom, claims have been reduced due to the new approach in the complaint management model adopted in the equipment, as well as the improvements in the analysis root cause of claims and their government. Claims for personal protection insurance (SPP) are not included. More details can be found in the claims management section.
3. In Brazil complaints inflows have increased mainly due to fees, charges not recognised, and direct debits.
4. In Mexico complaints are increasing mainly due to fraud cases, especially e-commerce, and debt collecting (REDECO Channel).
5. Chile shows a slight increase mainly due to fraud cases, especially online cases.
6. In Argentina Complaints volumes increased due to fees and fraud cases.

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Environment and climate change

27. Environmental footprint 2018-2019¹

	2019	2018	Var. 2018-2019 (%)
Consumption			
Water (m ³) ²	2,811,322	2,956,420	-4.9
Water (m ³ /employee)	14.55	15.24	-4.5
Normal electricity (millions of kwh)	533	616	-13.5
Green electricity (millions of kwh)	537	461	16.5
Total electricity (millions of kwh)	1,070	1,077	-0.7
Total internal energy consumption (GJ) ³	4,252,669	4,404,750	-3.5
Total internal energy consumption (GJ/employee)	22.00	22.70	-3.2
Total paper (t)	18,101	17,926	1.0
Recycled or certified paper (t)	15,388	15,746	-2.3
Total paper (t/employee)	0.09	0.09	1.4
Waste			
Paper and cardboard waste (kg) ⁴	9,410,831	9,613,690	-2.1
Paper and cardboard waste (kg/employee)	48.69	49.55	-1.7
Greenhouse gas emissions			
Direct emissions (CO ₂ teq) ^{5,6}	22,691	31,227	-27.3
Indirect electricity emissions (CO ₂ teq)-MARKET BASED ⁷	177,504	223,920	-20.7
Indirect electricity emissions (CO ₂ teq)-LOCATION BASED ⁸	322,038	364,682	-11.7
Indirect emissions from displacement of employees (CO ₂ teq) ⁹	120,969	124,823	-3.1
Total emissions (CO ₂ teq)- MARKET BASED	321,164	379,970	-15.5
Total emissions (CO ₂ teq/employee)	1.66	1.96	-15.1
Average number of employees	193,261	194,027	-0.4

1. The scope of information includes the main countries of operation: Argentina, Brazil, Chile, Germany, Mexico, Poland, Portugal, Spain, United Kingdom and United States (excluding Puerto Rico and Miami). The information on Banco Popular is included on a consolidated basis within Spain and Portugal.

2. Information is provided exclusively on water consumption from the public network.

3. It is also reported that the external energy consumption resulting from employee travel and business trips has been: 1,721,139 GJ in 2019 and 1,666,802 GJ in 2018.

4. The data for 2018 and 2019 do not include waste from Argentina and the commercial network in Brazil.

5. These emissions include those derived from the direct consumption of energy (natural gas and diesel) and correspond to scope 1, defined by the GHG Protocol standard. To calculate these emissions, the emission factors DEFRA 2019 for 2019 and DEFRA 2018 for 2018 were applied. The variation is due to the consideration of the emissions derived from the use of own vehicles in Mexico.

6. The reduction in direct emissions was mainly due to lower diesel consumption in 2019. This reduction was mainly due to the completion of maintenance operations at the Data Processing Centre in Brazil in 2018 and to the reduction in the number of buildings in the USA and of branches in Germany that used this type of fuel.

7. These emissions include those derived from electricity consumption and correspond to the scope 2 defined by the GHG Protocol standard. In 2019 the IEA (International Energy Agency) emission factors for 2017 have been used, and in 2018, the IEA 2015 factors were used.

- Indirect Electricity Emissions - Market-based: zero emissions have been considered for green electricity consumed in Germany, Brazil, Spain, UK, USA, which has meant a reduction of 144,783 tons of CO₂ equivalent in 2019 and 140,762 in 2018. For the rest of the electrical energy consumed, the emission factor of the IEA corresponding to each country has been applied.

- Indirect emissions of electricity - Location-based: the emission factor of the AEI corresponding to each country has been applied to the total electricity consumed, regardless of its source (renewable or non-renewable).

8. The reduction in indirect electricity emissions has been mainly due to the increase in the purchase of green energy in 2019 in the countries that make up the G10.

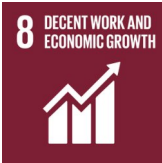
9. These emissions include emissions from employees travelling from central services in each country to their workplaces by individual car, collective vehicle and rail, and from employees' business travel by air and car. The distribution of employees by type of travel has been made on the basis of surveys or other estimates. The conversion factors DEFRA 2019 for 2019 and DEFRA 2018 for 2018 were used to calculate emissions from employee travel. - The number of employees travelling to work in their own vehicles was estimated taking into account only the number of parking spaces in the central services buildings in each country and the diesel/petrol consumption mix of the vehicle fleet in each country. Data on employee travel by individual vehicle from Argentina, Poland and the United Kingdom are not reported, as the information is not available. - Employees' journeys in collective vehicles were calculated on the basis of the average distance travelled by the vehicles rented by Grupo Santander for collective transport of its employees in the following countries: Germany, Brazil, the US, Spain, Mexico, Poland, Consumer and Portugal, and within the central services of Spain (CGS). - Data on business trips by air from Poland Geoban and business trips by car from Poland Geoban and USA Consumer are not reported, as the information is not available. - Emissions derived from the use of courier services are not included, nor are those derived from the transport of funds, nor those from any other purchase of products or services, nor those indirect ones caused by the financial services provided.

Contribution to UN Sustainable Development Goals

We contribute directly achieving the SDGs through our business activities and our community investment programmes.

Main SDGs where Banco Santander's business activities and community investments have the most weight.

Goal	Target	Scope	Data	Section
	1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	The Prospera microfinance program in Brazil, chosen as good practice by the Brazilian Global Compact Network to achieve the SDGs in 2030. Commitment to financially empower 10 million people by 2025. We have empowered 2M people in 2019.	Financial inclusion and empowerment 2019 highlights
	1.5	By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.	Support to the community: 46 million in social investment and 1.6 million people helped through our social programmes. Commitment of 4 million people helped through community programmes by 2022.	Community investment 2019 highlights
	4.3	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	We have 1,333 agreements with different universities.	Supporting higher education
	4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	We have invested 119 million euros to support higher education through our programmes.	
	4.5	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	More than 500,000 children helped through programmes to support childhood education.	Community investment
	4.B	By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries.	Banco Santander is the largest company investing in education in the world. More than 68.671 scholarships and grants awarded to students in 2019. The largest private scholarship program in the world. Commitment of 200k scholarships between 2019 y 2021.	Supporting higher education 2019 highlights

	5.1	End all forms of discrimination against all women and girls everywhere.	New general principles on diversity and inclusion that provide global guidelines and minimum standards.	Principles and governance
	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.	55% of women in the workforce, Commitments: Women on board 40-60% by 2021. 30% women in senior leadership positions by 2025a and eliminate our gender pay gap by 2025.	Our approach 2019 highlights
	5.A.	Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.	In Brazil and Mexico 7 out of 10 individual entrepreneurs helped through our microfinance programmes are women.	Financial inclusion and empowerment
	5.C.	Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	In 2019 the calculated gap was 2% and we have committed to reduce it to almost 0 by 2025. We have signed the UN Women's Empowerment Principles.	Principles and governance
	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix.	In 2019, we have been the global leader in renewable energy financing in terms of both the number of transactions and their amounts. In 2019, we helped finance greenfield renewable energy projects with a total installed capacity of 8,036 MW, equivalent to the consumption of 6.5 million households in one year.	2019 highlights Sustainable finance
	8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	196.000 employees. 98% with a fixed contract. 8.3% of the staff promoted. 124.559 million euros have been granted to SMEs and individual entrepreneurs. Santander X aims to become the world's largest community for university entrepreneurship.	A talented and motivated team Meeting the needs of everyone in society Supporting higher education
	8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	In 2019 we received the Top Employers Europe 2019 certification and we have also been included for the first time in the Great Place to Work list of the 25 best companies to work for in the World as well as being distinguished as one of the best Places to Work 2019 in Latin America.	2019 highlights A talented and motivated team
	8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Commitment "top 10 companies to work for" in 6 of our main geographies by 2022. We achieved 5 countries in 2019.	

	10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	519,996 million euros in loans granted to households in 2019.	
			More than 500 million euros to 800,000 micro-entrepreneurs in 2019	Our approach Financial inclusion and empowerment Supporting higher education Community Investment
	11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	332,881 millions euros of credit to housing.	Meeting the needs of everyone in society Financial inclusion and empowerment
	11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	More than 1 million people benefited from art and cultural initiatives.	Community investment

	12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	Environmental footprint: 2.1% reduction in paper and cardboard waste, 3.5% reduction in internal electricity consumption, and 15.5% reduction of total CO₂ emissions in 2019. 50% of the energy consumed by Santander was renewable energy. Commitments: 60% of electricity used from renewable energy sources by 2022 and 100% by 2025. Becoming carbon neutral in own operations 0% by 2020.	Environmental footprint 2019 highlights
	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Commitment: Unnecessary single use plastic free in corporate buildings and branches to 0 tons by 2022.	2019 highlights Environmental footprint
	12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Environmental and social risks analysis: 46 projects financed under Equator Principles criteria. Responsible procurement: New principles of responsible behaviour of suppliers; 93.2% local Group suppliers. Analysed part of our portfolio's alignment to climate scenarios, as a step towards addressing the recommendations of the Task Force for Climate-related Financial Disclosures. Founder member of UN Responsible Banking Principles	Responsible business practices 2019 Highlights Sustainable finance
	13.A	Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible.	In 2019, we have been the global leader in renewable energy financing, in terms of both the number of transactions and their amounts. Agreements with multilaterals for the financing and development of energy efficiency projects. Financing of vehicles with low CO₂, electric and hybrid emissions. 1 bn euros first green bond emission Commitment: Green finance raised and facilitated (euros) 120Bn by 2025. In 2019 we achieved 19Bn euros.	Sustainable finance 2019 highlights
	17.16	Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.	At Group-level, we work with a number of initiatives and working groups at local and international level to drive forward our agenda, and support progress towards the UN SDGs.	Principles and governance

Further information

This Responsible banking chapter constitutes the traditional sustainability report that the Group prepares and is one of the main tools used by the Group to report on sustainability issues.

International standards and response to legislation in preparing this Responsible banking chapter

Santander has relied on internationally recognized standards such as the Global Reporting Initiative (GRI) in the preparation of its successive Sustainability Reports. This chapter has been prepared in accordance with the GRI Standards: Comprehensive option.

Additionally, in this chapter detailed information is provided to respond to the Law 11/2018, which transposes to the Spanish legal order the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information.

Scope

This chapter is the fifteenth annual document that the Santander Group has published, giving account of its sustainability commitments, and refers to the period from 1 January to 31 December 2019. This report has been verified by PricewaterhouseCoopers Auditores, S.L., and independent firm which also audited the Group's annual financial statements for the year.

This report also covers the Group's relevant activities in the geographical areas in which it is present: Continental Europe, the United Kingdom, the United States and Latin America. The economic information is presented according to the definition used by the Group for accounting purposes; the social and environmental information has been prepared according to the same definition, wherever this is available.

Data contained in this chapter covers Banco Santander SA. and subsidiaries (for more information see notes 3 and 52 to the consolidated financial statements and sections 3 and 4 of the economic and financial chapter).

When the limitations and scope of the information, and the changes in criteria applied with respect to the 2018 sustainability report are significant, these are reflected in the corresponding section of the report and the GRI Content Index.

Material aspects and stakeholder involvement

The Group maintains active dialogue with its stakeholders in order to identify those issues that concern them. In addition, a survey was conducted to determine the most relevant aspects to be addressed in this sustainability report. The Group also closely monitors the questionnaires and recommendations of the main sustainability indexes (Dow Jones, FTSE4Good, etc.) and the various international sustainability initiatives to which the Group is party, such as the World Business Council for Sustainable Development (WBCSD).

In flagging and identifying content to be included in the report, and in addition to the materiality study conducted, the sustainability context of the Group at both the global and local level was considered. Moreover, and insofar as there was sufficient available information, the impacts both within and outside the Bank were addressed.

The details of this process, as well as the results of the materiality study, can be found on section 'What our stakeholders tell us' of this document.

Non-financial information Law content index

Equivalent table of legal disclosure requirements under Spanish law 11/2018

	Description of the metric/concept included in the 11/2018 Law to be disclosed	Chapters/section of the Consolidated directors report where the info is available	Correspondence with GRI indicators
0. General Information	Short description of the Group's business model (it will include its business environment, its organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future performance).	Business model and strategy, What our stakeholders tell us.	GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-6 GRI 102-7 GRI 102-14 GRI 102-15
	A description of the policies that the Group applies , which will include: the due diligence procedures applied for the identification, assessment, prevention and mitigation of risks and significant impacts and of verification and control, including the measures in which they have been adopted):	Principles and governance. Analysis of Environmental & Social Risk	GRI 103-2 GRI 103-3
	The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favour the comparability between companies and sectors, in accordance with national, European or international frameworks of reference used for each matter.	Challenge 2: Inclusive and sustainable growth.	
		A talented and motivated team.	GRI 103-2 GRI 103-3
		Principles and governance. Responsible business practices.	
	The main risks related to these matters associated with the Group's activities (business relationships, products or services) that may have a negative effect in these areas, and how the Group manages these risks, explaining the procedures used to detect and assess them in accordance with national, European or international frameworks of reference for each matter. It must include information about the impacts that have been detected, offering a breakdown, in particular of the main risks in the short, medium and long term.	Sustainable finance.,Responsible business practices. Risk management and control chapter.	GRI 102-15 GRI 102-30
	Detailed information on the current and foreseeable effects of the activities of the company in the environment and, where appropriate, health and safety, environmental evaluation or certification procedures; the resources dedicated to the prevention of environmental risks; the application of the principle of caution, the amount of provisions and guarantees for environmental risks.	Sustainable finance.	GRI 102-29 GRI 102-31 GRI 201-2 GRI 103-2 (GRI of environmental dimension)
		Environmental footprint.	GRI 102-11 GRI 102-29
		Analysis of environmental and social risks.	GRI 102-11
		At the end of the 2019 financial year, no significant account is presented in the Consolidated Annual Accounts of the Group that should be included in this chapter regarding environmental provisions or guarantees.	GRI 102-11

	Description of the metric/concept included in the 11/2018 Law to be disclosed	Chapters/section of the Consolidated directors report where the info is available	Correspondence with GRI indicators
1. Environmental Information	Contamination:		
	Measures to prevent, reduce or repair CO ₂ emissions that seriously affect the environment, taking into account any form of air pollution, including noise and light pollution.	Environmental footprint.	GRI 103-2 (GRI 302 y 305)
	Circular economy and waste prevention and management:		
	Waste prevention measures, waste recycling measures, waste reuse measures; other forms of waste recovery and reuse; actions against food waste.	Environmental footprint.	GRI 103-2 (GRI 306) GRI 301-2 GRI 306-1
	Sustainable use of resources:		
	Use and supply of water according to local limitations	Environmental footprint.	GRI 303-1
	Consumption of raw materials and measures taken to improve the efficiency of its use.	Environmental footprint.	GRI 103-2 (GRI 301) GRI 301-1 GRI 301-2
	Energy: direct and indirect consumption, measures taken to improve energy efficiency, use of renewable energies	Environmental footprint.	GRI 103-2 (GRI 302) GRI 302-1 GRI 302-3
	Climate change:		
	Important elements of greenhouse gas emissions generated as a business activity (including goods and services produced)	Environmental footprint.	GRI 103-2 (GRI 305) GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
	Measures taken to adapt to the consequences of climate change	Sustainable finance, Environmental footprint.	GRI 103-2 (GRI 305) GRI 201-2
	Reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and means implemented for this purpose.	Environmental footprint.	GRI 103-2 (GRI 305)
	Protection of biodiversity:		
	Measures taken to preserve or restore biodiversity	The impacts caused by the direct activities of Banco Santander on biodiversity are not material due to the financial activity carried out by the entity.	-
	Impacts caused by the activities or operations of protected areas		

Description of the metric/concept included in the 11/2018 Law to be disclosed	Chapters/section of the Consolidated directors report where the info is available	Correspondence with GRI indicators
Employment:		
Total number and distribution of employees by gender, age, country and professional classification	Key Metrics.	GRI 103-2 (GRI 401) GRI 102-8 GRI 405-1
Total number and distribution of contracts modes and annual average of undefined contracts, temporary contracts, and part-time contracts by: sex, age and professional classification.	Key Metrics.	GRI 102-8 GRI 405-1
Number of dismissals by: gender, age and professional classification.	Key Metrics.	GRI 401-1
Average remuneration and its progression broken down by gender, age and professional classification	Key Metrics.	GRI 405-2
Salary gap and remuneration of equal or average jobs in society	A talented and motivated team	GRI 103-2 (GRI 405) GRI 405-2
Average remuneration of directors and executives (including variable remuneration, allowances, compensation, payment to long-term savings forecast systems and any other payment broken down by gender)	Key Metrics. Corporate governance chapter.	GRI 102-35 GRI 102-36 GRI 103-2 (GRI 405)
Implementation of work disconnection policies	A talented and motivated team.	GRI 103-2 (GRI 401)
Employees with disabilities	Key metrics.	GRI 405-1
Organisation of work:		
Organisation of work time	A talented and motivated team	GRI 103-2 (GRI 401)
Number of absent hours	Key Metrics.	GRI 403-2
Measures designed to facilitate work-life balance and encourage a jointly responsible use of said measures by parents	A talented and motivated team.	GRI 103-2 (GRI 401)
Health and safety:		
Conditions of health and safety in the workplace	A talented and motivated team.	GRI 102-41
Occupational accidents, in particular their frequency and severity, as well as occupational illnesses. Broken down by gender.	Key Metrics.	GRI 403-2 GRI 403-3
Social relations:		
Organisation of social dialogue (including procedures to inform and consult staff and negotiate with them)	What our stakeholders tell us. A talented and motivated team. Responsible business practices.	GRI 103-2 (GRI 402)
Percentage of employees covered by collective bargaining agreements by country	Key Metrics.	GRI 102-41
Balance of the collective bargaining agreements (particularly in the field of health and safety in the workplace)	A talented and motivated team.	GRI 403-1 GRI 403-4
Training:		
The policies implemented in the field of training	A talented and motivated team.	GRI 103-2 (GRI 404) GRI 404-2
Total number of hours of training by professional categories.	Key Metrics.	GRI 404-1
Accessibility:		
Universal accessibility of people	A talented and motivated team. Supporting higher education.	GRI 103-2 (GRI 405)
Equality:		
Measures taken to promote equal treatment and opportunities between women and men, Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures taken to promote employment, protocols against sexual and gender-based harassment, Policy against all types of discrimination and, where appropriate, integration of protocols against sexual and gender-based harassment and protocols against all types of discrimination and, where appropriate, management of diversity	A talented and motivated team. Supporting higher education.	GRI 103-2 (GRI 405 and 406)

	Description of the metric/concept included in the 11/2018 Law to be disclosed	Chapters/section of the Consolidated directors report where the info is available	Correspondence with GRI indicators
3. Human Rights	Application of due diligence procedures in the field of Human Rights	Principles and governance. Analysis of Environmental & Social Risk. Responsible Procurement.	GRI 102-16 GRI 102-17 GRI 103-2 (GRI 412)
	Prevention of the risks of Human Rights violations and, where appropriate, measures to mitigate, manage and repair any possible abuses committed	Principles and governance, Responsible Procurement. Analysis of Environmental & Social Risk.	GRI 410-1 GRI 412-1 GRI 412-3
	Complaints about cases of human rights violations	A talented and motivated team. Risk management and control chapter.	GRI 406-1
	Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organisation regarding respect for freedom of association and the right to collective bargaining.	A talented and motivated team.	GRI 103-2 (GRI 406)
4. Fight against corruption	Measures taken to prevent corruption and bribery	Principles and governance. Risk management and control chapter.	GRI 102-16 GRI 102-17
	Measures to combat money laundering	Principles and governance. Risk management and control chapter.	GRI 103-2 (GRI 205) GRI 205-1 GRI 205-2 GRI 205-3
	Contributions to non-profit foundations and entities	Community investment.	GRI 413-1
5. Information on the company	Commitments of the company to sustainable development:		
	The impact of the company's activity on employment and local development	Community investment. Financial inclusion and empowerment.	GRI 103-2 (GRI 203) GRI 203-1 GRI 203-2 GRI 413-1
	The impact of the company's activity on local towns and villages and in the country.	Community investment. Financial inclusion and empowerment.	GRI 103-2 (GRI 203) GRI 203-1 GRI 203-2 GRI 413-1
	Relations maintained with the representatives of local communities and the modalities of dialogue with them.	What our stakeholders tell us.	GRI 102-43 GRI 413-1
	Association or sponsorship actions	Community investment.	GRI 102-12 GRI 102-13
	Outsourcing and suppliers:		
	Inclusion of social, gender equality and environmental issues in the procurement policy	Responsible procurement.	GRI 103-2 (GRI 204, 308 and 414)
	Consideration in relations with suppliers and subcontractors of their responsibility	Responsible procurement.	GRI 102-9 GRI 103-2 (GRI 204, 308 and 414) GRI 204-1 GRI 308-1 GRI 414-1
	Supervision and audit systems and resolution thereof	Responsible procurement.	GRI 103-2 (GRI 204)
	Consumers:		
	Measures for the health and safety of consumers	Responsible Business Practices. Risk management and control chapter.	GRI 103-2 (GRI 416, 417 and 418) GRI 416-1 GRI 417-1 G4-FS15
	Systems for complaints received and resolution thereof	Responsible Business Practices. Key metrics. Risk management and control chapter. GRI content index.	GRI 102-17 GRI 103-2 (GRI 416, 417 and 418) GRI 416-2 GRI 417-2 GRI 418-1
	Tax information:		
	The profits obtained country by country	Auditor's report and annual consolidate accounts.	GRI 103-2 (GRI 201)
	Taxes earned on benefits paid	Tax contribution.	
	Public grants received	GRI content index.	GRI 201-4
	Any other relevant information:		

*NB: The data to report this indicator could be quantitative or qualitative

In addition to the contents mentioned in the previous table, the consolidated non-financial information statement of Banco Santander includes the following contents: 102-5, 102-9, 102-10, 102-12, 102-13, 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-32, 102-33, 102-34, 102-37, 102-40, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56, 201-1, 201-3, 202-1, 202-2, 203-1, 203-2, 206-1, 302-1, 302-3, 307-1, 308-2, 401-2, 402-1, 404-3, 405-2, 411-1, 414-2, 415-1, 417-3, 419-1.

UNEP FI Principles for Responsible Banking reporting index

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1. Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	Santander is a retail bank operating in 3 geographies (Europe, North America and South America) and in 10 main markets. Furthermore, we have global businesses like Santander Corporate & Investment Banking; Wealth Management & Insurance; or Santander Global Platform. Our purpose as a company is to help people and businesses prosper. Our aim is to be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities.	Corporate website: www.santander.com -About us -Our approach 2019 Annual Report: -Our approach - Contribution to UN SDGs -Business model and strategy Other references: -Financial report 2019 -2019 Earnings Presentation
1.2. Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	Our business model is based on three pillars: - Our scale provides potential for organic growth. - Unique personal banking relationships strengthen customer loyalty. - Our geographic and business diversification and our subsidiaries' model, which make us more resilient under adverse circumstances. Our strategic priorities are: - Improve business performance. - Optimize capital deployment - Accelerate digitalization through Santander Global Platform. Our value proposition includes a broad variety of solutions for all our customers: individuals, companies, institutions, etc. Products and services are tailored to meet the needs of our customers, taking advantage of global best practices, but adapted to local singularities. We work every day to help people and businesses prosper in a way that is Simple, Personal and Fair. We strive to exceed our stakeholders' expectations and carry out our activity in a responsible way. If we fulfil our purpose, we not only grow as a business, but help society face the main global challenges. Our activity allow us to contribute to several of the UN Sustainable Development Goals and support the Paris Agreement to fight climate change. We have a committed, diverse and skilled team that offers our customers simple and innovative solutions, increasing their access to financial services, improving their financial education, and supporting them in their transition to a low carbon economy, while reducing our environmental footprint. Furthermore, we support education through our Santander Universities programme and improve the living standards of the communities where we operate through several social programmes.	

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1. Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank's core business areas, products/ services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

- -identified and disclosed its areas of most significant (potential) positive and negative impact.
- - identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts.

Banco Santander runs a systematic analysis to identify the social, environmental and ethical aspects that are most relevant to its various stakeholders all along its value chain.

This study consists of a detailed quantitative and qualitative analysis based both internal and external sources.

- Internal sources: employee and senior management views.
- External sources: shareholders, investors, customers, regulators, agencies and society in general

In 2019, this assessment identified 15 material issues for the bank's responsible banking agenda. It is worth highlighting:

- Funding of activities with environmental and climate impact
- Ethical behaviour and risk management
- Diversity
- Customer satisfaction metrics

To address these issues, two main challenges have been identified:

- 1) Adapting to the new business environment.
- 2) Contributing to a more inclusive and sustainable growth, that allows to build more inclusive and equal economies and societies, while at the same supporting the transition to a low carbon economy.

This annual report discloses information on progress and plans relating to addressing these two challenges.

In particular, in 2019 we have focused on: incorporating responsible business practices; tackling climate change and supporting the ecological transition; and fostering a diverse and skilled team of professionals.

In addition, aligning with the Group's control and management risk practices, potential threats that may affect the development of the strategic plan are identified, valued and controlled, through periodic evaluation of the top risks under different stress scenarios. The main strategic risks identified by the Group are regularly monitored by senior management, including their respective mitigation measures.

With a focus on measuring positive/negative impacts of our financing portfolio, in 2019 we have started to work with the methodology developed by the working group of UNEP FI on the impact of infrastructures that we finance, evaluating the positive and negative impacts of the projects individually.

2019 Annual Report-
Responsible banking
chapter

[-What our stakeholders tell us](#)
[-Challenges and opportunities](#)
[-Sustainable finance](#)

2019 Annual Report
[-Risk management and control chapter](#)
[-1.2 Santander Top and emerging risks](#)

Other references:

[- Stakeholder engagement & material concerns report^A](#)
[-Climate finance report^A](#)
[-Culture report^A](#)
[-Financial empowerment report^A](#)

A. (These reports are produced after the Annual Report and will be available throughout the month of May 2020)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

We will continue to improve our materiality analysis and while further exploring and integrating recognised impact methodologies as started this year for our infrastructure operations.

2.2. Target Setting	To meet the identified challenges, we have set 11 targets which reflect our commitment to building a more responsible bank. These objectives include, amongst others, the commitment to facilitate the mobilisation of €120 billion of green finance between 2019 and 2025, as well as to financially empower 10 million people in the same period, through increasing microfinance activities, financial education programmes and other tools that give access to financial services. Other commitments to highlight: • To have between 40-60% of women on our board by 2021 and to have at least 30% of women in senior leadership positions by 2025. • To eliminate the equal pay gap by 2025. • To use 100% of our electricity from renewable sources in all countries by 2025. • To fund 200,000 scholarships, internships and entrepreneur programmes between 2019 and 2021. • To help 4 million people through our community programmes between 2019 and 2021.	2019 Annual Report- Responsible Banking chapter 2019 highlights Sustainable Finance Contribution to de UN SDG Other references: 10 commitments press release
Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services. Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline. Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.		
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
The Bank has established priority areas for improvement in the short and medium term, specific metrics have been defined for their monitoring, and progress is disclosed in our annual report. We will continue working on further understanding the impacts from our activities including those related to our targets and where relevant set mitigating actions.		
2.3 Plans for Target Implementation and Monitoring	The Responsible Banking unit and its network, in collaboration with the remaining areas and local units, defines short, medium and long term action plans to achieve the objectives. These actions are described through the different sections of the Responsible Banking chapter. The monitoring and follow-up of these actions is carried out through the KPIs defined in the plans, where intermediate milestones are set and tracked by the the Responsible Banking governance bodies, in order to ensure delivery of the longer-term objectives defined.	2019 Annual Report- Responsible Banking chapter
Show that your bank has defined actions and milestones to meet the set targets. Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.		
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.		
Banco Santander has defined at corporate and local level, various action plans to boost our commitments.		
2.4. Progress on Implementing Targets	Banco Santander reports, annually, the achievements and scopes of its responsible banking strategy and targets. Here is a summary of the 2019 results of each of the 11 targets set: • To be one of the top 10 companies to work for in at least six of the core geographies where we operate by 2021. In 2019: Top 10 in 5 geographies. • To have between 40-60% women on our board by 2021. In 2019: 40% • To have 30% women in our senior leadership positions by 2025. In 2019: 22% • To eliminate the equal pay gap by 2025. In 2019: 2% • To financially empower 10 million people between 2019 and 2025. In 2019: 2 million • To finance or facilitate mobilization of €120 billion between 2019 and 2025 to tackle climate change. In 2019: 19 billion • To use 100% of our electricity from renewable sources in our buildings by 2025. In 2019: 50% • To eliminate unnecessary single use plastic in our branches and corporate buildings by 2021. In 2019: 75% of reduction. • To fund 200,000 scholarships, internships and entrepreneur programmes between 2019 and 2021. In 2019: 66,000 scholarships • To help four million people through our community programmes between 2019 and 2021. In 2019: 1,4 million	2019 Annual Report- Responsible Banking chapter
For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)		

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

In 2019 the Group has made positive progress in achieving the various commitments made

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1. Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Being responsible means offering our customers products and services that are Simple, Personal and Fair.

All our activity is guided by policies, principles and frameworks to ensure we behave responsibly in everything we do. As far as our customers are concerned:

- The general sustainability policy sets out principles and commitments focused on adding value to our main stakeholders.
- The Consumer Protection policy sets out the specific criteria to identify, organise and execute the principles of consumer protection for our customers.
- The sector policies stipulate the criteria governing the Group's financial activity in the defence, energy, mining/metals and agricultural raw materials (like palm oil, soya and wood) sectors.
- The sensitive sectors policy establishes guidelines for the evaluation and decision making on participation of the Group in certain sectors, which could lead to reputational risks.

We increasingly incorporate ESG within our SCIB and commercial clients conversations and product offering.

Customers are at the heart of everything we do. We use all the interactive channels we have to listen and understand our customers better. Our Product Governance & Consumer Protection function, within our Compliance and Conduct area, is responsible for ensuring appropriate management and control in relation to products and services and consumer protection. Within this function, the Product Governance Forum protects customers by validating products and services and preventing the launch of inappropriate ones.

Additionally, the Group has worked on standards and good practices when dealing with vulnerable customers.

The Group also has a procedure for complaint management and analysis aimed at adequately handling any complaints submitted, ensuring compliance with the local and industry regulations applicable.

Website
- [Policies](#)
Annual report 2019
- [Principles and governance](#)
- [Responsible business practices](#)

3.2. Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1. Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Our strategy is based on a virtuous circle centred on trust and loyalty of our employees, customers, shareholders and communities. To achieve this we promote the active listening of our stakeholders. Listening, analysing, assessing and responding to their opinions and concerns we not only identify issues, we also spot opportunities, which allows us to guarantee our activity and to maintain the right functioning of the entire value chain.

In addition, we also regularly analyse the most relevant social, environmental and good governance issues demands of analysts and investors. And we continuously monitor the emergence of new standards and good practice at international level. Actively participating in the consultation processes of both authorities and sectoral associations and other organizations that influence the development of relevant policies on the sustainable development agenda.

We are also part of the main and most important local and global initiatives to support the inclusive and sustainable growth. Some examples are UNEP FI; World Business Council for Sustainable Development (WBCSD); Banking Environment Initiative (BEI); UN Global Compact, CEO Partnership for Financial Inclusion; or Equator Principles.

Annual report 2019

- [Principles and governance](#)
- [What our stakeholders tell us](#)

Other references:
[2019 Stakeholder engagement & material concerns report^A](#)

A. (This report is produced after the Annual Report and will be available throughout the month of May 2020)

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1. Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

All our activity is guided by policies, principles and frameworks to ensure we behave responsibly in everything we do.

Corporate website:

www.santander.com
-About us
-Our approach

5.2. Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

The responsible banking, sustainability and culture committee assists the board of directors in fulfilling its oversight responsibilities with respect to the Group's responsible banking strategy, sustainability and culture issues.

2019 Annual Report- Responsible Banking chapter

-[What our stakeholders tell us](#)
-[Challenges and Opportunities](#)
-[Principles and Governance](#)
-[A strong corporate Culture](#)

5.3 Governance Structure for Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

The committee is supported by the culture steering group and the inclusive and sustainable banking steering group. The culture steering group ensures we embed our culture, the Santander Way across the organisation, coordinating corporate and local actions. Our inclusive and sustainable banking steering group promotes responsible products, services and procedures to support small businesses to create new jobs, improve financial empowerment, support funding the low carbon economy and to foster sustainable consumption.

2019 Annual Report- Corporate Governance chapter

-[Responsible Banking, sustainability and culture, Committee activities](#)

a) target-setting and actions to achieve targets set
b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

To complete this corporate governance and drive progress on the responsible banking agenda, there is a Responsible Banking unit supported by a senior advisor on responsible business practices reporting directly to the Group's executive Chairman.

Other references:
-[2019 Stakeholder engagement & material concerns report^A](#)
-[2018 Culture thematic report^A](#)

The culture and sustainability local units coordinate and foster their sustainable banking agenda, ensuring that they are aligned with the corporate strategy and policies. Likewise, each subsidiary has appointed a senior responsible for the sustainable banking function.

Our strong corporate culture, the Santander Way, is fully aligned to our corporate strategy. It includes our purpose, our aim, and how we conduct business. It is the bedrock of our bank, a responsible bank.

A. (This report is produced after the Annual Report and will be available throughout May 2020)

Actively listening to our stakeholders and using the materiality assessment, we have identified two main challenges: adapting to the new business environment and contributing to an inclusive and sustainable growth.

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

The Group has a solid and well-structured responsible banking governance model to meet future challenges and implement necessary measures that allow us to develop our activity in a responsible and sustainable way.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

The Responsible Banking chapter of our 2019 Annual report is our consolidated non-financial information statement. This is the eighteenth annual document the Santander Group publishes to disclose its sustainability commitments. This chapter includes information for the period: from 1 January to 31 December 2019.

This chapter has been verified by PricewaterhouseCoopers Auditores, S.L., the independent firm which also audited the Group's annual financial statements for the year.

Santander has relied on internationally recognized standards such as the Global Reporting Initiative (GRI) in its preparation. This chapter has been prepared in accordance with the GRI Standards: Comprehensive option.

Additionally, in this chapter detailed information is provided to respond to the Law 11/2018, which transposes to the Spanish legal system the Directive 2014/95/ EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/ EU as regards disclosure of non-financial and diversity information.

We actively participate and we are part of the main initiatives and working groups that foster responsible business practices at local and international level. Some examples are:

- UNEP Finance initiative. We are one of the founding signatories to the UN Principles for Responsible Banking. We have also continued our participation in the TCFD Pilot II following the first pilot which started back in 2017.
- World Business Council for Sustainable Development (WBCSD). We are part of the Future of Work, which supports companies in adapting their own business and human resources strategy to evolve in line with the digital age.
- Banking Environment Initiative (BEI). We participate in two initiatives related to climate, the Soft Commodities Compact and the new Bank 2030 initiative.
- CEO Partnership for Financial Inclusion. We are part of the private sector partnership for financial inclusion.
- Equator Principles. We analyse the environmental and social risks of all our funding transactions that fall under the scope of the Equator Principles.

2019 Annual Report- Responsible Banking chapter

[-Principles and Governance](#)

[- Our contribution to the UN Sustainable Development Goals](#)
[-Complementary information](#)

Other references:

[-2019 Stakeholder engagement & material concerns report^A](#)

A. (This report is produced after the Annual Report and will be available throughout May 2020)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

Through the responsible banking chapter of the Annual Report we give accounts of all our commitments related sustainability and responsible banking. We participate actively and we are part of the main initiatives and working groups that foster responsible business practices at local and international level.

Global Reporting Initiative (GRI) content index

GRI Standards: GENERAL DISCLOSURES

GRI Standard	Disclosure	Page	Omission
GRI 101: FOUNDATION			
GRI 102: GENERAL DISCLOSURES			
ORGANISATIONAL PROFILE	102-1 Name of the organization	Business model and strategy	-
	102-2 Activities, brands, products, and services	Business model and strategy	-
	102-3 Location of headquarters	Business model and strategy	-
	102-4 Location of operations	Business model and strategy	-
	102-5 Ownership and legal form	Business model and strategy	-
	102-6 Markets served	Business model and strategy	-
	102-7 Scale of the organization	Business model and strategy. Key Metrics	-
	102-8 Information on employees and other workers	Key metrics	-
	102-9 Supply chain	Responsible business practices	-
	102-10 Significant changes to the organization and its supply chain	Responsible business practices	-
	102-11 Precautionary Principle or approach	Sustainable finance	-
	102-12 External initiatives	Our approach. 2019 highlights.	-
	102-13 Membership of associations	Santander participates in industry associations representing financial activity in the countries where it operates, as the AEB in the case of Spain	-
STRATEGY	102-14 Statement from senior decision-maker	Chairman's letter.	-
	102-15 Key impacts, risks, and opportunities	Our strong corporate culture. What our stakeholders tell us. Sustainable finance. Risk management and control	-
ETHICS AND INTEGRITY	102-16 Values, principles, standards, and norms of behaviour	Principles and governance. Our strong corporate culture. Responsible business practices.	-
	102-17 Mechanisms for advice and concerns about ethics	A talented and motivated team. Responsible business practices. Risk management and control	-

GRI Standard	Disclosure	Page	Omission
GOVERNANCE	102-18 Governance structure	Corporate Governance chapter of the annual report.	-
	102-19 Delegating authority	Corporate Governance chapter of the annual report.	-
	102-20 Executive-level responsibility for economic, environmental, and social topics	Corporate Governance chapter of the annual report.	-
	102-21 Consulting stakeholders on economic, environmental, and social topics	Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts. What our stakeholders tell us.	-
	102-22 Composition of the highest governance body and its committees	Corporate Governance chapter of the annual report.	-
	102-23 Chair of the highest governance body	What our stakeholders tell us. Shareholder value. Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts.	-
	102-24 Nominating and selecting the highest governance body	What our stakeholders tell us. Shareholder value. Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts.	-
	102-25 Conflicts of interest	What our stakeholders tell us. Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts.	-
	102-26 Role of highest governance body in setting purpose, values, and strategy	Shareholder value. Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts.	-
	102-27 Collective knowledge of highest governance body	Shareholder value. Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts.	-
	102-28 Evaluating the highest governance body's performance	Shareholder value. Corporate Governance chapter of the annual report. Auditor's report and annual consolidated accounts.	-
	102-29 Identifying and managing economic, environmental, and social impacts	Sustainable finance. Risk management and control chapter. Auditor's report and annual consolidated accounts.	-
	102-30 Effectiveness of risk management processes	Challenge2: Inclusive and sustainable growth. Auditor's report and annual accounts. Risk management chapter.	-
	102-31 Omission of economic, environmental, and social topics	Auditor's report and annual accounts. Risk Management chapter.	-
	102-32 Highest governance body's role in sustainability reporting	Santander's Board approved this report on February, 27th 2020 related to 2019 period and the Corporate Governance Chapter of the Annual Report published in 2020.	-
	102-33 Communicating critical concerns	Auditor's report and annual accounts.	-
	102-34 Nature and total number of critical concerns	Principles and governance. Responsible business practices.	-
	102-35 Remuneration policies	A talented and motivated team. Corporate Governance Chapter of the Annual Report	-
	102-36 Process for determining remuneration	What our stakeholders tell us. Shareholder's value. Corporate Governance Chapter of the Annual Report. Report of the remuneration committee	-
	102-37 Stakeholders' involvement in remuneration	What our stakeholders tell us. Shareholder's value. Corporate Governance Chapter of the Annual Report. Report of the remuneration committee	-
STAKEHOLDER ENGAGEMENT	102-38 Annual total compensation ratio	A talented and motivated team.	1
	102-39 Percentage increase in annual total compensation ratio	A talented and motivated team.	1
	102-40 List of stakeholder groups	What our stakeholders tell us.	-
	102-41 Collective bargaining agreements	What our stakeholders tell us.	-
	102-42 Identifying and selecting stakeholders	What our stakeholders tell us.	-
	102-43 Approach to stakeholder engagement	What our stakeholders tell us.	-
	102-44 Key topics and concerns raised	What our stakeholders tell us.	-

GRI Standard	Disclosure	Page	Omission
REPORTING PRACTICE	102-45 Entities included in the consolidated financial statements	Further information section of this chapter. Auditor's report and annual accounts.	-
	102-46 Defining report content and topic Boundaries	Our approach. Further information sections of this chapter.	-
	102-47 List of material topics	What our stakeholders tell us.	-
	102-48 Restatement of information	Further information section of this chapter	-
	102-49 Changes in reporting	Further information section of this chapter	-
	102-50 Reporting period	Further information section of this chapter	-
	102-51 Date of most recent report	Further information section of this chapter	-
	102-52 Reporting cycle	Further information section of this chapter	-
	102-53 Contact point for questions regarding the report	General information chapter.	-
	102-54 Claims of reporting in accordance with the GRI Standards	Further information section of this chapter	-
	102-55 GRI content index	GRI Content Index.	-
	102-56 External assurance	Further information section of this chapter.	-

GRI Standards: Topic-specific disclosures

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
ECONOMIC STANDARDS						
ECONOMIC PERFORMANCE						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us. "Material aspect boundary" of GRI Content Index	-	-
			103-2 The management approach and its components	Principles and governance "Page" of the GRI 201: Economic Performance"	-	-
			103-3 Evaluation of the management approach	Principles and governance "Page" of the GRI 201: Economic Performance"	-	-
		GRI 201: ECONOMIC PERFORMANCE	€ million		2019	
			Economic value generated ¹		50,553	
			Gross income		49,494	
			Net loss on discontinued operations		0	
			Gains/(losses) on disposal of assets not classified as non-current held for sale		1,291	
			Gains/(losses) on disposal of assets not classified as discontinued operations		-232	
			Economic value distributed		28,295	
			Dividends ³		3,424	
			Other administrative expenses (except taxes)		8,138	
			Personnel expenses		12,141	
			Income tax and other taxes ²		4,427	
			CSR investment		165	
			201-1 Direct economic value generated and distributed	Economic value retained (economic value generated less economic value distributed)	22,258	Group -
			1. Gross income plus net gains on asset disposals.			
			2. Only includes income tax on profits accrued and taxes recognised during the period. The chapter on Community Investment provides additional information on the taxes paid.			

GRI Standards: Topic-specific disclosures

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
			201-2 Financial implications and other risks and opportunities due to climate change	Sustainable finance. Key metrics	Group	-
			201-3 Defined benefit plan obligations and other retirement plans	The liability for provisions for pensions and similar obligations at 2019 year-end amounted to EUR 6,358 million. Endowments and contributions to the pension funds in the 2019 financial year have amounted to EUR 364 million. The detail may be consulted in Auditor's report and annual consolidated accounts.	Group	-
			201-4 Financial assistance received from government	The Bank has not received significant subsidies or public aids during 2019. The detail may be consulted in Auditor's report and annual consolidated accounts.	Group	-
MARKET PRESENCE						
Attracting and retaining talent / Diversity / Community investment	Internal	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Our strong corporate culture. Column "Page" of the GRI 201: Economic Performance.	-	-
			103-3 Evaluation of the management approach	Our strong corporate culture. Column "Page" of the GRI 201: Economic Performance.	-	-
		GRI 202: MARKET PRESENCE	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Key metrics.	Group	-
			202-2 Proportion of senior management hired from the local community	Key metrics . The Group Corporate Human Resources Model aims to attract and retain the best professionals in the countries in which it operates.	Group excluding USA	-
			INDIRECT ECONOMIC IMPACT			
Community investment	External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Financial empowerment. Community investment.	-	-
			103-3 Evaluation of the management approach	Financial empowerment. Community investment.	-	-
		GRI 203: INDIRECT ECONOMIC IMPACT	203-1 Infrastructure investments and services supported	Supporting higher education. Community investment.	Group	-
			203-2 Significant indirect economic impacts	Supporting higher education. Community investment.	Group	-
			PROCUREMENT PRACTICES			
Ethical behaviour and risk management	External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices.	-	-

GRI Standards: Topic-specific disclosures

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
Ethical behaviour and risk management	External	GRI 204: PROCUREMENT PRACTICES	103-3 Evaluation of the management approach	Responsible business practices.	-	-
			204-1 Proportion of spending on local suppliers	Responsible business practices.	Group	2
ANTI-CORRUPTION						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes / Corporate governance-transparency	Internal and External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	2019 highlights. Our strong corporate culture. Responsible business practices.	-	-
			103-3 Evaluation of the management approach	2019 highlights. Our strong corporate culture. Responsible business practices.	-	-
		GRI 205: ANTI-CORRUPTION	205-1 Operations assessed for risks related to corruption	Risk management and control chapter	Group	-
			205-2 Communication and training about anti-corruption policies and procedures	Risk management and control chapter	Group	-
			205-3 Confirmed incidents of corruption and actions taken	Risk management and control chapter	Group	3

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
ANTI-COMPETITIVE BEHAVIOR						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us - and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	2019 highlights. Our strong corporate culture. Responsible business practices and column "Page" of the GRI 206: Anti-competitive Behaviour.	-	-
			103-3 Evaluation of the management approach	2019 highlights. Our strong corporate culture. Responsible business practices and column "Page" of the GRI 206: Anti-competitive Behaviour.	-	-
		GRI 206: ANTI-COMPETITIVE BEHAVIOUR	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	- SCB ITALY received a fine of €135,000 after an Antitrust inspection on unfair commercial practices by the Italian Competition Authority ("ICA"), which found that Santander infringed the general ban on unfair practices under Art. 20 of the Italian Consumer Code. SCB submitted the appeal to the Administrative Tribunal of Lazio on November 22, 2019. - Administrative proceedings brought by the Portuguese Competition Authority ("PCA") related to alleged involvement of the Bank in the exchange of sensitive information with its competitors. On September 9, 2019 the PCA issued its final decision on the case, considering there was competition law infringement by object, derived from commercially sensitive information exchange between most of the Portuguese banks, from 2002 to 2013, on real estate credit and credit to consumers and small businesses. 14 Portuguese banks were fined in amounts up to EUR 246 million. Santander Portugal and Banco Popular Portugal, SA have been fined in the total amount of EUR 35,65 million. A judicial appeal was lodged before the Competition Court (Tribunal da Concorrência, Regulação e Supervisão) on the 21st October 2019. - The Italian Competition Authority has imposed Banca PSA Italia a fine of EUR 6,077,606 as part of an investigation against the Captive Banks. for running an unlawful cartel from 2003 to April 2017, aimed at exchanging sensitive commercial information in the car financing market in Italy, in order to restrict competition for the sale of financed cars, in violation of Article 101 TFEU. Decision was appealed before the administrative court in 2019. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	4

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
ENVIRONMENTAL STANDARDS						
MATERIALS						
Internal environmental footprint	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Sustainable finance. Environmental footprint.	-	-
			103-3 Evaluation of the management approach	Sustainable finance. Environmental footprint.	-	-
Internal environmental footprint	Internal and external	GRI 301: MATERIALS	301-1 Materials used by weight or volume	Environmental footprint. Key metrics.	Group	5
			301-2 Recycled input materials used	The percentage of the environmentally-friendly paper consumption with respect to the total consumption is 85%. This percentage includes both recycled and certified paper.	Group	5
			301-3 Reclaimed products and their packaging materials	Not applicable due to the type of Group financial activity.	Group	-
ENERGY						
Internal environmental footprint	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Sustainable finance. Environmental footprint.	-	-
			103-3 Evaluation of the management approach	Sustainable finance. Environmental footprint.	-	-
		GRI 302: ENERGY	302-1 Energy consumption within the organization	Environmental footprint. Key metrics.	Group	5
			302-2 Energy consumption outside of the organization	Key metrics.	Group	5
			302-3 Energy intensity	Key metrics.	Group	5
			302-4 Reduction of energy consumption	An specific analysis of cause and effect relation for the implemented measures and of the obtained reduction is not available.	Group	-
			302-5 Reductions in energy requirements of products and services	Not applicable due to the type of Group financial activity.	Group	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
WATER						
Internal environmental footprint	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Sustainable finance. Environmental footprint.	-	-
			103-3 Evaluation of the management approach	Sustainable finance. Environmental footprint.	-	-
		GRI 303: WATER	303-1 Water withdrawal by source	Environmental footprint. Key metrics.	Group	5
			303-2 Water sources significantly affected by withdrawal of water	Not applicable due to the type of Group financial activity.	Group	-
			303-3 Water recycled and reused	Not applicable due to the type of Group financial activity.	Group	-
BIODIVERSITY						
Not material	Not applicable	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	Not material	-	-
			103-2 The management approach and its components	Not material	-	-
			103-3 Evaluation of the management approach	Not material	-	-
		GRI 304: BIODIVERSITY	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not material	Group	-
			304-2 Significant impacts of activities, products, and services on biodiversity	Not material	Group	-
			304-3 Habitats protected or restored	Not material	Group	-
			304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not material	Group	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
EMISSIONS						
Internal environmental footprint	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Sustainable finance. Environmental footprint.	-	-
			103-3 Evaluation of the management approach	Sustainable finance. Environmental footprint.	-	-
Internal environmental footprint	Internal and external	GRI 305: EMISSIONS	305-1 Direct (Scope 1) GHG emissions	Environmental footprint. Key metrics.	Group	5
			305-2 Energy indirect (Scope 2) GHG emissions	Environmental footprint. Key metrics.	Group	5
			305-3 Other indirect (Scope 3) GHG emissions	Environmental footprint. Key metrics.	Group	5
			305-4 GHG emissions intensity	Key metrics.	Group	5
			305-5 Reduction of GHG emissions	An specific analysis of cause and effect relation for the implemented measures and of the obtained reduction is not available.	Group	-
			305-6 Emissions of ozone-depleting substances (ODS)	Not applicable due to the type of Group financial activity.	Group	-
			305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable due to the type of Group financial activity.	Group	-
EFFLUENTS AND WASTE						
Internal environmental footprint	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Sustainable finance. Environmental footprint.	-	-
			103-3 Evaluation of the management approach	Sustainable finance. Environmental footprint.	-	-
		GRI 306: EFFLUENTS AND WASTE	306-1 Water discharge by quality and destination	Not applicable due to the type of Group financial activity.	Group	-
			306-2 Waste by type and disposal method	Environmental footprint and Key metrics.	Group	5
			306-3 Significant spills	Not applicable due to the type of Group financial activity.	Group	-
			306-4 Transport of hazardous waste	Not applicable due to the type of Group financial activity.	Group	-
			306-5 Water bodies affected by water discharges and/or runoff	Not applicable due to the type of Group financial activity.	Group	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
ENVIRONMENTAL COMPLIANCE						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices.	-	-
			103-3 Evaluation of the management approach	Responsible business practices.	-	-
		GRI 307: ENVIRONMENTAL COMPLIANCE	307-1 Non-compliance with environmental laws and regulations	Massachusetts Department of Environmental Protection (MA DEP) Remediation. The MA DEP alleged that SBNA, as title owner of a foreclosed residential property from 2013-2016, was required to remediate a contaminated ground well on the property. SBNA, without admitting liability, agreed to remediate the property. SBNA's insurance carrier agreed to cover the cost of the remediation (approximately \$100,000). In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	4
SUPPLIER ENVIRONMENTAL ASSESSMENT						
Ethical behaviour and risk management	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices.	-	-
			103-3 Evaluation of the management approach	Responsible business practices.	-	-
		GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT	308-1 New suppliers that were screened using environmental criteria	Responsible business practices.	Group	2, 6
			308-2 Negative environmental impacts in the supply chain and actions taken	Responsible business practices.	Group	2, 6

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
SOCIAL STANDARDS						
EMPLOYMENT						
Attracting and retaining talent / Diversity	Internal	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	A talented and motivated team.	-	-
			103-3 Evaluation of the management approach	A talented and motivated team.	-	-
		GRI 401: EMPLOYMENT	401-1 New employee hires and employee turnover	A talented and motivated team. Key metrics.	Group	-
			401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits detailed in "A talented and motivated team" are regarding only full-time employees.	Group	-
			401-3 Parental leave	Not available	Group	-
LABOUR/MANAGEMENT RELATIONS						
Attracting and retaining talent / Diversity	Internal	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Column "Page" of the GRI 402: Labour/ Management relations"	-	-
			103-3 Evaluation of the management approach	Column "Page" of the GRI 402: Labour/ Management relations"	-	-
		GRI 402: LABOR/MANAGEMENT RELATIONS	402-1 Minimum notice periods regarding operational changes	Santander Group has not established any minimum period to give prior notice relating to organisational changes different from those required by law in each country.	Group	-
		OCCUPATIONAL HEALTH AND SAFETY				
Attracting and retaining talent / Diversity	Internal	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	A talented and motivated team. Column "Page" of the GRI 403: Occupational Safe and Safety.	-	-
			103-3 Evaluation of the management approach	A talented and motivated team. Column "Page" of the GRI 403: Occupational Safe and Safety.	-	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
Attracting and retaining talent / Diversity	Internal	GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-1 Workers representation in formal joint management-worker health and safety committees	In Banco Santander S.A, the percentage of workforce represented in the Health and Safety Committee in 100%.	Banco Santander S.A. and SCF	-
			403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	A talented and motivated team. Key metrics.	Group	-
			403-3 Workers with high incidence or high risk of diseases related to their occupation	There have not been identified work posts with high risk of disease	Group	-
			403-4 Health and safety topics covered in formal agreements with trade unions	A talented and motivated team.	Group	-
TRAINING AND EDUCATION						
Attracting and retaining talent / Diversity	Internal	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	A talented and motivated team. "Page" of the GRI 404: Training and education.	-	-
			103-3 Evaluation of the management approach	A talented and motivated team. "Page" of the GRI 404: Training and education.	-	-
		GRI 404: TRAINING AND EDUCATION	404-1 Average hours of training per year per employee	A talented and motivated team. Key metrics.	Group	-
			404-2 Programs for upgrading employee skills and transition assistance programs	Banco Santander in Spain offers programmes for skills management and lifelong learning that support the employability of their employees once they have finished their carrers or have been affected by collective redundancies. A talented and motivated team. Key metrics.	Group	-
			404-3 Percentage of employees receiving regular performance and career development Omissions	A talented and motivated team. Regular performance and career development Omissions are received by the 100% of the employees.	Group	-
DIVERSITY AND EQUAL OPPORTUNITY						
Attracting and retaining talent / Diversity / Incentives tied to ESG criteria	Internal	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	A talented and motivated team.	-	-
			103-3 Evaluation of the management approach	A talented and motivated team.	-	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
Attracting and retaining talent / Diversity / Incentives tied to ESG criteria	Internal	GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES	405-1 Diversity of governance bodies and employees	A talented and motivated team. Responsible business practices. Key metrics. Corporate governance chapter.	Group	-
			405-2 Ratio of basic salary and remuneration of women to men	A talented and motivated team.	Group	-
NON-DISCRIMINATION						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	A talented and motivated team.	-	-
			103-3 Evaluation of the management approach	A talented and motivated team.	-	-
		GRI 406: NON-DISCRIMINATION	406-1 Incidents of discrimination and corrective actions taken	A talented and motivated team. Risk management and control chapter. A final verdict has been reached for an incident of discrimination or infringement of fundamental rights, following from an individual procedure on geographical mobility, resulting in the compensation of 150,000 euros on the bank. However, no complaints of this nature have been received through the <i>Canal Abierto</i> .	Group	4
			FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
Not material	Not applicable	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	Not material	-	-
			103-2 The management approach and its components	Not material	-	-
			103-3 Evaluation of the management approach	Not material	-	-
		GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not material	Group	-
CHILD LABOR						
Not material	Not applicable	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	Not material	-	-
			103-2 The management approach and its components	Not material	-	-
			103-3 Evaluation of the management approach	Not material	-	-
		GRI 408: CHILD LABOR	408-1 Operations and suppliers at significant risk for incidents of child labor	Not material	Group	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
FORCED OR COMPULSORY LABOR						
Not material	Not applicable	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	Not material	-	-
			103-2 The management approach and its components	Not material	-	-
			103-3 Evaluation of the management approach	Not material	-	-
		GRI 409: FORCED OR COMPULSORY LABOR	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not material	Group	-
SECURITY PRACTICES						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Column "Page" of the GRI 410: Security Practices.	-	-
			103-3 Evaluation of the management approach	Column "Page" of the GRI 410: Security Practices.	-	-
		GRI 410: SECUTIRY PRACTICES	410-1 Security personnel trained in human rights policies or procedures	Santander requires to its Safety Services suppliers during the hiring process compliance with Human Rights Regulations	Banco Santander S.A.	-
RIGHTS OF INDIGENOUS PEOPLES						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Column "Page" of the GRI 411: Rights of Indigenous People	-	-
			103-3 Evaluation of the management approach	Column "Page" of the GRI 411: Rights of Indigenous People.	-	-
		GRI 411: RIGHTS OF INIDGENOUS PEOPLE	411-1 Incidents of violations involving rights of indigenous people	The Bank ensures, through social and environmental risk assessments in their financing operations under the Equator Principles, that no violations of the indigenous peoples' rights occur in such operations. In 2019, a total of 46 operations were evaluated in this respect.	Group	7
HUMAN RIGHTS ASSESSMENT						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Column "Page" of the GRI 412: Human Rights assessment	-	-
			103-3 Evaluation of the management approach	Column "Page" of the GRI 412: Human Rights assessment	-	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	External	GRI 412: HUMAN RIGHTS ASSESSMENT	412-1 Operations that have been subject to human rights Omissions or impact assessments	All the Bank's financing operations under the Equator Principles are subject to social and environmental risk assessments (which includes human rights aspects). In 2019, a total of 46 operations were evaluated in this respect.	Group	7
			412-2 Employee training on human rights policies or procedures	Not available	Group	-
			412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	The Third-party Certification policy was updated in 2019. This policy includes an annex with the "principles of responsible conduct for suppliers". These principles are mandatory for all the Bank's suppliers and include, among others, human rights aspects.		8
LOCAL COMMUNITIES						
Community investment	External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.		-
			103-2 The management approach and its components	Financial empowerment, Supporting higher education, Community investment and Sustainable finance		-
			103-3 Evaluation of the management approach	Financial empowerment, Supporting higher education, Community investment and Sustainable finance		-
		GRI 413: LOCAL COMMUNITIES	413-1 Operations with local community engagement, impact assessments, and development programs	Financial empowerment, Supporting higher education, Community investment. The Santander Group has several programmes in its ten main countries aim to encourage development and participation of local communities, in which it is carried out an assessment on people helped, scholarships given through agreement with Universities, among others. Moreover, in the last years the Group has developed different products and services offering social and/or environmental added value adapted to each country where Santander develops its activities.	Group	-
			413-2 Operations with significant actual and potential negative impacts on local communities	Not available	Group	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
SUPPLIER SOCIAL ASSESSMENT						
Control and management of risks, ethics and compliance	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices.	-	-
			103-3 Evaluation of the management approach	Responsible business practices.	-	-
		GRI 414: SUPPLIER SOCIAL ASSESSMENT	414-1 New suppliers that were screened using social criteria	Responsible business practices.	Group	2, 6
			414-2 Negative social impacts in the supply chain and actions taken	Responsible business practices.	Group	2, 6
PUBLIC POLICY						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	2019 highlights,Our strong corporate culture. A talented and motivated team. Responsible Business Practices. and column "Page" of the GRI 415: Public Policy.	-	-
			103-3 Evaluation of the management approach	2019 highlights,Our strong corporate culture. A talented and motivated team. Responsible Business Practices. and column "Page" of the GRI 415: Public Policy.	-	-
		GRI 415: PUBLIC POLICY	415-1 Political contributions	The vinculation, membership or collaboration with political parties or with other kind of entities, institutions or associations with public purposes, as well as contributions or services to them, should be done in a way that can assure the personal character and that avoids any involvement of the Group, as indicated in Santander Group General Code of Conduct	Group	-
		CUSTOMER HEALTH SAFETY				
Products and services that are transparent and fair		GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices	-	-
			103-3 Evaluation of the management approach	Responsible business practices	-	-
		GRI 416: CUSTOMER HEALTH AND SAFETY	416-1 Assessment of the health and safety impacts of product and service categories	Responsible business practices. The Commercialisation Committee evaluates potential impact of all products and services, previously they are launched onto the market. These impacts include, among others, clients security and compatibility with other products.	Group	-
			416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	The Bank has not received final sanctions for this concept. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	4

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
MARKETING AND LABELING						
Products and services that are transparent and fair	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices	-	-
			103-3 Evaluation of the management approach	Responsible business practices	-	-

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
Products and services that are transparent and fair	Internal and external	GRI 417: MARKETING AND LABELING	417-1 Requirements for product and service information and labeling	Responsible business practices. The Commercialisation Committee evaluates potential impact of all products and services, previously they are launched onto the market. These impacts include, among others, clients security and compatibility with other products. In addition, the Bank is member of the Association for Commercial Self- Regulation (Autocontrol) assuming the ethical commitment to be responsible regarding the freedom of commercial communication	Group	-
			417-2 Incidents of non-compliance concerning product and service information and labeling	- Sanction procedure opened on 2015 by the Ministry of Economy and Competitiveness for the violation of the Securities Market Law, in particular, for methodological deficiencies in the convenience questionnaire and the failure to carry out the appropriate warnings both in non-convenient and non-convenient operations evaluated by the former Banco Popular. Fine of 1,000,000 euros. - A fine of 4.5 million euros imposed by Bank of Spain for breaches relating to the content and delivery of contractual and pre-contractual information of contracts with mortgage guaranty and in relation to the collection of commissions and roundings, by the former Banco Popular. The sanction was notified on 5th November 2018 and confirmed by resolution on 24th may 2019. Appeal has been filed before the Administrative Court on 29th July 2019. - Fine of 6.4 million euros imposed by Bank of Spain relating to the content and delivery of contractual and pre-contractual information of contracts with mortgage guaranty, and in relation to the collection of commissions and roundings. Final resolution notified on 29th March 2019 and has become non appealable. - Sanction procedure opened on 2015 by the Ministry of Economy and Competitiveness, for the violation of the Securities Market Law, by the former Banco Popular: (i) not to act with transparency and diligence and in the interest of the clients having charged commissions not adjusted to the rules (ii) recommend to clients financial instruments not adjusted to their investment objectives or to their experience and knowledge. Dismissed judgment of the National Court notified on September 30, 2019. Appeal filed before the Supreme Court. - Sanction procedure opened by the Junta de Andalucía in 2015 for the introduction of allegedly abusive clauses in contracts. Unfavorable judgment rendered on 20th December 2019. The judgment has become non appealeable. The fine imposed amounts to EUR 400,000 Moreover, the information regarding litigation and the Group's other contingencies is provided in the auditor's report and annual accounts.	Group	4
			417-3 Incidents of non-compliance concerning marketing communications	The Bank has not received final sanctions for this concept. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	4

Identified material aspect	Material aspect boundary	GRI Standard	Disclosure	Page	Scope	Omission
CUSTOMER PRIVACY						
Measures taken for customer satisfaction	Internal and External	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	Responsible business practices	-	-
			103-3 Evaluation of the management approach	Responsible business practices	-	-
		GRI 418: CUSTOMER PRIVACY	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Bank has not received final sanctions for this concept. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	4
SOCIOECONOMIC COMPLIANCE						
Products and services that are transparent and fair / Ethical behaviour and risk management	Internal and external	GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	What our stakeholders tell us and column "Material aspect boundary" of GRI Content Index.	-	-
			103-2 The management approach and its components	2019 highlights,Our Strong corporate culture. A talented and motivated team. Responsible business practices. and column "Page" of the GRI 419: Socioeconomic Compliance.	-	-
			103-3 Evaluation of the management approach	2019 highlights,Our Strong corporate culture. A talented and motivated team. Responsible business practices. and column "Page" of the GRI 419: Socioeconomic Compliance.	-	-
		GRI 419: SOCIOECONOMIC COMPLIANCE	419-1 Non-compliance with laws and regulations in the social and economic area	The Bank has not received final sanctions for this concept. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	4

GRI Standards - financial services sector disclosures

Identified material aspect	Material aspect boundary	G4 Standard	Disclosure	Page	Scope	Omission
FINANCIAL SERVICES SECTOR DISCLOSURES						
PRODUCT PORTFOLIO						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes / Products and services that are transparent and fair / Products and services offering social and environmental added value	Internal and external	FS1	Policies with specific environmental and social components applied to business lines	Principles and governance, Responsible business practices and Analysis of environmental and social risks.	Group	-
		FS2	Procedures for assessing and screening environmental and social risks in business lines	Principles and governance, Responsible business practices and Analysis of environmental and social risks.	Group	-
		FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements of transactions	Principles and governance, Responsible business practices and Analysis of environmental and social risks.	Group	-
		FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Sustainable finance. Additionally, to raise awareness and transmit the policies content, the Bank has continued with its employee training and awareness campaigns. The latest was a video tutorial explaining the process of adaptation for the sector-specific policies and involving those from the Bank who are ultimately responsible for this area.	Group	-
		FS5	Interactions with clients/ investees/ business partners regarding environmental and social risks and opportunities	2019 highlights. Shareholder value. Risk and management control chapter.	Group	-
		FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/ large) and by sector	Responsible business practices. Meeting the needs of everyone in society.	Group	-
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Meeting the needs of everyone in society. Sustainable finance.	Group	-
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Meeting the needs of everyone in society. Sustainable finance.	Group	-

Identified material aspect	Material aspect boundary	G4 Standard	Disclosure	Page	Scope	Omission
AUDIT						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes	Internal and external	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	The Group's Internal Audit area carries out a biennial review of the sustainability function to evaluate, among other aspects, the degree of compliance with social and environmental responsibility policies, which includes both the review of the Equator Principles and additional risk assessment procedures on specific sectors. In addition, in 2019 the first review of the governance and procedures applied by the corporate function of Responsible Banking was carried out.	Group	-
ACTIVE OWNERSHIP						
Ethical behaviour and risk management / Compliance and adapting to regulatory changes / Products and services that are transparent and fair / Products and services offering social and environmental added value	Internal	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Analysis of environmental and social risks	Group	7
		FS11	Percentage of assets subject to positive and negative environmental or social screening	Analysis of environmental and social risks	Group	7
		FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization hold the right to vote shares or advises on voting	The Santander Group has no voting policies relating to social and/or environmental matters for entities over which acts as an advisor. The Santander Employees Pension Fund does have a policy of formal vote in relation to social and environmental aspects, for shareholder meetings of the entities over which it has voting rights	Group	-
		FS13	Access points in low-populated or economically disadvantaged areas by type	Financial inclusion and empowerment	Group	-
		FS14	Initiatives to improve access to financial services for disadvantaged people	Financial inclusion and empowerment, sustainable finance and Key metrics.	Group	-
		FS15	Policies for the fair design and sale of financial products and services	Responsible business practices	Group	-
		FS16	Initiatives to enhance financial literacy by type of beneficiary	Responsible business practices	Group	-

1. The indicator is not reported because it is confidential information. 2. Data refers exclusively to centralised purchases data in Aquánima. 3. Information is provided on the total number of complaints conflicts of interest and corruption. 4. Information is provided for claims of any type and over €60,000 that may have a significant reputational impact on the Group and/or that there is an accounting provision because it may materialize in the short, medium or long term. 5. The scope and limitations of this indicator are described on Key Metrics. 6. Only total amount of approved suppliers is included. 7. Information is only provided on the number of project finance deals of Santander's Bank, which have been analysed regarding social and environmental risks in Equator Principles' frame. 8. Only qualitative information is disclosed. 9. Information is provided on programmes and their direct impacts of the ten main countries of the Group, instead on centres.



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Verification Report

To the shareholders Banco Santander, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the "Responsible banking" chapter, which corresponds to the attached Consolidated Non-Financial Information Statement ("CNFIS") for the year ended 31 December 2019 of Banco Santander, S.A. (the Parent company) and subsidiaries ("Banco Santander" or "the Group") which forms part of Banco Santander's 2019 Consolidated Management's Report ("CMR").

The content of the CNFIS includes additional information to that required by current commercial legislation on non-financial reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the table included in the section "Non-financial information Law content index" section and in the "Global Reporting Initiative (GRI) content index" in the accompanying CNFIS.

Responsibility of the Directors of the Parent company

The preparation of the CNFIS included in Banco Santander's CMR and the content thereof are responsibility of the board of directors of Banco Santander, S.A. The CNFIS has been drawn up in accordance with the provisions of current commercial legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in accordance with the Comprehensive option and the Financial Services Sector Disclosures, in line with the details provided for each matter in the table included in the section "Non-financial information Law content index" and in the "Global Reporting Initiative (GRI) content index" included in the CNFIS.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure that the CNFIS is free from material misstatement, due to fraud or error.

The directors of Banco Santander, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CNFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número 80242 - C.I.F. B 79 031290



Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialized in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out. Our work has been aligned with the requirements set by the current International Standard on Assurance Engagements 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution and are more restricted than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to management and several of Banco Santander's units that were involved in the preparation of the CNFIS, in the review of the processes for compiling and validating the information presented in the CNFIS and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Banco Santander personnel to ascertain the business model, policies and management approaches applied and the main risks related to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content included in the CNFIS based on the materiality analysis carried out by Banco Santander and described in the "What our stakeholders tell us" section, and considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in the CNFIS for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the CNFIS for 2019.
- Verification, through sample testing, of the information relating to the content of the CNFIS for 2019 and its adequate compilation using data supplied by Banco Santander's information sources.
- Obtainment of a management representation letter from the directors and the management of the Parent company.



Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to our attention which may lead us to believe that the "Responsible Banking" chapter, which corresponds to the attached CNFIS of Banco Santander, S.A. and its subsidiaries for the year ended 31 December 2019 has not been prepared, in all of their significant matters, in accordance with the provisions of current commercial legislation and with the GRI Standards in accordance with the Comprehensive Option and the Financial Services Sector Disclosures, in line with the details provided for each matter in the table included in the section "Non-financial information Law content index" and in the "Global Reporting Initiative (GRI) content index" included in the accompanying CNFIS.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in black ink, consisting of a stylized 'P' and 'B' intertwined.

Pablo Bascones

28 February 2020