Overview of our Corporate Governance
July 2020
Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, this presentation contains certain financial measures that constitute alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ("ESMA") on 5 October 2015 (ESMA/2015/1411en) and other non-IFRS measures ("Non-IFRS Measures"). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its definition or reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2019 Annual Financial Report, filed with the Comisión Nacional del Mercado de Valores de España (CNMV) on 28 February 2020, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") 2020 Q1 Financial Report, published as Relevant Fact on 28 April 2020. These documents are available on Santander's website (www.santander.com).

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

Forward-looking statements

Santander cautions that this presentation contains statements that constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expect", "project", "anticipate", "should", "intend", "probability", "risk", "volatility", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. These forward-looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The following important factors, in addition to those discussed elsewhere in this presentation, could affect our future results and could cause outcomes to differ materially from those anticipated in any forward-looking statement:

1. general economic or industry conditions in areas in which we have significant business activities or investments, including a worsening of the economic environment, increasing in the volatility of the capital markets, inflation or deflation, and changes in demographics, consumer spending, investment or saving habits;
2. exposure to various types of market risks, principally including interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices;
3. potential losses in association with prepayment of loans, declines in the value of collateral securing our loan portfolio, and counterparty risk;
4. potential losses in association with prepayment of our loan and investment portfolio, declines in the value of collateral securing our loan portfolio, and counterparty risk;
5. potential losses associated with changes in the value of collateral securing our loan portfolio, and counterparty risk;
6. our ability to integrate successfully our acquisitions and the challenges inherent in diverting management's focus and resources from other strategies and opportunities and from operational matters while we integrate these acquisitions; and
7. changes in our ability to access liquidity and funding on acceptable terms, including as a result of changes in our credit spreads or a downgrade in our credit ratings or those of our more significant subsidiaries. Numerous factors could affect the future results of Santander and could result in those results deviating materially from those anticipated in the forward-looking statements.

Forward-looking statements speak only as of the date of this presentation and are based on the knowledge, information available and views taken on such date, such knowledge, information and views may change at any time. Santander does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Important Information

Neither this presentation nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Historical performance is not indicative of future results

Statements as to historical performance or financial accretion are not intended to mean that future performance, share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior period. Nothing in this presentation should be construed as a profit forecast.

Third Party Information

In particular, regarding the data provided by third parties, neither Santander, nor any of its administrators, directors or employees, either explicitly or implicitly, guarantees that these contents are exact, accurate, comprehensive or complete, nor are they obliged to keep them updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents in any means, Santander may introduce any changes it deems suitable, may omit partially or completely any of the elements of this presentation, and in case of any deviation between such a version and this one, Santander assumes no liability for any discrepancy.
1 Santander at a glance
1.1 Our corporate culture: 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.

Our purpose
To help people and businesses **prosper**.

Our aim
To be the best open financial services **platform**, by acting **responsibly** and earning the lasting **loyalty** of our people, customers, shareholders and communities.

Our how
Everything we do should be **Simple**, **Personal** and **Fair**.

Our stakeholders
We are earning the loyalty of all our stakeholders, generating a **virtuous circle of growth**.

- **Customers**...generates customer loyalty...
- **People**...a loyal and motivated team...
- **Communities**...we can support our communities, motivating our team
- **Shareholders**...leading to strong financial results for our shareholders...

*In 2019.

Data as at 31 March 2020.
1.2 Balanced diversification

Structure based on 3 geographic regions (with 10 core markets), supported by global businesses, the corporate centre and other functions servicing the whole Group.

Three geographic regions

Our distribution in 3 regions **improves our productivity** and generates new efficiencies.

- **Europe**
  - Spain, SCF¹, Portugal, Poland and United Kingdom

- **North America**
  - United States and Mexico

- **South America**
  - Brazil, Chile, Argentina, Uruguay, Peru and Colombia

Global businesses

Our global businesses **bring profit-making capacity and competitive advantage** to our local banks.

- Corporate & Investment Banking
- Wealth Management & Insurance
- Santander Global Platform²

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1. Santander Consumer Finance (SCF) with presence in Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden and Switzerland.

2. Creation of Santander Global Platform (SGP) to accelerate progress towards the best open financial services platform. Our digital services are consolidated under a single unit - Openbank and Open Digital Services (ODS) - Global Payments Services - Digital Assets.
1.3 A unique business model

Santander is a retail bank with a unique business model based on three pillars.

### Our scale
Local scale and global reach.
- Local scale based on three geographic regions, where we maintain a leadership position in our 10 core markets.
- Global reach backed by our global businesses, enabling greater collaboration across the Group to generate higher revenue and efficiencies.

### Customer Focus
Unique personal banking relationships strengthen customer loyalty.
- We serve 146 million customers, in markets with a total population of more than one billion people.
- We have over 100,000 people talking to our customers every day in our c.12,000 branches and contact centres.

### Diversification
Our geographic and business diversification make us more resilient under adverse circumstances.
- Geographic diversification in three regions, with a good balance between mature and developing markets.
- Global businesses that strengthen our local franchises.
- Santander Global Platform supports the digital transformation across the Group.

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1. In Spain, SCF, UK, Portugal, Poland, Mexico, Brazil, Chile and Argentina. Market share in lending as of Dec-19 including only privately-owned banks. UK benchmark refers to the mortgage market.
2. NPS – Customer Satisfaction internal benchmark of active customers’ experience and satisfaction audited by Stiga / Deloitte.
1.4 Group’s medium-term strategy

The Group’s medium-term strategy is based on three main pillars to drive profitable growth in a responsible way.

**Improve operating performance**
- **Europe**: Building one European banking platform, with enhanced profitability.
- **North America**: Investing together to improve commercial capabilities.
- **South America**: Natural reweighting and high profitable growth opportunity.

**Optimise capital allocation**
- **Rebalancing** to more profitable regions and businesses.
- **Improved** pricing, processes and governance.
- **Active** management and senior team alignment.

**Accelerate digitalisation**
- **Accelerate the digital transformation of** our core banks.
- **Accelerate digitalisation through** Santander Global Platform.

**Continue building a more Responsible Bank**
1.5 Q1’20 highlights

Our business model and our track record executing our strategy support the delivery of our mid-term goals while we are building a Responsible Bank.

**Growth**

▲ **Steady growth in volumes YoY** (loans +7%, deposits +6%).

▲ **Pick up in March**: loans +EUR 26 bn and deposits +EUR 24 bn. New lending exceeded typical monthly levels, driven by corporates and SCIB.

▲ **Our digital products and services have been more important than ever**: strong quarterly increase in our digital customer base (+1.5 mn) and digital sales stood at 43% of the total sales in March.

▲ **Accesses and transactions** grew +23% and +22% YoY.

**Profitability**

▲ **Q1’20 underlying attributable profit** of EUR 1,977 mn (+8% YoY), driven by increased revenue, cost control and stable cost of credit. Delivered a solid underlying RoTE of 11.1%.

▲ **Q1’20 attributable profit** of EUR 331 mn, affected by a provisions overlay of EUR 1,600 mn related to COVID-19.

**Strength**

▲ **Credit quality maintained in Q1’20**: NPL ratio (3.25%), Coverage ratio (71%) and Cost of credit (1.00%).

▲ **Mar-20 CET1 ratio: 11.58%**: Continued organic generation and dividend measures reinforced the ratio (+36 bps). However, significantly affected by strong increase in volumes, together with regulatory, corporate transactions and markets impacts.

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1. Santander at a glance

Data as at 31 March 2020.
Note: Changes in constant euros.
1. 1.6 Group subsidiary governance model

Our model of autonomous subsidiaries, in liquidity and capital, limits the possibility of contagion between the Group’s units, reducing systemic risk.

The Group–subsidiary governance model enhances control and oversight through:

- **Presence** of Group Santander in the subsidiaries’ boards of directors establishing guidelines for board dynamics and effectiveness.
- **Reporting** of the CEO/country heads to the Group CEO/regional heads and Group executive committee.
- **Interaction** between the Group and subsidiaries control, management and business functions.

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1. First executive.
2. Second executive.
3. Europe, North America and South America, reporting to Group CEO.
A balanced Group – subsidiary model adding value to the sum of the parts.

- **Best practices and talent sharing** across the whole Group and among subsidiaries is key to our success.
- **Multiple point of entry structure** that has been demonstrated to be a key resilience instrument and is a result of our diversification strategy.
- **Continuous collaboration and day-to-day interaction** between local and corporate teams.
- Enabling the identification of synergies and economies of scale across the Group.
- A common set of corporate frameworks and policies across the Group adapted to our local markets’ conditions.
- Definition and implementation of new initiatives, both at Group and local levels, to keep developing our management and control model.

Consistent governance across the Group following the subsidiary governance model.
1.8 Shareholder base

4 million shareholders worldwide support our strategy.

Shareholders

4,043,974

Shares

16,618,114,582

Americas 21.09%
Europe 77.64%
Rest of the world 1.27%

40.71% Retail shareholders
58.19% Institutional investors
1.10% Board of directors

1. Shares whose ownership or representation are held by administrators. Data as at March 2020.
1.9 Share performance

Increasing the gap vs the Eurozone bank index since the Investor Day 2015.

Source: Bloomberg from 30 September 2015 to 29 May 2020.
1.10 Dividends

New policy following the ECB recommendation.

Following the ECB recommendation urging financial institutions, given the uncertainty resulting from the COVID-19 emergency, to preserve capital by cancelling the payment of dividends against 2019 and 2020 earnings, Banco Santander has decided to cancel the final dividend charged against 2019 earnings and hold a further general shareholders meeting expected in October 2020, to consider a dividend payment if the uncertainties relating to the COVID-19 crisis are resolved.

The Group, even before the ECB’s announcement, had agreed to cancel the interim dividend charged against 2020 earnings and to suspend its decision on 2020 dividends until there is more clarity regarding the impact of the crisis.

This decision was taken to ensure the Bank has as much flexibility as possible to allow it to maximise lending and support businesses and individuals affected by the COVID-19 pandemic.
2 Corporate governance
2. Corporate governance

Diversified and well-balanced shareholder base

- For more information see page 12.

Effective engagement with our shareholders

- Physical General Shareholders’ Meetings, with online participation permitted. Exceptionally, due to the COVID-19, the 2020 AGM was held through remote means of attendance only.
- High participation
  AGM quorum
  2018: 64.55%  
  2019: 68.51%  
  2020: 65%
- Commitment to quality of information.
- Update of our policy on communication and engagement with shareholders and investors.
- Transparency of remuneration with performance metrics aligned with shareholder interest.

Effective board of directors

- Majority of independent directors.
- Balanced, qualified and diverse composition in the boardroom.
- Separate and complementary roles of Chairman and CEO, and leadership of our lead independent director.
- Strong committee structure supporting the board.
- Good long-standing practices in corporate governance embedded in our Board Regulations.

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

- Publicly communicated responsible banking targets.
- Thematic responsible banking, sustainability and culture committee in full coordination with the other committees.

2.1 As a responsible bank we have clear, robust governance

This is key for guaranteeing a sustainable business model over the long term. Best practices on robust governance are channelled to all subsidiaries.
2.2 Board composition

Strong commitment to ensuring ongoing board effectiveness, balanced tenure and diversity.

**Number of directors**

15

Directors are appointed for a **3-year term**

1/3 of the board is put for re-election each year.

**Geographical diversity**

Spanish, US, Portuguese, Brazilian and British.

**Directors**

from 5 nationalities

**Percentage of women on the board**

40%

40% to 60% new gender equality target for 2021.

**Independent board members**

60%

3.69 average years on board vs 11.1 years in 2011.

Data as at May 2020.
2.3 Board members

Majority of independent directors (60%) which ensures the board’s independence criteria.

* The nominations committee of Banco Santander, S.A. has proposed R. Martin Chávez as a new independent director. Mr. Chávez will replace Esther Giménez-Salinas who will be stepping down having served on the board for eight years. Mr. Chávez will also join the remuneration committee, risk supervision, regulation and compliance committee, and innovation and technology committee, with his appointment subject to the usual regulatory approvals. It is expected that his appointment will be submitted for approval at the general shareholders meeting that will likely take place in October 2020.
Adequated board refreshment

The following directors have been appointed in recent years:

- **Mr. R. Martin Chávez**
  - Appointment subject to regulatory approvals. It is expected that his appointment will be submitted for approval at the general shareholders meeting that will likely take place in October 2020.
  - **Independent**. Extensive experience in the financial sector at a global level and also in the IT sector, adding further to the board's digital expertise.

- **Mr. Sergio Rial**
  - Appointed in 2020
  - **Executive**. Extensive experience in the banking and financial sector, deep knowledge of the Latin American market and valuable vision on environmental and social issues.

- **Mr. Luis Isasi Fernández de Bobadilla**
  - Appointed in 2020
  - **Other external**. Strong track record in financial services, both in commercial and investment banking, and capital markets, and a broad experience in international markets.

- **Mrs. Pamela Ann Walkden**
  - Appointed in 2019
  - **Independent**. Broad experience in the banking industry and a significant international and audit experience, supporting her recognition as financial expert.

- **Mr. Henrique de Castro**
  - Appointed in 2019
  - **Independent**. Broad experience and strategic insights in the technological and digital industry, and an outstanding international experience.

- **Mr. Álvaro Cardoso de Souza**
  - Appointed in 2018
  - **Independent**. Broad international banking experience, solid understanding of strategy and risk management related-matters, and useful knowledge in sustainability matters.

Greater transparency and improved disclosure of information

In 2018, we took a significant leap forward in terms of disclosure with our redesigned annual report. In 2019, we continued our improved disclosure in corporate governance, including, for the first time, the activities reports of the responsible banking, sustainability and culture and the innovation and technology committees. We have also added even more information on the skills and diversity of our directors, not only at board level, but in each board committee.

Gender equality within the Board

In February 2019, we replaced our target for the representation of women on our board from 30% to the new target of 40-60% by 2021. We have already achieved this new target.

Improvements in succession processes

In 2020, we have approved revised versions of our succession policy for managerial roles throughout the Group and our policy for the selection, suitability assessment and succession of directors. The changes aim to ensure that we continue to build strong talent pipelines for each function and to establish diversity as a priority.

Board responsible banking, sustainability and culture committee

New committee created in June 2018 to intensify the board’s involvement in the development of corporate culture and its commitment to responsible business practices in relation to diversity, inclusion and sustainability.
2.5 Corporate governance framework

Our strong commitment to continuously strengthening our corporate governance framework is key to successfully fulfilling our mission of becoming a more responsible Bank in an era of disruption.

Shareholders are at the top of the decision making process

Balanced composition of board and committees

- **Board of directors**
  - Executive: 20%
  - Independent: 60%
  - Other external: 20%

- **Remuneration committee**
  - Executive: 75%
  - Independent: 25%

- **Executive committee**
  - Executive: 33.33%
  - Independent: 50%
  - Other external: 16.67%

- **Nominations committee**
  - Executive: 75%
  - Independent: 25%

- **Risk supervision, regulation and compliance committee**
  - Executive: 80%
  - Independent: 20%

- **Innovation and technology committee**
  - Executive: 33.33%
  - Independent: 66.67%

- **Audit committee**
  - Executive: 100%
2.6 Separated roles and responsibilities

A clear separation of the roles of the chairman, CEO and LID is key in our governance structure.

Role of Group executive chairman

The chairman is the highest-ranking officer of the Bank and the main Group representative vis-à-vis the regulators, authorities and other major stakeholders.

The chairman’s direct reports are the CEO and the senior managers in charge of long-term strategy of the Bank (such as Corporate Development), the corporate functions (such as Communications and General Secretariat) and control (including Risk and Internal Audit) and those areas not directly related to the day-to-day management of the business.

The chairman also leads the appointment and succession planning of the senior management of the Bank.

Role of chief executive officer

The chief executive officer is entrusted with the day-to-day management of the business.

Accordingly, the chief executive officer’s direct reports are the senior managers in charge of the businesses (heads of the regional – Europe, North America and South America – and global businesses) and of the functions supporting the business (such as finance, financial control and IT & operations).

Role of lead independent director

Engages with shareholders and other investors with the purpose of gathering information on their concerns, in particular, with regard to the Bank’s corporate governance.

Facilitates discussion and open dialogue among the independent directors, including by coordinating meetings of non-executive directors and generally engaging with them to canvass their views.

Directs the regular assessment of the chairman of the board of directors and coordinates her succession plan.

Replaces the chairman in the event of absence and has key rights like the ability to call board meetings under the terms set down in the Rules and regulations of the board of directors.

Chairs the nominations committee and plays a key role in Governance.
2.7 Board skills and diversity matrix

Our board composition ensures the right balance of knowledge, capabilities, qualifications, diversity and experience.

<table>
<thead>
<tr>
<th>SKILLS AND EXPERIENCE</th>
<th>Executive</th>
<th>Independent</th>
<th>Other external</th>
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<tbody>
<tr>
<td>THEMATIC SKILLS</td>
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<tr>
<td>Banking (86.7%)</td>
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<td>Other financial services (66.7%)</td>
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<tr>
<td>Accounting, Auditing &amp; Financial Literacy (93.3%)</td>
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<tr>
<td>Retail (93.3%)</td>
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<td>Risk management (86.7%)</td>
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<tr>
<td>Business strategy (93.3%)</td>
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<td>Responsible business &amp; Sustainability (80%)</td>
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<td>HR, Culture, Talent &amp; Remuneration (93.3%)</td>
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<td>Legal &amp; Regulatory (20%)</td>
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<td>Governance &amp; Control (86.7%)</td>
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<td>International experience</td>
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<td>Continental Europe (86.7%)</td>
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<td>US/UK (100%)</td>
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<td>Latam (73.3%)</td>
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<td>Others (46.7%)</td>
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<td>HORIZONTAL SKILLS</td>
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<td>Top management (93.3%)</td>
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<td>Government, Regulatory &amp; Public Policy (20%)</td>
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<td>Academia &amp; Education (46.7%)</td>
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<td>Significant directorship tenure (93.3%)</td>
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<td>DIVERSITY</td>
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<td>Female (40%)</td>
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<td>Geographical provenance*</td>
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<td>International education</td>
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<td>Continental Europe (73.3%)</td>
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<td>US/UK (66.7%)</td>
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<td>Latam (13.3%)</td>
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<td>Others (6.7%)</td>
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<td>BOARD TENURE</td>
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<td>0 to 3 years (40%)</td>
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<td>4 to 11 years (40%)</td>
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<td>12 years or more (20%)</td>
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</table>

Data as at July 2020. * Our nominations committee has proposed that Ms Gimenez-Salinas is replaced by Mr Martin Chávez, subject to the usual regulatory approvals. It is expected that his appointment will be submitted for approval at the general shareholders meeting that will likely take place in October 2020.
2.8 Board assessment and directors' succession plan

Annual assessment of the board to achieve our objectives and solid succession planning which guarantees the stability of our business.

**Board assessment**

- Annual assessment of the board.
- External assessment at least once every three years.
- 2019 self-assessment scope:
  - Functioning of the board and all committees.
  - Performance of the executive chairman, the chief executive officer, the lead independent director, the secretary of the board and each director.
- The directors acknowledged the significant positive efforts to date to enhance meeting management and quality of information provided, enabling directors to focus on key strategic and business issues and constructively challenge management.

**Succession plan**

- Succession planning for the main directors is a key element of the Bank’s good governance, ensuring an orderly leadership transition whilst maintaining continuity and stability of the board.
- Board succession planning continues to be a key area for the nominations committee and the board, with appropriate and robust plans in place that are regularly revisited.
### 2.9 Action plan for 2019

As a result of the self-assessment, in February 2019, the board approved an action plan with improvements in the following areas.

<table>
<thead>
<tr>
<th>Action</th>
<th>How we have delivered</th>
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<tbody>
<tr>
<td>▲ Strengthen the composition of the board with international experience and experience in technology, sustainability and environmental matters.</td>
<td>▲ Priority areas of desired expertise have been incorporated into board succession and recruitment planning. The Board nomination committee will continue to review potential candidates to enhance overall skills as part of its ongoing work.</td>
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<td>▲ Enhance director’s induction and development programme.</td>
<td>▲ Engagement with regional executives and site visits to the Group’s main geographies have been included in the induction programme for new directors. Also a more solid ongoing development programme for directors has been put in place.</td>
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<tr>
<td>▲ Review the board’s annual agenda to ensure appropriate scheduling and time allocation to business strategy and to review the Bank’s major risks.</td>
<td>▲ Thematic forward looking agenda has been successfully implemented for the audit, risk, nomination and remuneration board committees. Learning and disciplines will be shared with the remaining committee chairs to implement as appropriate.</td>
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<td>▲ Consider increasing the frequency of the meetings of the responsible banking committee and greater coordination with countries.</td>
<td>▲ The committee has concluded that the number of meetings per year envisaged (4) is appropriate, although frequency could be flexible if business needs require it. Guiding principles for subsidiaries have been established to ensure that the responsible banking agenda is embedded across the Group.</td>
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<td>▲ Continue to provide opportunities for the Board to interact with the executive team and strengthen relations.</td>
<td>▲ The Board and the executive team have been provided with a number of opportunities to engage outside the boardroom (e.g. Board dinners regularly held with the wider executive team, Young Leaders Programme and Board’s visit to Mexico).</td>
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<td>▲ Continue to focus on gender diversity.</td>
<td>▲ With a view to driving gender diversity, all proposed appointments are now accompanied by a diversity impact analysis as part of the suitability assessment. The Group subsidiaries shall also ensure their respective boards remain focused on composition with a view to enhance gender diversity, in line with the Group’s target.</td>
</tr>
</tbody>
</table>
2.10 Action plan for 2020

As a result of the self-assessment, in February 2020, the board approved an action plan with improvements in the following areas.

Structure of the Board
- Consider strengthening the board composition to increase its experience in financial and auditing, technology and coverage of Latam and Mexican markets.

Organisation and functioning of the board
- Continue to monitor the proper balance between the mandatory regulatory agenda and business topics and the continued quality of board and board committee papers covering material matters and associated analysis, distributed sufficiently in advance.
- Continue to develop directors’ ongoing training, development and knowledge refreshment programs.

Board dynamics and internal culture
- Continue to provide dynamic and agile opportunities, inside and outside the boardroom, for the board to develop its interaction with senior executives and broader talent.

Board committees
- Keep the current composition of the executive committee under review, taking into account the proposal to reform the good governance recommendation to have an executive committee aligned with the composition of the board.
- Further optimise the role and functioning of the board innovation and technology committee given the complementary work of the International Advisory Board and keep under review the coordination mechanisms between their respective roles.
3 Remuneration policy
3.1 Board of directors’ remuneration

The director remuneration policy is submitted each year as a separate point of the agenda at the General Meeting of Shareholders. In 2020 it received the support of 94.40% of votes.

General lines

- Remuneration of directors is based on the positions held by the directors on the collective decision-making body, membership and attendance of the various committees, and such as other objective circumstances that the board may take into account.

- The components of the remuneration are:

  - Attendance fees
  - Annual allotment
  - Executive fixed components
  - General lines

Executive fixed components

- Consistent with the level of responsibility within the Bank with the goal of retaining professionals and attracting the best talent.

- The board resolved that Ms Ana Botín, Ms José Antonio Alvarez and Mr Rodrigo Echenique would maintain their same gross annual salaries for 2020 as in 2019.

- Benefits systems: Defined contribution plans (including fixed and variable components).

- Fixed salary supplement (as a replacement for the previous disability supplementary benefits).

- Social welfare benefits proportion of their total compensation.

- Non executive directors have reduced their fees from April 1st for the remainder of 2020.

- Executive Chairman and CEO have committed to a 50% reduction in pay, between salary and bonus, in 2020.
3.2 Executive directors' remuneration

Annual bonus for executive directors subject to meeting financial and non-financial targets.

Executive variable remuneration

**Aligned with our strategic goals**

▲ Annual bonus determined by both financial and non-financial metrics, with 80% of them being shareholder-related metrics, and 20% customer-related metrics. Performance is assessed both quantitatively and qualitatively to ensure that how we achieve our financial results is as important as what financial results we achieve.

▲ Long-term targets related to earning per share (EPS) growth, relative total shareholder return (TSR) and regulatory capital (CET1).

**Alignment with shareholder interests**

▲ 50% of all variable remuneration is in shares.

▲ Shareholding policy: 200% net tax amount of gross salary.

▲ 60% of variable remuneration is deferred over a 5-year period, with share based payments subject to a one year holding period after vesting.

**Alignment with regulatory requirements**

▲ Including malus and clawback policy.
3.3 Executive variable remuneration scheme

Variable remuneration is deferred over five years.

- Variable remuneration is paid **50% in cash 50% in shares**.
- **40%** of the incentive is paid in the following year and the deferred portion (**60%**) in five equal parts over the next five years.
- The last three payments are additionally subject to long-term objectives.

### 2019 variable remuneration for executive directors (structure)

- **Immediately following performance year**: 2020 - 40%, 2021 - 12%, 2022 - 12%, 2023 - 12%, 2024 - 12%, 2025 - 12%
- **Deferred (malus)**: 2020 - 40%, 2021 - 12%, 2022 - 12%, 2023 - 12%, 2024 - 12%, 2025 - 12%
- **Long-term performance deferral**: 2020 - 40%, 2021 - 12%, 2022 - 12%, 2023 - 12%, 2024 - 12%, 2025 - 12%

<table>
<thead>
<tr>
<th>Year</th>
<th>Immediate</th>
<th>Deferred</th>
<th>Long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>12%</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
3.4 Executive directors’ remuneration

Executive directors’ remuneration is aligned with shareholder interests.

### Total remuneration as % of underlying attributable profit

- **2013**: 0.52%
- **2014**: 0.41%
- **2015**: 0.41%
- **2016**: 0.39%
- **2017**: 0.37%
- **2018**: 0.32%
- **2019**: 0.29%

### Variable remuneration as % of cash dividends

- **2013**: 1.17%
- **2014**: 1.17%
- **2015**: 0.65%
- **2016**: 0.60%
- **2017**: 0.56%
- **2018**: 0.44%
- **2019**: 0.34%
4 Risk management and control
4. Risk management and control

4.1 Risk principles

Aligned with the Group’s business model, enabling us to fulfill our strategic goals

1. A strong risk culture (Risk Pro), as part of ‘The Santander Way’, which is followed by all employees, covers all risks and promotes socially responsible management that contributes to Santander’s long-term sustainability.

2. All employees are responsible for managing risk. They must be aware of, and understand, the risks generated in their day-to-day activities, avoiding risks where the impacts are unknown or exceed the Group’s risk appetite limits.

3. Engagement of senior management, ensuring consistent management and control of risk through their conduct, actions and communication.

4. Independence of the risk management and control functions consistent with our three lines of defence model.

5. A forward-looking and comprehensive approach to risk management and control across all businesses and risk types.

6. Complete and timely information management, enabling risks to be appropriately identified, assessed, managed and reported to the corresponding level.

Are the cornerstone of our risk management and control model.
4.2 Risk processes and tools

Risk management and control processes supported by solid advanced risk management tools.

Sound risk management and control processes

**Planning**
Is the process of setting business objectives considering the levels of risk that the business is willing and able to accept.

**Assessment**
To determine likelihood, impact and materiality of risks.

**Monitoring**
An essential business-as-usual activity to detect any deviation from plans.

**Reporting**
The risk reporting process includes the production and submission of accurate and relevant management information.

**Identification**
Risk identification is a key component of effective risk management and control.

**Decision-making & execution**
Decisions are required to manage the business’s risk profile within the limits agreed.

**Mitigation**
If performance deviations are detected, mitigation actions are considered to bring performance back within acceptable levels.

Advanced risk management tools

The Group carries out the identification and assessment of the various risks that it is exposed to.

**Risk Profile Assessment (RPA)**
Definition of the amount and type of risks that are considered prudent to assume.

**Risk appetite & structure of limits**
Analysis of impacts triggered by different scenarios, in which the Group operates, to assess its resilience and identify mitigating actions.

**Scenario Analysis**
Complete, precise and recurring information.

**Risk Reporting Structure**
4.3 Risk governance

Our strong governance framework continuously pursues the effective management and control of the risk profile, clearly separating both functions.

Underpinned by our three-lines-of-defence model

1st Line

Businesses and all other functions that originate risks make up the first line of defence.

2nd Line

Risk and Compliance & Conduct functions. Their role is to provide independent oversight and challenge to the risk management activities performed by the first line of defence.

3rd Line

The Internal Audit function, which regularly assess policies, methodologies and procedures to ensure they are appropriate and effectively implemented for the management and control of all risks.

With a robust structure of management and control orientated committees

- Board of directors
  - Risk Management
  - Risk Control
- Risk supervision, regulation and compliance committee
- Executive risk committee Chair: CFO
- Executive committee
- Risk control committee Chair: Group CRO

1. Non-exhaustive. Extracted and adapted from Corporate Risk framework.
Responsible banking
5.1 Responsible and sustainable governance

Everything we do should be Simple, Personal and Fair.

**Challenge I**

**New business environment**
Ensuring we have the right culture, skills, governance, digital and business practices to meet stakeholders’ expectations. A bank that aspires to be Simple, Personal and Fair.

**Challenge II**

**Inclusive and sustainable growth**
Supporting small businesses to create new jobs and helping people access finance, supporting finance the low-carbon economy and fostering sustainable consumption. Delivering our purpose.

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**Culture steering**

**Inclusive and sustainable banking steering**

- **Board of directors**
- **Board of responsible banking, sustainability & culture committee (RBSCC)**
- **Corporate responsible banking unit**
- **Responsible banking network in countries and global areas (Risk, SCIB, SCF, WM, Openbank and Digital)**
5.2 Challenge I

New business environment.

**Risk culture**

As a bank, managing all risks, including cyber, is an essential part of our daily business. We have a robust risk management model and risk culture to ensure we operate in a prudent and responsible way.

93% of employees claim that they are able to identify and feel responsible for the risks they face in their daily work.¹

**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.

**Responsible procurement**

Our suppliers are assessed against our Principles of Responsible Behaviour for Suppliers which establish the minimum principles that we expect in the areas of ethics and conduct, social matters and the environment. These principles are aligned with the ten principles of the Global Compact and ensure we operate in a sustainable way throughout our operations.

**Strong corporate culture**

The Santander Way defines our purpose, our aim and how we do business, by being Simple, Personal and Fair in everything we do. We proactively foster speaking up, simplification and collaboration across the Group.

83% of employees feel motivated to contribute to building a bank that is Simple, Personal and Fair.¹

**Talented and motivated team**

The more prepared and motivated our workforce is, the stronger their commitment to helping people and businesses prosper will be. Our workforce is fully inclusive in terms of expertise, gender and cultural diversity.

86% of employees feel proud to work for Santander.¹

**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.

Top 3 in NPS in 6 countries.²

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5.3 Challenge II

Inclusive and sustainable growth.

2 mn people financially empowered.

1.6 mn people helped.

18.6 bn Green finance raised or facilitated.

EUR 1bn Santander’s first green bond issuance.

EUR 277mn in outstanding credit to micro-entrepreneurs at the end of 2019.

(+73% vs 2018)

68,671 beneficiaries of scholarships, internship and entrepreneurship programmes. We have been recognised as the company that invests most in education in the world.

Top 1 bank for renewables financing

8,036 MW of renewable energy financed.

Activity in 2019.
1. Microentrepreneurs are already included in the people financially empowered metric.
2. Fortune 500 Change the World report.
3. As indicated by Dealogic and Bloomberg New Energy Finance league tables for project financing within the Lead Arranger category.
### 5.4 Our commitments to build a more responsible bank

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 company to work for(^1)</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women on the board</td>
<td>33%</td>
<td>40%</td>
<td>40% - 60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in senior leadership positions(^2)</td>
<td>20%</td>
<td>22.1%</td>
<td>30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equal pay gap(^3)</td>
<td>3%</td>
<td>2%</td>
<td>~0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financially empowered people(^4)</td>
<td>2.0 mn</td>
<td>10 mn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green finance raised and facilitated(^5) (EUR)</td>
<td>19 bn</td>
<td>120 bn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity used from renewable energy sources(^6)</td>
<td>43%</td>
<td>50%</td>
<td>60% - 100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Becoming carbon neutral in our own operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Unnecessary single use plastic reduction free in corporate buildings and branches</td>
<td>75%</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarships, internships and entrepreneurship programmes(^7)</td>
<td>69,000</td>
<td>200,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People helped through our community programmes(^8)</td>
<td>1.6 mn</td>
<td>4 mn</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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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. Financially empowered people (mostly unbanked and underbanked), through products and services and social investment initiatives, to get 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 220 bn. 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).
5.5 Corporate policies

The human rights policy, the general sustainability policy and the corporate culture policy were newly approved by the Board in December 2019.

Corporate frameworks policies and principles

1. All corporate policies, principles and frameworks are accessible to employees in our single global portal, ensuring strong governance and consistency across the Group.
5.6 Climate change related policies and progress

Our policies prohibit worldwide financing of certain activities and require enhanced due diligence for certain high-impact activities:

- New thermal coal mine projects
- New coal power plants projects
- New customers with thermal coal mine projects
- New customers with coal-fired power plants

The outcome of our commitment to align ourselves to the Paris agreement:

- In 2019 Santander started implementing measures to fulfil the Collective Commitment on Climate Action, participating in the Paris Agreement Capital Transition Assessment (PACTA) pilot led by 2º Investment Initiative.

- Initial analysis shows that against today’s Corporate economy our portfolio compares favourably - in fossil fuels with lower coal exposure, and in power with a high exposure to renewables energy.

- Our portfolio projected to 2024 is broadly in line with the mix of technologies in the International Energy Agency (IEA) scenarios to align to Paris targets.

- Our exposure to fossil fuel financing is low compared to peers; placed in 29 out of 35 large global banks in absolute terms in financing fossil fuels and 33 out of 35 as a relative measure of total credit provided (BankTrack 2020).

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 IEA to identify Paris aligned transitions paths.
5.7 Results from the Paris Agreement

Capital Transition Assessment (PACTA) pilot led by 2º Investment Initiative.

1. 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.
5.8 Independent recognition for our progress

Banco Santander included in the Dow Jones Sustainability Index since 2000. The index assesses economic, environmental and social impact of over 175 banks globally. In 2019 Santander achieved the highest global ranking in the banking sector and was awarded an overall score of 86 out of 100.

Banco Santander is also listed on the FTSE4Good index since 2003. As of December 2019 absolute ESG score of 4.0 points (five being the maximum score), above the banking sector average of 2.8 points.

Santander’s ESG rating profile has shown a notable improvement, moving from a position of 22nd in the sector in December 2016 to 5th in 2019. Vigeo Eiris has recognised upward trends in four areas of performance: Environment, Human Rights, Community Involvement and Corporate Governance.

Santander leads the 2020 Bloomberg Gender-Equality Index out of 322 companies analysed, for the third year. The index is focused on several metrics like equal pay & gender parity, inclusivity and female leadership & talent.

Santander’s sustainability performance is also rated by Sustainalytics, ISS-ESG, CDP, and MSCI.

In 2019 Santander received Top Employers Europe 2019 certification which acknowledges the working conditions companies create for their employees.

We have also 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.
Covid-19
Since the beginning of the crisis we have been monitoring the situation and executing the necessary protocols.

As a responsible bank, we have implemented specific measures to support our stakeholders.

**Strong Group Governance**
- has been demonstrated with close coordination within corporate areas and across countries.

**We are also taking a number of steps to protect and support our customers and society as a whole.**

**Robust Santander T&O**
- has allowed us to continue running the Bank and serving our customers remotely with high standards.

**Continuous monitoring of business activity indicators**
- to assess portfolio deterioration.
We have progressively adopted measures in all our markets across four dimensions.

- **Health & Contagion Prevention**
  - Large scale telecommuting & branch closure strategy.

- **Business Preventive Plans**
  - Implementing and adapting them to the current situation.
  - Plans that we have for operational issues, identifying critical services, people, buildings and suppliers, etc.

- **Communication Plans**
  - We have published information through our internal and external channels.
  - To keep our people, customers, shareholders and investors informed at all times.

- **Risk & Financial Preparedness**
  - Anticipating changes in the risk profile & defining strategies to mitigate negative impacts is key to preserving our solid position, particularly in terms of capital and liquidity.

- **Anticipating changes in the risk profile & defining strategies to mitigate negative impacts is key to preserving our solid position, particularly in terms of capital and liquidity.**
6.3 Covid-19

We are also taking care of society as a whole: EUR 100 mn has been dedicated to the fight against COVID-19.

All Together. Now.

**Santander has pulled together EUR 54 mn** to provide essential equipment and materials to support the global effort to fight the pandemic.

- **Resources** come from senior management salary reductions & board compensation; direct donations from the Bank and employee donation funds.
- **Donation channels and tools** to facilitate collaboration with customers and society in general. Working in collaboration with non-governmental organisations that work to help the most vulnerable groups.

**Support vulnerable communities**

- **Some local units (US and the UK) have devoted EUR 16 mn** to support vulnerable communities specifically impacted by COVID-19.

**Santander universities**

- **Santander Universities: EUR 30 mn** to support the response of universities to the COVID-19 crisis, whether in health, education or social issues; promote online education; and mobilise the entrepreneurial community to identify solutions to social challenges posed by COVID-19.

**Digital solutions**

- "**Overcome Together**", a resource centre which contains information and resources to help support the fight against coronavirus. (Live in Spain, Portugal, Brazil, Mexico, Chile and Argentina).
- **Self-diagnosis app** to manage the impact of the virus among the population. Working with the Mexican Government, supporting the Spanish Government with Telefonica’s solution and collaborating with Poland, Portugal and Argentina.

Note: Data as at March 2020.
Annexes
7.1 Our board - resumes

Ms Ana Botín-Sanz de Sautuola y O’Shea
Group executive chairman
Executive director
Joined the board in 1989
Board attendance in 2019: 100%

▲ Education: Degree in Economics from Bryn Mawr College (Pennsylvania, United States).
▲ Experience: She joined Banco Santander after working at JP Morgan (New York, 1980-1988). In 1992 she was appointed senior executive vice president. Between 1992 and 1998 she led the expansion of Santander in Latin America. In 2002, she was appointed executive chairman of Banco Español de Crédito, S.A. Between 2010 and 2014 she was chief executive officer of Santander UK. In 2014 she was appointed executive chairman of Santander.
▲ Other positions of note: Member of the board of directors of The Coca-Cola Company. She is also founder and chairman of the CyD Foundation (which supports higher education) and of the Empieza por Educar Foundation (the Spanish subsidiary of the international NGO Teach for All) and she sits on the advisory board of the Massachusetts Institute of Technology (MIT).

▲ Positions in other Group companies: (non-executive in all cases and director unless otherwise indicated): Santander UK plc., Santander UK Group Holdings plc., Universia España, Red de Universidades, S.A. (chairman), Universia Holding, S.L. (chairman), Santander Holdings USA, Inc. and of Santander Bank, N.A.
▲ Membership of board committees: Executive committee (chairman), innovation and technology committee (chairman), and responsible banking, sustainability and culture committee.

Mr José Antonio Álvarez Álvarez
Vice chairman & chief executive officer
Executive director
Joined the board in 2015
Board attendance in 2019: 100%

▲ Education: Graduate in Economics and Business Administration. MBA from the University of Chicago.
▲ Experience: He joined Santander in 2002 and was appointed senior executive vice president of the Financial Management and Investor Relations division in 2004 (Group chief financial officer). He also served as director at SAM Investments Holdings Limited, Santander Consumer Finance, S.A. and Santander Holdings US, Inc. He also sat on the supervisory boards of Santander Consumer AG, Santander Consumer Bank GmbH and Santander Bank Polska, S.A. He was also a board member of Bolsas y Mercados Españoles, S.A. (BME).
▲ Other positions of note: None

▲ Positions in other Group companies: (non-executive in all cases and director unless otherwise indicated): Banco Santander (Brasil) S.A.
▲ Membership of board committees: Executive committee and innovation and technology committee.
7.1 Our board - resumes

Mr Bruce Carnegie-Brown
Vice chairman, Lead independent director
Non-executive director (Independent)
Joined the board in 2015
Board attendance in 2019: 94.44%

▲ **Nationality:** British. Born in 1959 in Freetown, Sierra Leone.
▲ **Education:** Master of Arts in English Language and Literature from the University of Oxford.
▲ **Experience:** He was non-executive chairman of Moneysupermarket.com Group plc (2014-2019), non-executive director of Jardine Lloyd Thompson Group plc (2016-2017), non-executive director of Santander UK Group Holding Ltd (2014-2017), non-executive director Santander UK, plc. (2012-2017), non-executive director of Aon UK Ltd (2012-2015), founder and managing partner of the listed private equity division of 3i Group plc., President and CEO of Marsh Europe. Furthermore, he was lead independent coordinating advisor to Close Brothers Group plc (2006-2014) and Catlin Group Ltd (2010-2014). Prior to that, he spent eighteen years at JPMorgan Chase and was at Bank of America for four years.
▲ **Other positions of note:** He is currently non-executive chairman of Lloyd's of London.
▲ **Positions in other Group companies:** Non-executive director of Santander UK, plc and of Santander UK Group Holdings plc.
▲ **Membership of board committees:** Executive committee, nominations committee (chairman), remuneration committee (chairman), innovation and technology committee.

Ms Homaira Akbari
Non-executive director (Independent)
Joined the board in 2016
Board attendance in 2019: 100%

▲ **Nationality:** North-American and French. Born in 1961 in Tehran, Iran.
▲ **Education:** Doctorate in Experimental Particle Physics from Tufts University and MBA from Carnegie Mellon University.
▲ **Experience:** She was non-executive director of Gemalto NV and of Veolia Environnement S.A., chairman and CEO of SkyBitz, Inc., managing director of TruePosition Inc., non-executive director of Covisint Corporation and US Pack Logistics LLC and she has held various posts at Microsoft Corporation and at Thales Group.
▲ **Other positions of note:** She is chief executive officer of AKnowledge Partners, LLC, non-executive chairman of WorkFusion, Inc., non-executive director of Landstar System, Inc. and independent director of Temenos, AG.
▲ **Positions in other Group companies:** None.
▲ **Membership of board committees:** Audit committee, innovation and technology committee and responsible banking, sustainability and culture committee.
7.1 Our board - resumes

Mr Javier Botín-Sanz de Sautuola y O’Shea
Non-executive director
Joined the board in 2004
Board attendance in 2019: 100%

▲ Education: Degree in Law from the Complutense University of Madrid.
▲ Other positions of note: In addition to his work in the financial sector, he collaborates with several non-profit organisations. Since 2014 he has been chairman of the Botín Foundation. He is also a trustee of the Princess of Girona Foundation.

Mr Álvaro Cardoso de Souza
Non-executive director
(Independent)
Joined the board in 2018
Board attendance in 2019: 87.5%

▲ Education: Degree in Economics and Business Administration from Pontificia Universidade Católica de Sao Paulo, Master of Business Administration (MBA-Management Program for Executives) from the University of Pittsburgh and a graduate of the Investment Banking Marketing Program from Wharton Business School.
▲ Experience: He has held various positions at the Citibank Group, including CEO of Citibank Brazil and various senior positions in the US with respect to the Consumer Finance, Private Banking and Latin American businesses. He was a member of the board of AMBEV, S.A., Gol Linhas Aéreas, S.A. and of Duratex, S.A. He has been chairman of WorldWildlife Group [WWF] Brazil, member of the board of WWF International and chairman and member of the audit and asset management committees of FUNBIO (Fundo Brasileiro para a Biodiversidade).
▲ Other positions of note: None.
▲ Positions in other Group companies: (non-executive in all cases and director unless otherwise indicated): Non-executive chairman of Banco Santander [Brasil] S.A.
▲ Membership of board committees: Risk supervision, regulation and compliance committee (chairman) and responsible banking, sustainability and culture committee.
7.1 Our board - resumes

Ms Sol Daurella Comadrán
Non-executive director (Independent)
Joined the board in 2015
Board attendance in 2019: 94.44%

- **Nationality:** Spanish. Born in 1966 in Barcelona, Spain.
- **Education:** Degree in Business and MBA from ESADE.
- **Experience:** She served on the board of the Circulo de Economía and also as an independent non-executive director at Banco Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A. She has also been the honorary consul general of Iceland in Barcelona since 1992.
- **Other positions of note:** She is chairman of Coca Cola European Partners, plc., executive chairman of Olive Partners, S.A. and holds several positions at companies belonging to the Cobega Group.
- **Positions in other Group companies:** None.

Mr Henrique de Castro
Non-executive director (Independent)
Joined the board in 2019
Board attendance in 2019: 100%

- **Nationality:** Portuguese. Born in 1965 in Lisbon, Portugal.
- **Education:** Degree in Business Administration from the Lisbon School of Economics and Management (Portugal) and Master’s Degree in Business Administration (MBA) from the University of Lausanne (Switzerland).
- **Experience:** He was independent director of First Data Corporation, and chief operating officer of Yahoo. Previously, he was the manager of the worldwide devices, media and platform business of Google, the sales and business development manager for Europe of Dell Inc. and a consultant at McKinsey & Company.
- **Other positions of note:** He is independent director of Fiserv Inc. and of Target Corporation.
- **Positions in other Group companies:** None.
- **Membership of board committees:** Audit committee, remuneration committee and innovation and technology committee.
7.1 Our board - resumes

Mr Rodrigo Echenique Gordillo
Non-executive director
Joined the board in 1988
Board attendance in 2019: 100%

▲ Education: Graduate in Law and State Attorney.
▲ Experience: From 1973 to 1976 he held several positions in the Spanish Public Administration (General Secretary of the Post and Telecommunications Office, Technical Advisor in the Office of the Spanish Prime Minister and other positions in the Spanish Tax Authority offices in Pontevedra and Madrid). Former chief executive officer of Banco Santander, S.A. between 1988 and 1994. He served on the board of directors of several industrial and financial companies, including Ebro Azúcares y Alcoholes, S.A. and Industrias Agrícolas, S.A., and was chairman of the advisory board of Accenture, S.A. He was also non-executive chairman of NH Hotels Group, S.A., Vocento, S.A., Vallehermoso, S.A. and Merlin Properties SOCIMI, S.A. He has also been non-executive chairman of Banco Popular Español, S.A.
▲ Other positions of note: He is currently a non-executive director of Inditex, S.A. and chairman of the board of trustees and the executive committee of the Banco Santander Foundation.
▲ Positions in other Group companies: (non-executive in all cases and director unless otherwise indicated): Universia Holding, S.L., Banco Santander International (vice-chairman), Universia España, Red de Universidades, S.A. and Banco Santander Chile, S.A.
▲ Membership of board committees: Nominations committee.

Ms Esther Giménez-Salinas i Colomer
Non-executive director (Independent)
Joined the board in 2012
Board attendance in 2019: 100%

▲ Education: PhD in Law and Psychologist by the University of Barcelona.
▲ Experience: She was chancellor of the Ramon Llull University, member of the Conference of Rectors of Spanish Universities (CRUE), member of the General Council of the Judiciary of Spain, member of the scientific committee on criminal policy of the Council of Europe, executive vice president of the Centre for Legal Studies and Specialised Training of the Justice Department of the Government of Catalonia and member of the advisory board of Endesa-Catalunya. She was director of Gawa Capital Partners, S.L.
▲ Other positions of note: Professor emeritus at Ramón Llull University, director of the Chair of Restorative and Social Justice at the Pere Tarrés Foundation, Special Chair of Restorative Justice Nelson Mandela of the National Human Rights Comission of Mexico, director of Agu (quality assurance agency for the Catalan university system), member of the Bioethics Committee of the Government of Catalonia and member of the advisory board of the Arbitral Court of Barcelona.
▲ Positions in other Group companies: None.
▲ Membership of board committees: Nominations committee, risk supervision, regulation and compliance committee and responsible banking, sustainability and culture committee.
7.1 Our board - resumes

Mr Luis Isasi Fernández de Bobadilla
Non-executive director
Joined the board in 2020

▲ Education: Degree in Economics and Business Administration and Master of Business Administration (MBA) from Columbia Business School.
▲ Experience: Having broad experience in the financial and securities market sector, Mr Luis Isasi began his career at Abengoa and then held various executive positions at JP Morgan in New York and First National Bank of Chicago in London. In 1987 he joined Morgan Stanley, where he was Managing Director of investment banking for Europe and, as from 1997, Chairman and Country Head in Spain, a position he left in February 2020. He has been a director of Madrileña Red de Gas, S.A. and of Sociedad Rectora de la Bolsa de Madrid, S.A.
▲ Other positions of note: He is an independent director at Grifols, S.A.
▲ Positions in other Group companies: (non-executive in all cases and director unless otherwise indicated): Santander España (chairman).
▲ Membership of board committees: Executive committee, remuneration committee, risk supervision, regulation and compliance committee.

Mr Ramiro Mato García-Ansorena
Non-executive director (Independent)
Joined the board in 2017
Board attendance in 2019: 100%

▲ Education: Degree in Economics from the Complutense University of Madrid and Management Development Programme of the Harvard Business School.
▲ Experience: He has held several positions in Banque BNP Paribas, including chairman of the BNP Paribas Group in Spain. Previously, he held several significant positions in Argentaria. He has been a member of the Spanish Banking Association (AEB) and of Bolsas y Mercados Españoles, S.A. (BME) and member of the board of trustees of the Fundación Española de Banca para Estudios Financieros (FEBEF).
▲ Other positions of note: None.
▲ Positions in other Group companies: None.
▲ Membership of board committees: Executive committee, audit committee, risk supervision, regulation and compliance committee and responsible banking, sustainability and culture committee (chairman).
7.1 Our board - resumes

Mr Sergio Rial
Executive director
Joined the board in 2020

- **Nationality:** Spanish and brazilian. Born in 1960 in Rio de Janeiro, Brasil.
- **Education:** Degree in Law and Economics and postgraduate studies from the Instituto Brasileiro do Mercado de Capitais, Insead, Harvard Business School and Wharton Business School.
- **Experience:** He joined the Group as chairman of the board of Banco Santander (Brazil), S.A. in 2015, in which he became chief executive officer (CEO) and vice-chairman in 2016. Since April 2019 he has also been regional head of South America for the Group. In the banking and financial sector, he held various executive positions in ABN Amro group between 1982 and 2004, including Chief Executive Officer for Asia and member for the global ExCo. He also held various executive positions at Cargill Inc. between 2004 and 2012, including executive vice-chairman, member of the board of directors and global chief financial officer. He has also been chief executive officer (CEO) at Seara Foods and Marfrig Global Foods and a director of Mosaic Fertilizers.
- **Other positions of note:** He is an independent director of Delta Airlines Inc. and non-executive chairman of Ebury Partners Limited.
- **Positions in other Group companies:** (non-executive in all cases and director unless otherwise indicated): Banco Santander (Brazil), S.A. (chief executive officer) and Banco Santander International.
- **Membership of board committees:** None.

Ms Belén Romana García
Non-executive director (Independent)
Joined the board in 2015
Board attendance in 2019: 100%

- **Nationality:** Spanish. Born in 1965 in Madrid, Spain.
- **Education:** Graduate in Economics and Business Administration from Universidad Autónoma de Madrid and Government Economist.
- **Experience:** She was formerly senior executive vice president of Economic Policy and senior executive vice president of the Treasury of the Ministry of Economy of the Spanish Government, as well as director of the Bank of Spain and the CNMV. She also held the position of director of the Instituto de Crédito Oficial and of other entities on behalf of the Spanish Ministry of Economy. She served as non-executive director of Banco Español de Crédito, S.A. and executive chairman of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).
- **Other positions of note:** Non-executive director of Aviva plc. London and of Aviva Italia Holding SpA, and member of the advisory board of the Rafael del Pino Foundation and of GFI España and co-chair of the Global Board of Trustees of the Digital Future Society.
- **Positions in other Group companies:** None.
- **Membership of board committees:** Executive committee, audit committee, risk supervision, regulation and compliance committee, innovation and technology committee and responsible banking, sustainability and culture committee.
7.1 Our board - resumes

Mrs Pamela Ann Walkden
Non-executive director (Independent)
Joined the board in 2019

- **Education:** Masters Degree in Economics from Cambridge University.
- **Experience:** She possesses extensive experience in the banking sector and has served in a number of senior management positions, predominantly at Standard Chartered Bank, including as Group Head of Human Resources, Chief Risk Officer, Group Treasurer, Group Head of Asset and Liability Management and Regional Markets, Group Head of Internal Audit, Group Head of Corporate Affairs and Group Manager of Investor Relations. In addition, she served as an independent member of the UK Prudential Regulation Authority (PRA) Regulatory Reform Panel and as a member of the European Banking Authority Stakeholder Group.
- **Other positions of note:** She is a Lay member of the Welfare and Ethics Committee of the Royal Veterinary College, London.
- **Positions in other Group companies:** None.
- **Membership of board committees:** Audit committee (chairman).

Mr Jaime Pérez Renovales
General secretary and secretary non-director of the board
He joined the Group in 2003

- **Nationality:** Spanish. Born in 1968 in Valladolid, Spain.
- **Education:** Graduate in Law and Business Administration at Universidad Pontificia de Comillas (ICADE E-3) and State Attorney.
- **Experience:** He was director of the office of the second vice president of the Government for Economic Affairs and Minister of Economy, deputy secretary of the Presidency of the Government, chairman of the Spanish State Official Gazzette and of the committee for the Public Administration Reform. Previously, he was general vice secretary and vice secretary of the board and head of legal of the Santander Group, general secretary and secretary of the board of Banco Español de Crédito, S.A. and deputy director of Legal Services at CNMV.
- **Secretary of all board committees.**
7.2 Board committees

Our board has seven board committees and one external advisory board.

### Board committees

- Executive
- Audit
- Nominations
- Remuneration
- Risk supervision, regulation and compliance
- Innovation and technology
- Responsible banking, sustainability and culture

### Comparison of number of meetings held

<table>
<thead>
<tr>
<th>Committee</th>
<th>Santander</th>
<th>Average Spain</th>
<th>US average</th>
<th>UK average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive committee</td>
<td>42</td>
<td>8.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Audit committee</td>
<td>13</td>
<td>8.6</td>
<td>8.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Nominations committee</td>
<td>12</td>
<td>6.5</td>
<td>4.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Remuneration committee</td>
<td>11</td>
<td>6.5</td>
<td>6.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Risk supervision, regulation and compliance committee</td>
<td>14</td>
<td>15</td>
<td>NA</td>
<td>5.8</td>
</tr>
</tbody>
</table>

1. Source: Spencer Board Index 2019 (Spain, United States and United Kingdom).
NA: Not available.
7.2 Board committees

Executive

It exercises by delegation all the powers of the board, except those which cannot be delegated pursuant to the law, the bylaws or the Rules and regulations of the board of directors.

Oversight of our executive committee is ensured through regular reports submitted to the board on the principal matters dealt with by the committee and by making available to all directors the minutes of its meetings and all the supporting documentation made available to it.

Audit

Supervise the effectiveness of the Bank's internal control and internal audit.

Supervise the process of preparation and submission of regulated financial information and submit recommendations or proposals intended to safeguard its integrity to the board of directors.

Propose to the board of directors the selection, appointment, re-election and replacement of the external auditor, in addition to preserving its independence.

*Includes the hours of preparation and attendance at meetings.
Nominations

Propose, review and verify the application of the director selection policy. Annually verify the classification of each director.

Apply and supervise the succession plan for the directors approved by the board of directors, working in coordination with the chairman of the board or, for purposes of the succession of the chairman with the lead director.

Propose and review the policies and internal procedures for the selection and continuous evaluation of members of senior management and other employees. Support and advise the board in relation to corporate governance and internal governance policy. Supervise and evaluate the strategy for communication and relations with shareholders and investors, including small- and mid-sized shareholders of the Company and its Group.

Remuneration

Prepare and propose the decisions relating to remuneration that the board of directors must adopt, including those that have an impact on the Company's risk and risk management.

Periodically review the remuneration programmes.

Ensure the transparency of remuneration.

Assess the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and clawback arrangements.

*Includes the hours of preparation and attendance at meetings.
7.2 Board committees

Risk supervision, regulation and compliance

Support and advise the board in defining and assessing risk policies affecting the Group and in determining the current and future risk appetite and the strategy and culture in this area, including proposing appropriate changes in view of internal or external circumstances affecting the Group.

Assist the board in monitoring the implementation of the risk strategy, appetite and limits.

Assist the board in approving the capital and liquidity strategy and supervising its application.

Systematic review of exposure to principal customers, economic sectors of activity, geographic areas and risk types. Cooperating in establishing rational remuneration policies and practices. Supervise the compliance function.

Innovation and technology

Its purpose is to assist our board of directors in fulfilling its oversight responsibilities and activities with respect to the overall role of technology in the Group's business and innovation strategy and plans, as well as the trends resulting from new business models, technologies and products.

*Includes the hours of preparation and attendance at meetings.
7.2 Board committees

Responsible banking, sustainability and culture

Created in June 2018. Its purpose is to assist our board of directors in fulfilling its oversight responsibilities with respect to the responsible business strategy and sustainability issues of the Group, preparing and reviewing the corporate culture and values and advising on its relations with various stakeholders, especially with employees, customers and communities with which the Group carries out its activities.

Chairman
Ramiro Mato Independent

Other members
Ana Botín Executive
Homaira Akbari Independent
Álvaro Cardoso Independent
Sol Daurella Independent
Esther Giménez-Salinas Independent
Belén Romana Independent

Number of meetings in 2019
4
Average hours devoted in 2019*
20
Average attendance in 2019
94%

*Includes the hours of preparation and attendance at meetings.
7.3 External advisory board

International advisory board

External advisory board whose members are non-directors. Its purpose is to provide strategic advice to the Group, with a special focus on innovation, digital transformation, cybersecurity and new technologies.

It also provides views on trends in capital markets, corporate governance, brand and reputation, regulation and compliance, and global financial services with a customer based approach.

Chairman
Larry Summers

Other members
Sheila C. Bair
Mike Rhodin
Marjorie Scardino
Francisco D’Souza

James Whitehurst
George Kurtz
Blythe Masters
Nadia Schadlow