

International Banking Conference – Ana Botín speech

Turning point

Good morning and welcome to our first face-to-face – or rather, mask to mask – banking conference for two years. It's wonderful to see you here and to welcome you to Madrid.

We may have been away, but **the world hasn't slowed down.**

Economies have recovered maybe not as fast as expected, but definitely, they are growing. People have gone back to work, travel, and tourism is on the surge. We are getting back to normal: to more uncertain normality, with higher levels of debt, rising inflation, and supply chain disruptions ... but we are back.

Covid has spread worldwide misery but also has turbo-charged the tech revolution, open the door to bold social and economic policies, and propelled us much further down the route to a digital society.

Climate change

Looking ahead, I am an **optimist.**

For me, one of the lessons of the pandemic is the extraordinary resilience, ingenuity, and creativity of mankind. It isn't just the miracles wrought by our scientists, but how people looked after each other, kept our shops stocked, and invented new ways of working which we had not even imagined eighteen months ago.

Banks have shown that they are part of the solution – not part of the problem.

Santander lent on average a billion euros a day in the first months of the pandemic.

But I am an **optimist, who worries a lot...** – especially about climate change. Climate change, by definition, is a global challenge. It demands a global response.

Science suggests that unless we do more, fast, the change could be irreversible.

Now world leaders must show they understand the implications.

They will have a unique opportunity in **Glasgow, perhaps the last chance to keep the ambition set in Paris in 2015 alive – to be net-zero by 2050.**

Mobilising Finance – our approach

The good news is that global finance is mobilizing to fund the transition to the green economy. **As a founding member of the Net Zero Banking Alliance, we are committed to making Santander net zero carbon by 2050.**

We've already set our first decarbonization target. **By 2030, we will align our power generation portfolio to Paris Agreement goals, stop providing financial services to customers with more than 10% of revenues coming from thermal coal, and eliminate all exposure to thermal coal mining.**

Meanwhile, we are financing the green transition. **We are a global leader in financing renewables.**

Since 2020 alone, the renewable projects we've financed created enough energy to power a city three times the size of London

– which shows the opportunities that the green transition creates.

I'm proud of the steps Santander is taking, but I'm very aware that we – like our peers – are still in the foothills. The hard climb to net-zero has yet to begin.

To help our customers, people and companies around the world go green we need better and comparable data and above **all companies need guidance and policies from their governments that set clear transition plans and incentives for every sector.**

We need planning and long-term frameworks for the low carbon transition – clear consistent regulatory **incentives** and disincentives.

That means **voters who understand** why this matter and accept the disruption ahead because they understand.

We need governments that can build the social safety nets for the those whose jobs will change or disappear, and the policies to help businesses create the millions of new jobs to replace them.

That can ask some tough questions about the way power works in the digital economy so that it works for everyone.

We need big companies that are willing to take a lead – to be an example.

We need banks and capital markets that can provide the finance to drive this transformation and the growth it will bring. And they need global regulation that allows them to finance the big transition.

Starting Small: Focusing on our Customers

Our conference this year addresses these big themes – as always, and as it should.

But I want to start small.

We are at a **turning point.**

One of the many things I have learned working in a bank over the last thirty years is that most of the things we describe as **big transitions in our societies and economies are actually millions of small ones.**

They are ***changes in technology or social expectations that play out in individual businesses and homes – in each one of our lives.***

What makes banking my job, my colleagues, worthwhile is being part of that. **Being able to have a positive impact on millions** of people and businesses when we get it right.

Covid has been like that. **Behind all the health statistics**; all the huge borrowing figures, the trillions spent keeping economies on life support, and developing and rolling out vaccines **are a billion stories**.

Stories of loss of course, but also of resilience.

So I want to start at that level.

Talking about the Barrueco brothers, two Spanish entrepreneurs, who *have been able to succeed by combining a good idea, a clear vision of how to scale a business opportunity, and an incredible resilience and persistence to overcome all the obstacles that appear on their road.*

Luisa and Francisco Barrueco took over the family civil works company created in 1992 by their parents, Marisa y Paco. As most of the SMEs, were firmly grounded on the real economy, and when in the year 2000 the **mad cow disease** started, they realized that to manage the removal of the dead cows from the farms was both a social need and a good business opportunity.

They researched the market, **sailed the bureaucratic ocean** of permissions and regulations, trained their people, adapted their trucks, and entered a fully new activity for them. This is called flexibility and resource reallocation. In a short period, they became quite a successful medium-size company in the sector.

Then came the scaling of their business. [Very soon they learned that there was value in going beyond being mere middlemen between the farms and the animal waste treatment plants.] So, they decided to vertically integrate their activities.

They aimed high: to create a company to handle half of the Spanish market – more than 250 thousand square kilometers -, with a plant in the technological frontier, able to create marketable by-products and operating in a green and sustainable environment.

They need land to build their plant, permits from the regional health authorities to cross their territories, better-trained teams, and, of course, **money to finance their project, which was proving difficult to get.**

Against all the odds, they did not give up.

One Sunday morning, Paco read in his tablet my LinkedIn comment about **“entrepreneurs’ hope”**: how if we wanted to advance the well-being of all Spaniards we have **to invest in entrepreneurs and SMEs**, and how **Santander was committed to this very simple and fair idea.**

Luisa wrote to me and told me their story.

Paco and Luisa represent what I **believe!** That the people of this country have what is needed to succeed: ideas, persistence, courage, flexibility, and vision.

By early Tuesday, our **Smart Fund Team** was scheduling a business meeting. Our teams worked together with them and the local Puertollano authorities.

And yes, we financed the project. Today, Paco and Luisa run in Puertollano one of the most advanced technological and sustainable animal waste treatment European plants. Creating [50] jobs, they have reinvigorated the local economy, they have solved a very real recycling problem ... and yes, they make money.

This is what sustainable and inclusive growth is all about. About the dreams of people like them coming true and the well-being of the communities around them.

This is our commitment. This is what I believe.

And this is why I would urge you all today to keep all the "Paco and Luisas" in mind.

To translate the big changes into the language and experience of a small business or individual households.

Because it is only with this perspective that we can see what these problems look like from ground level, and how that understanding should shape our approach to **designing solutions.**

All these big issues "how much capital should banks' hold?" remain abstract until you link them to the balance sheet flexibility to make a loan.

Covid-19 showed how small and big businesses have the resilience, imagination, and innovation.

We, at Santander, are committed to support Barrueco's spirit and to all SMEs and entrepreneurs – and to work together to support them.

Thank You