

Diversity and Inclusion report

2019

Let's continue
working for a
better world

#TheRightWay

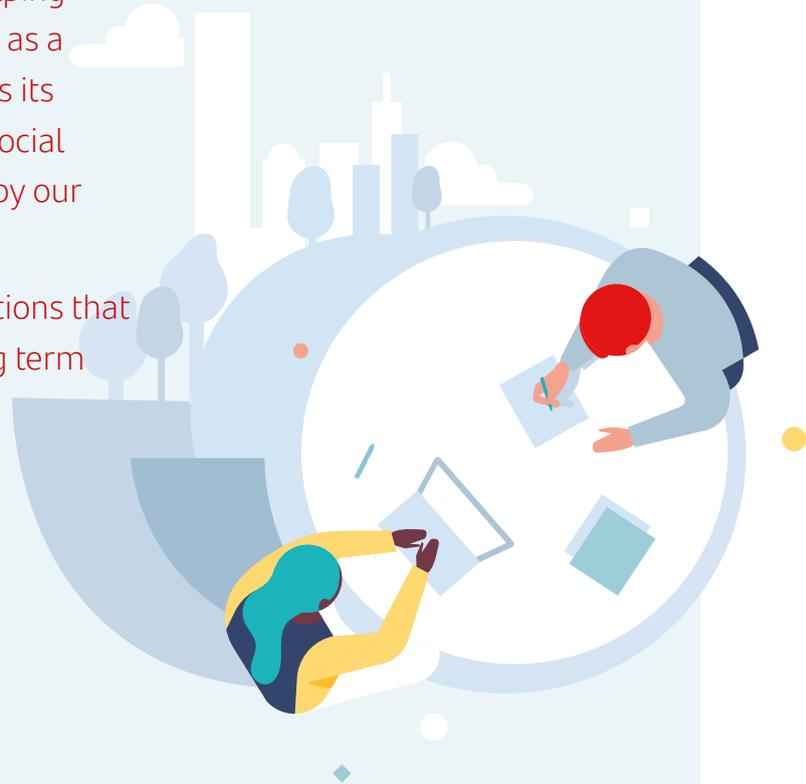
[santander.com](https://www.santander.com)

Our approach to responsible banking

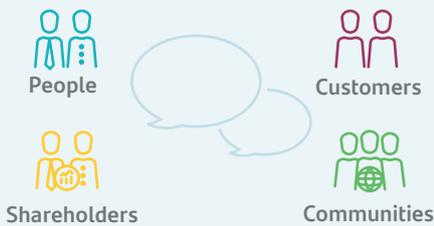
“ By delivering on our purpose, and helping people and businesses prosper, we grow as a business and we can help society address its challenges too. Economic progress and social progress go together. The value created by our business is shared – to the benefit of all.

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

Ana Botín



By being responsible, we build loyalty



... Santander treats **me** responsibly

In our day-to-day businesses, we ensure that we do not simply meet our legal and regulatory requirements, but we exceed people’s expectations by being Simple, Personal and Fair in all we do.

I’m loyal to Santander because...

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

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

Progress in 2019 against our Diversity and Inclusion commitments

Boosting diversity and inclusion is a top priority in our Responsible Banking agenda. We have committed to increase our women representation at Board level to between 40% and 60% by 2021; to have at least 30% women in our senior leadership positions, and eliminate the equal pay gap by 2025.

In 2019 we have achieved the following:



- **40% women in the Board in 2019 vs 33% in 2018**
- **22.7% of women in senior leadership positions (+2 p.p. vs 2018)**
- **Reduced the equal pay gap from 3% in 2018 to 2% in 2019**
- **First in the 2020 Bloomberg Gender-Equality Index for the 3rd consecutive year out of 322 companies. The index includes inclusive culture, female leadership & talent, and equal pay & gender pay parity**
- **Approved global minimum standards for parental leave: a primary maternity leave of at least 14 weeks and a secondary leave of at least 4 weeks**
- **Achieved Top 10 Company to work for in 5 geographies**
- **86% of employees believe Santander treats them fairly regardless of their age, family, marital status, gender identity, expression, disability, race, colour, religion or sexual orientation (Global Engagement Survey 2019, +1 p.p. vs 2018)**
- **Updated our D&I principles to reflect our commitment to people with disabilities and different sexual orientations, pay equality, and the importance of having appropriate, accessible products for all**
- **Enhanced our gender-related customer propositions**
- **Improved accessibility to our products and services to our clients**
- **Provided 436 scholarships for university students with disabilities**

2019 Diversity and Inclusion report

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Managing diversity in an inclusive way, consistent with our values, will enable us to attract, develop and retain the best professionals, to understand modern society and foster the best relationships with our stakeholders.

1. What is Diversity and Inclusion and why is it important

An organisation that respects and values diversity is one that appreciates what makes people different. Diversity takes many forms. Gender or race, for example, are visible, while people's values, religion or educational background are not.

Inclusion is a sense of belonging. Inclusive cultures make people feel respected and valued for who they are as an individual or group. In simple terms, Diversity is the mix, and Inclusion is getting the mix to work well together.

Successful businesses incorporate diversity and inclusion in their entire value chain. Having a diverse workforce enables companies to understand and reflect modern society, which is critical to business success. Promoting inclusion at all levels attracts, develops and retains the best talent. It is also a strong contributor to innovation, organisational performance, trust in companies and meeting all of the stakeholders' expectations.

- "Globally, companies that have taken a holistic approach toward equal representation have outperformed their less diverse peers by 3.1% per annum over the past eight years". *Introducing HERS: Employing Diversity Pays Off. Morgan Stanley. 2019*
- "Gender diversity enhances corporate governance, talent attraction and human capital development which fosters superior value creation not only within companies, but also for stakeholders and society" *The Sustainability Year Book 2019. RobecoSAM AG. 2019*
- "Successful companies are the ones that constantly innovate, commit to finding new and better ways to serve their consumers and develop business models that provide greater value and relevance. This starts with a company culture of inclusion, which in turn breeds a culture of innovation". *Deliver Innovation By Embracing Inclusion. Forbes. 2019*

Companies in the top-quartile for diversity on executive teams are



Santander's focus on Diversity and Inclusion is aligned with the UN Sustainable Development Goals



2. Diversity and Inclusion Governance and Commitments

Governance

Santander's purpose is to help people and businesses prosper. Our values are to be Simple, Personal and Fair in everything we do.

Society cannot be prosperous without diversity, and if we want to be Fair (and competitive as a business) we need the best and most diverse

talent. For diversity and inclusion (D&I) to become a reality, everyone should be treated equitably regardless of their gender, origin, sexual orientation, disability or beliefs. This is why diversity and inclusion is such an important part of the Santander culture, as it reflects our values and purpose. Every part of our organisation must be diverse and inclusive.



Diversity and Inclusion is a key feature of our culture. To know more about our Corporate Culture please see our Culture report

“ What will make us a winner is a culture that allows people to speak up, to embrace change, to accept diversity of all types, so we can fully realise the potential in our teams and in our markets. ”

Ana Botín, Group Executive Chairman.

The Responsible Banking, Sustainability and Culture Board Committee (RBSCC) was created to help the Group progress towards its goal of being a more responsible bank. RBSCC is the senior governance body for Corporate Culture (including diversity and inclusion), and is supported by the Culture Steering Group and Inclusive & Sustainable Banking Steering Group.

The Culture Steering Group meets monthly and provides direction, approval and oversight to help embed a consistent culture throughout the Group. Its members include top management from Human Resources, Compliance, Communications, Technology and Operations and two country heads. It is responsible for promoting and evaluating the implementation and progress of both global and local initiatives, in line with the Board approved Corporate Culture Policy. It also provides opportunities to highlight countries' good practices and share them across the Group. There were 11 Culture Steering meetings held in 2019. Proposals for approval raised through this Steering and RBSCC during this year included D&I commitments and KPIs, new minimum standards for maternity and paternity leave, approval of a new Corporate Culture Policy and global common standards for our escalation channels.

In addition, to ensure appropriate management and promote diversity and inclusion at Group level we have two specific working groups to support the D&I ambition:

A Global D&I Executive Working Group
Composed of senior leaders and decision makers from different geographies and functions. Its main goal is to develop Santander's Diversity and Inclusion Strategy for successfully tackling the challenges faced by the Group. It directs our D&I Strategy by carrying on different actions. They engage and follow up regularly on decisions taken, KPIs and metrics, identify challenges and review proposals regarding D&I. They also support internally and externally D&I initiatives and engage with different business, acting as ambassadors of the Group D&I principles.

A Global Network of D&I experts
Formed by experts in D&I, representatives from the countries of 12 different geographies, global Responsible Banking unit and Fundación Universia. It identifies priority areas for action and shares best internal and external practices, cascades D&I principles at local levels, and acts as a focal point for reporting.

In addition to these bodies, we have Board approved documents to help provide clear guidance and embed the D&I strategy.

D&I Principles are included within our Corporate Culture Policy

Our Diversity and Inclusion Principles are incorporated into the Board-approved Corporate Culture Policy. They serve as minimum common standards for countries and business units. In

2019 the Principles were updated to reflect our commitment to people with disabilities and different sexual orientations, to pay equality, and the importance of having appropriate, accessible products for all.

Santander Diversity and Inclusion Principles

- 1. Santander Group recognises and supports all existing sources of diversity, both visible (gender, race, age, visible disabilities...) and invisible (professional and life experiences, education, religion, values and beliefs, invisible disabilities, sexual orientation, personality...)

- 2. We promote inclusive working environments in which all individual differences are valued, respected and enhanced. Having a diverse workforce is a competitive advantage that helps us to attain our business objectives, attract and retain the best talent and meet the expectations of our stakeholders

- 3. Banco Santander is committed to offering equal opportunities to all. Leaders and employees are selected, remunerated and promoted based on meritocracy without any type of discrimination

- 4. The Group's people's management policies, processes, systems and tools do not entail any bias that may give rise to situations of discrimination of any kind

- 5. Our customers are diverse (in terms of gender, race, age, beliefs, abilities, sexual orientation....) and having a diverse workforce will help us to better understand their needs. The new kind of digital customer we are targeting will also require us to have diverse profiles

- 6. Our products reflect the diversity of our clients and are accessible to all

- 7. We comply with the prevailing international and local diversity, inclusion and equal opportunities legislation in each country

- 8. Leaders and managers of the Group play an active role in diversity management

- 9. We are committed to achieving pay equality for the whole of our workforce, comparing employees in the same job, level and function. The process is properly monitored to correct any detected pay inequality

Our Code of Conduct

The General Code of Conduct sets out the ethical principles and rules of conduct which all Santander employees must observe. It includes equal opportunities, diversity and non-discrimination related to gender or sexual orientation, race, religion, origins, marital status or social status.

The Code references the importance of respect for people. Harassment, abuse, intimidation, lack of respect or any other type of physical or verbal aggression is not permitted or tolerated. It also covers other principles including the importance of work/life balance.

To ensure that all employees are familiar with the Code, when people join the Group, they must sign a declaration of acknowledgement and compliance with the Code. There is mandatory training for all employees – the content of which is reviewed biannually – and a website which provides relevant details regarding the Code.

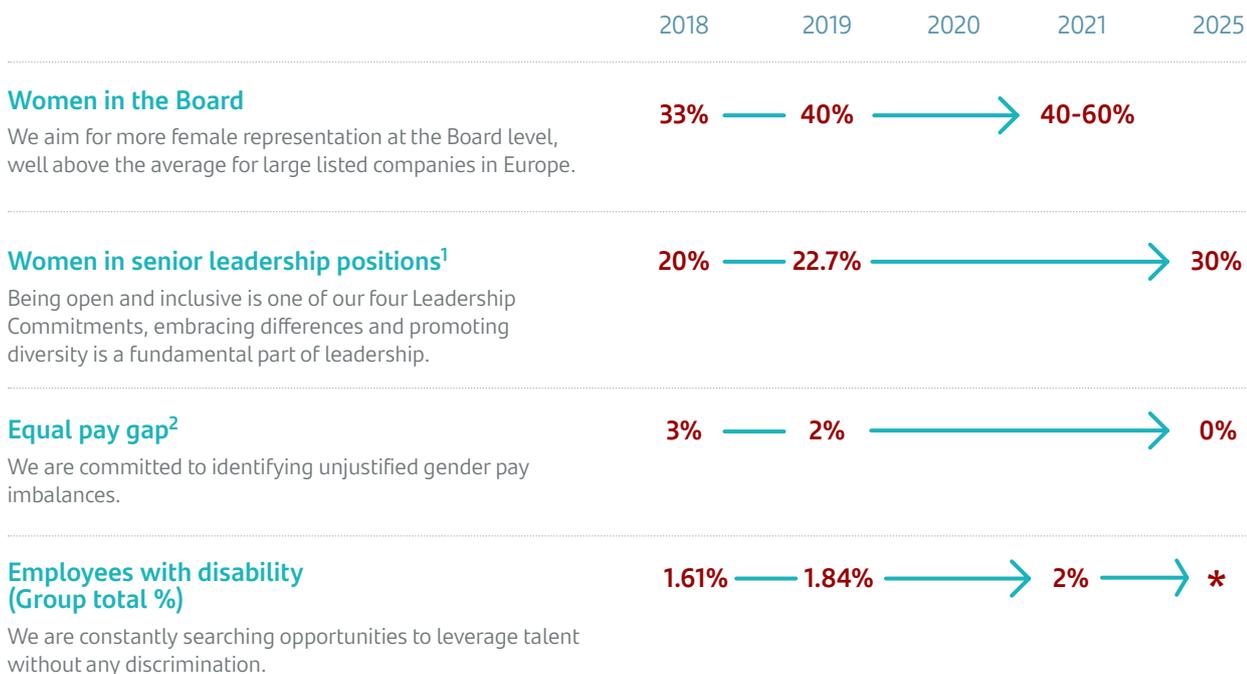
Our Human Rights Policy

Santander Group is committed to upholding and protecting human rights in accordance with the highest international standards, in particular the 2011 United Nations Guiding Principles on Business and Human Rights. Our policy, which sets this out, was updated and approved by the Board in December 2019.

The policy outlines specifically our commitment to prevent discrimination and any other practices that infringe upon people’s dignity. As stated above, Santander is committed to providing equal opportunities related to work access and promotions, ensuring at all times that no one is discriminated against on the basis of their sex, race, age, religion, origin, disabilities, marital status, sexual orientation, or social background. This Policy also reiterates the importance of maintaining a work environment free of harassment, abuse, intimidation or violence.

Our commitments

It is important to set clear and quantifiable goals in order to track our performance and measure our progress. So, we have established long-term commitments regarding diversity and inclusion:



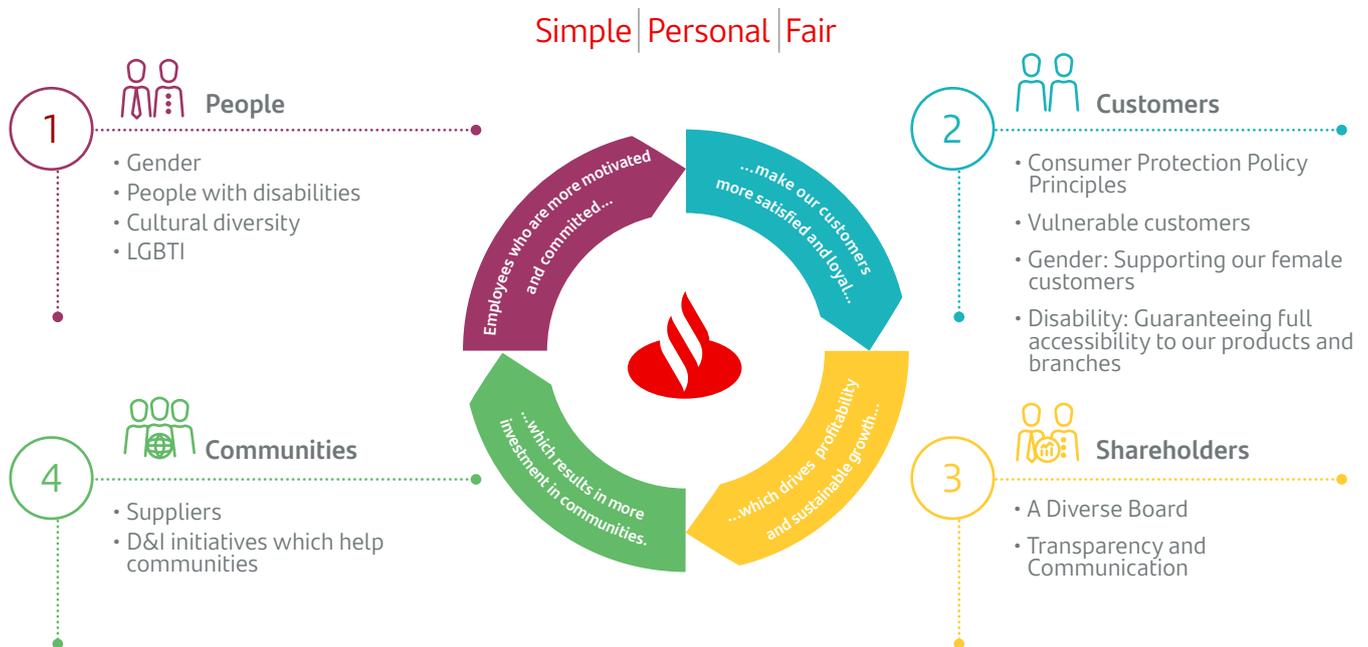
1. Senior leadership positions represent 1% of the total workforce.
 2. Calculation of equal pay gap compares the same job, level and function.

*To meet or exceed the legal quota for employees with disabilities in a direct way. In countries without a legal quota, increase 1 p.p. of employees with disabilities from the current percentage (taking 2019 figure as reference).

3. Diversity and Inclusion for all our stakeholders

Our approach to diversity and inclusion covers all aspects of our operations – how we work with and interact with our people, customers, shareholders and communities. We track progress by collecting robust data, while holding ourselves to account in other ways.

Diversity and Inclusion touches on many topics and drives loyalty as shown below:



People



To achieve this, in 2019 we:

- Promoted flexible working with guidelines and support for managers and employees.
- Increased the number of networking groups across the Group.
- Received Board approval for new minimum standards for parental leave: a primary maternity leave of at least 14 weeks paid and a secondary leave of at least 4 weeks.
- Launched our Global Leadership Commitments defining common standards.
- Updated the International Mobility Policy to enhance global opportunities.

To build a more diverse and inclusive company, we are focusing on Gender, People with disabilities, LGBTI and Cultural diversity.



Thanks to the work done during 2019, 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. The index was published in November 2019

Leading by example

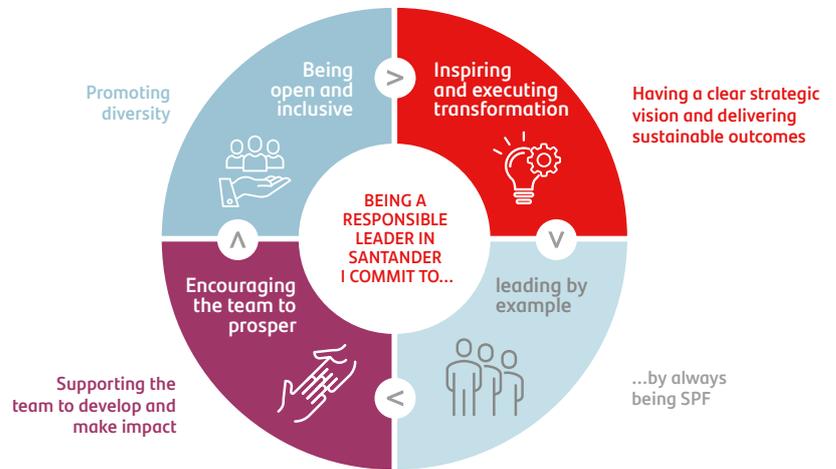
To be a truly diverse and inclusive workplace leaders must lead by example. Through our leadership commitments, defined by more than 300 employees from across 28 different units and countries in the Group, all our leaders commit to being open and inclusive and promoting diversity. In 2019, the updated Corporate Culture Policy reflects the commitments as part of The Santander Way common minimum standard - mandatory in all units.

Additionally, we have designed D&I training for all senior leaders (which will be compulsory from 2020) based on podcasts and e-learning experiences where participants are able to explore how to develop their approach and new skills. This training programme includes four categories:

- Knowing me, Knowing you: How are others different like me?
- BreakingBias: Are you controlling your mind or is your mind controlling you?
- Micromessages: It is not enough to think big. Do you know how to think small?
- The in-crowd: Are the people you like, like you?

With this training, provided by world-renowned behavioural physiology experts MindGym, we provide leaders with the tools to appreciate differences and integrate them in their teams, promoting a diverse work environment.

As well as this, in a number of markets we have also developed D&I related training for all employees. For example, in Headquarters, sessions are held on unconscious bias as part of an initiative called "BeYourself" and focus on diversity across 5 axis; culture, gender, disability, LGBTI and generations. We are also developing new workshops to promote inclusive behaviours in day-to-day activities, as well as a specific e-training on inclusive culture that will be available for all employees. Unconscious bias e-training is available for all employees in Brazil, Spain and Mexico. Santander Mexico is developing training on LGBTI, disabilities, gender violence and different kinds of masculinity. In the UK, annual mandatory training, *The Santander Way*, includes a section on inclusion and diversity for all colleagues.



Training for employees focuses on deconstructing bias and values diversity. In Brazil, we held a workshop to show the impact of bias on decision-making, behaviours and relationships.

Gender

Equal opportunities between men and women is a priority throughout the Group.

From work-life balance to talent selection and identification, professional development, equal pay and awareness, these initiatives help to provide all our employees with the same opportunities regardless of their gender.

Currently, 55% of our global staff are female, of which 22% are in senior leadership positions, and the equal pay gap in the Group has been reduced to 2%.

Our efforts on gender balance have been recognised by **Bloomberg Gender Equality Index**, where we have achieved the first position for the third consecutive year. Nevertheless, we know there is always more to do. We have set more ambitious goals, we are developing initiatives to support diversity in business and, in 2019, have reinforced our commitment by becoming a signatory of the **UN Womens' Empowerment Principles**. We are committed to increase our female executives to at least 30% and to eliminate the wage difference between men and women by 2025.



See WEPs website for further information.



Santander leads the Bloomberg Gender-Equality Index for the third consecutive year

The Bloomberg Gender-Equality Index (GEI) evaluates the performance of companies in gender equality and is one of the most relevant indexes on Diversity. In the most recent survey Santander has achieved the highest scores within the index.

This is the third consecutive year in which Santander achieves the first position in the Index, even though the scope of the assessment has increased by 41% compared to 2018. Our continued inclusion in the Index underscores the ongoing commitment to supporting gender equality and providing an inclusive environment for all employees.

Banco Santander leads the **Bloomberg Gender-Equality Index** made up of 322 companies from different sectors

429
points out to 500



Our initiatives

Work-life balance

To support a more diverse workforce, we facilitate a better work life balance for both men and women:

→ FlexiWorking:

We believe flexible working helps the right balance between personal and professional life.

In 2019 we launched a new FlexiWorking framework applicable to the entire Group that sets general measures for all countries, such as teleworking and flexible hours in order to support the business, and not least, promote diversity and inclusion.

To create the framework, we undertook a survey of 6,000 employees to understand their flexible working needs. After reviewing the results, we refreshed the value proposition while developing local action plans. We created guides with a clear, common definition and vision of FlexiWorking and developed specific guidance for both managers and employees.

In addition to the general framework, some countries have initiatives related to flexible working especially for childcare reasons. For example:

 Mexico offers flexible working hours for nursing mothers and the afternoon off on a child's first birthday as part of the "Programme Ser Padres Santander". The programme also includes flexible re-incorporation to work after maternity/paternity leave. This enables employees to work six hours at the office and 2 hours from home during the first six months.

 Employees can choose to work condensed hours during the first year after maternity leave.

The ten Santander FlexiWorking basic principles

1. **Available to all** – there are options for everyone, and ways of working that can suit many situations.
2. **Digital detoxes are encouraged** – FlexiWorking does not mean you are expected to be available or contactable 24/7.
3. **Fairness is essential** – both in the FlexiWorking requests, and, the treatment of all colleagues in all working patterns.
4. **FlexiWorking comes in many forms** – we embrace and encourage all forms of flexibility in when, where and how much people work.
5. **FlexiWorking evolves** – all arrangements should be regularly reviewed as business and colleague needs change.
6. **Job design is key** – FlexiWorking is most successful when a role is designed to be flexible, not just trying to fit FlexiWorking.
7. **Shared responsibility and respect** – all parties have a shared responsibility to benefit from FlexiWorking.
8. **Customer service remains our priority** – so when considering FlexiWorking options, we always ask that you consider the business impact of your arrangements.
9. **Managing performance requires consideration.**
10. **Trust, transparency and constant communication** – are key.

→ Maternity and paternity leave:

At the end of 2019, Santander's Board approved global minimum standards for parental leave across all of its markets to be implemented over a 3 year period. These minimum standards include a primary maternity leave of at least 14 weeks paid and a secondary leave of at least 4 weeks (in a row or divided into two periods of 15 days) until each child is one year old, plus a flexible return to work schedule. In a number of markets, our business units already exceed these Group requirements, for example:

 The UK's current maternity policy allows 16 weeks of paid maternity leave and 4 weeks of paid paternity leave (over and above the UK statutory requirement).

 After enjoying the first 6 weeks leave, mothers will be able to choose between a full time maternity rest of a maximum of 16 weeks - or a part-time rest to extend its duration.

 In 2019, Santander Argentina extended paternity licence for parents and homosexual marriages from 2 to 6 weeks that can be enjoyed during the first year after the child's birth or adoption. This exceeds the legal requirements which is 2 days. By doing this, it provides equal conditions for adoptions and promotes men's participation in care activities.

→ Facilitate return to work:

Many people leave their professional careers to look after young children or for other family reasons. We have taken a number of steps to help them return to work:

 In 2019, Santander UK ran a campaign called the **Returner Programme**, to attract experienced individuals to return to work after taking an extended career break, caring for children and/or family members and join a flexible 20-week scheme.

 A **Returnship Programme** was piloted in 2019 with the aim of easing professionals back into the workforce after an extended absence. This is a paid internship for experienced professionals who left work, providing the opportunity to update their expertise and thrive as part of Santander when the programme ends. Santander hired six women in this programme, converting five of the six participants into full-time team members.

 **PAPE, the Specialised Personal Support Programme**, provides specialised professionals, by phone or e-mail, to support employees, interns and their families in professional and family matters, including support for women to return to work after maternity leave. The programme covers areas like psychology, social work, financial guidance, pedagogy or nutrition.

 In Spain, the Bank offers a staged return to work after maternity leave. Employees can **return to work for 50% of the day during the first month** and 75% of the day during the second month, without any reduction in their salary.

 Santander Portugal has launched a **parental coaching programme** to prepare the return to work after maternity/paternity leave.

→ Care subsidy:

 In Brazil, employees who have a child or legal guardianship or custody of a child up to 6 years old are eligible to receive a refund for babysitting, day care or private school. Also, employees may request a scholarship for children intellectual disabilities.

 All employees from Santander Spain have access to education aids for children under three years old. These aids consist on a kindergarten check which offers tax advantages through a Flexible retribution plan and an economic aid of 73€ per month.

 The Bank offers support up to 2,400€ per year to our employees who have children with disabilities above 60%.

→ On-site care (childcare):

- Our Headquarters has a nursery for up to 500 children, designed to help bridge the gap between family and working life.
- There are breastfeeding rooms available in Argentina, Mexico, Uruguay, Brazil and Headquarters.

 Santander Spain offers **SOS Papás** for employees who are having an emergency and don't have anyone to take care of their child. Employees can bring their children to Santander's infant education centre, despite not being registered, where they will participate in the school activities and normal routines until the situation is solved.

We also have a child education center in Luca de Tena central office for up to 100 children.

 Santander Portugal offers occupational programmes to their employees' children during the Christmas and Easter Holidays.



Talent selection and identification

We want to ensure more women hold senior management positions. Currently, in our internal “pipeline” of candidates for these roles, 31% are women which is an increase of 3 p.p. from 2018. While this progress is welcome, we know we can do more.

Our recruitment strategy includes female interviewers for senior roles to provide a balanced view of potential candidates and avoid any bias. When filling senior leadership positions, from 2020 we aim to have at least one woman candidate in the final shortlist.

Countries and business units have also implemented specific measures:

 **Santander UK** has 32% female representation in senior roles in 2019 and has publicly set an ambition to reach 50% (+/-10%) by end of 2021. To achieve this, we have set out a comprehensive gender action plan, published as part of their 2019 Gender Pay report. This plan includes measures such as:

- Increase the posting of job adverts on specialist diversity recruitment sites and use specialist executive search agencies. This has resulted in 40% of our external hires into director positions being female.
- Put all job adverts through E-Ploy to ensure gender-neutral language is used throughout the job advert.

- Require gender-balanced shortlists for all junior directors and above, with any exceptions requiring Executive Committee member sign-off.
- Ensure gender balance in the ‘Early in Careers’ talent pipeline, through apprenticeships and graduate programmes:
 - Graduates recruited over last 2 years, with 52% female.
 - 421 apprentices in 2019, of whom 45% are female.



In Santander Spain, 48% of the workforce are women and five out of our 13 regional departments’ directors are women. Promotions are also gender balanced, as 46% of those promoted in 2019 were women.



In Headquarters we use a neutral language policy that reduces gender bias when applied and promotes diverse final shortlists. This has led the Bank to receive the Family Friendly (EFR) and Gender Equality Company awards, granted by the Ministry of Health, Social Services and Equality for the publication of job offers.

Professional development

We have mentoring and development programmes to support women and help broaden the pipeline of female talent.

Our aim is to increase the participation of women in development programmes targeted at people managers, directors and senior leaders.

 **“Accelerating you”** is a nine-month leadership-development programme for talented women focused on networking and personal brand-development. Since launch, more than 400 female colleagues have completed this programme, 86 in 2019.

Santander UK also participates in different cross company mentoring initiatives, such as the **HERoes Mentoring Programme**; a 12-month mentoring programme run by Involve, and the **Women Ahead 30% Club Cross Company mentoring programme**. The 30% Club is a global campaign led by Chairs and CEOs taking action to increase gender diversity in senior management levels. To date, 276 colleagues have participated in this programme, including 90 in 2019. The programme offers mentees the opportunity to receive impartial advice and gain knowledge from across the financial services industry. Mentors benefit from hearing about the experiences and issues being faced by women across the industry that may be reflected within their own organisation.

 In 2019 Santander Portugal has launched the **Elevate Programme** in collaboration with Nova SBE, intended for 40 women with potential to become directors.

 **Mujer 360**: Working together with Dalia Empowerment, this programme focuses on 100 Santander women from senior positions to work in 4 areas – leadership, emotional intelligence, networking, and work-life balance-. We have also created the Mastermind programme for women that have participated in Mujer 360 and want to continue their path towards senior leadership.

- **Cross mentoring programme** with Accenture: Through this initiative, senior position management levels from Accenture, mentor female senior leaders in Santander and vice-versa, with the objective of empowering female leadership roles.

 Spain has a programme to promote female leadership and raise awareness among senior leadership positions. It combines training and mentoring and focuses on self-awareness, personal brand and networking. Since its creation, 700 employees have participated, 300 in 2019. After the 2019 edition, 39% of women have been promoted.

 Headquarters has several programmes to enhance women’s presence in senior positions:

- **“Adding talent”**: this programme encourages participants to accept responsibility and face leadership challenges with confidence. It includes 60 participants per year.
- **“Transforming leadership”**: Programme for females in senior leadership positions to help them discover their unique value and develop their leadership qualities.
- **“Conscious leadership”**: Programme tailored to team managers, both men and women, to help them create a personal leadership style, based on personal values and relational dynamics. It stresses the importance of gender perspective in leadership roles.

 Santander Brazil has training programmes to accelerate the advancement of women in leadership positions, developing specific competencies and skills through mentoring and training.



Gender 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.

Transparency is one of the best means to tackle the gender pay gap. We publish our global gender pay gap (GPG) figures, and GPG metrics are included in our senior management dialogue, as part of our Human Resources strategy of each geography. Each country follows the same methodology to measure both Gender Pay

Gap and Equal Pay Gap; and each country has developed and executed action plans to narrow the gaps. The compliance team works with geographies to share best practices; identify the "root causes" for gaps and plans to narrow them; and ensure that progress is reported in a standard, transparent way.

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.

Methodology

To calculate the Equal Pay Gap, we apply the Gender Pay Gap Formula* for each comparable group that exists in a country. The end result of the country is calculated as the weighted average of all groups, excluding those with low gender representation. To obtain the global metric, we apply the same calculation and measure the weighted average of all existing groups.

* $(\text{Average wage men} - \text{Average wage women}) / \text{Average wage men}$

Communication and awareness

Communication and awareness must be a fundamental part of our D&I strategy. We want our employees to know what we do and why we do it, and involve them in all the D&I initiatives.

International Women's day: One of the initiatives is the celebration of the 2019 International Women's Day. All the group's corporate websites and intranets included purple logos to show support, and we held a virtual meeting, hosted by our Group Executive Chairman Ana Botín, with women and members of women's networks in the main units of the Group. During the conference, participants shared numerous initiatives being developed in their respective countries to advance gender equality.

In addition to this, different geographies held initiatives to generate awareness and strengthen women networks.

 Santander UK hosted events and workshops for colleagues supporting the theme #BalanceforBetter. Large scale events across the head office sites hosted panel sessions providing access to senior female leaders; workshop events around "agile working", "CV Writing" and "knowing when you are ready to progress" which were well attended; and colleagues in the branch network got involved by wearing purple and posting their "balance for better" poses on LinkedIn. Thanks to these initiatives, we were awarded the "International Women's Day Best Practise" accolade.

 Each day of the week, the diversity strategy and our initiatives on Gender were explained to the different central services areas. We also recorded a video in which regional directors talked about female leadership and mentoring. We published awareness articles on the International Day against Gender Violence.

Other initiatives

 The Diversity and Inclusion Campaign in Santander Mexico called '**Equally Different**' aims to acknowledge the value of diversity among professionals and create a culture of inclusion. It focuses on four main pillars: female talent, young talent, work-life balance and inclusive leadership. In 2019, about 5,000 employees participated.

 Santander UK hosted a **cross-company roundtable for D&I professionals** in conjunction with our external diversity partner Working Families on the importance of sharing work and caring responsibilities. We also celebrated a roundtable for our partner, Working Mums, about women in technology, which resulted in a White Paper being produced.

The Bank supported research to highlight the effect the lack of visible female role models is having on the next generation. As part of the campaign, we launched an entrepreneurship guide offering practical information and inspiring case studies of female entrepreneurs, all of which are winners and finalists in the Santander Universities Entrepreneurship Awards.

 In 2019, Santander Spain developed a **report of the Top 30 companies in Spain with best D&I practices** in collaboration with Intrama.

Employees' networks

We want our employees to feel valued and connected and we provide the tools so they can share knowledge, experiences and ideas. This is fundamental to creating a truly inclusive culture and developing a sense of belonging. Women networks are already present in Headquarters and in many of our geographies such as UK, USA, Spain, Poland or Brazil. These networks serve to share knowledge, strengthen women leadership and empowerment, and promote initiatives that contribute to the creation of a culture of diversity and inclusion.

Our goal is to increase the number of countries participating in networks, creating one global women's network to promote gender diversity in the group. In 2019, some of the women's networks implemented specific initiatives:



In 2019, the network participated in programmes for young women and experienced women leaders in partnership with Vital Voices Poland. We also collaborated with Lesław Paga Foundation to support young women in leadership development.



Our colleague-led **Women in Business network** ran a range of sessions across all the Bank's sites in the UK. Two of these were particularly successful:

- **#Iamremarkable sessions:** A Google initiative empowering women and under-represented groups to celebrate their achievements in the workplace and beyond. The members of the network were trained by Google and were accredited to offer #Iamremarkable workshops to their colleagues.
- **LeanIn communities:** the network is partner to LeanIn, a global organisation building female communities. Across the UK, the network members created their own LeanIn circles, which are community safe spaces to discuss the issues and address the challenges they face in order to have the career that they want.



The Women network in Brazil organises meetings every two months where we talk about gender equity, sorority, dilemmas, experiences and inspiration while seeking intersectionality with other groups of diversity - black people, LGBTI. These meetings are open and all employees can participate.

We also organise **What are YOU doing to boost your career?** meetings with women, where participants discuss about their role in leadership and self-development.

People with disabilities

Employing people with disabilities promotes their rights of autonomy, freedom and dignity. It also helps businesses improve innovation, employee engagement and strengthen bonds with local communities.

In 2019 we focused on increasing the percentage of people with disabilities in our workforce, reaching 1.84% in the group. We have undertaken a global disability mapping exercise to ensure compliance regarding employability and accessibility. We have also set the target to increase by 1 p.p., employees with disabilities, taking 2019 figure as our baseline,

in countries without legal requirements for employability. Our operations in all markets are making efforts towards the inclusion of people with disabilities with the support of Fundación Universia, our key partner in the inclusion of people with a disabilities into the Bank.

At an institutional level, in December 2019 we **joined the Valuable 500**, a movement that puts disability on the business leadership agenda, so as to reinforce our commitment to people with disabilities.



Employees with a disability* ratio by region %

Continental Europe	United Kingdom	Latin America and other regions	Group total
1.38	2.05	2.09	1.84



Numero de empleados*

Senior management	Other management	Other staff	Group total
6	92	3,486	3,584

*An employee with a disability is considered to be a person who is recognised by the State or the company in each jurisdiction where the Group operates and that entitles them to receive direct monetary assistance, or other types of aid such as, for example, reduction of their taxes. In the case of Spain, employees with disabilities have been considered to be those with a degree of disabilities greater than or equal to 33%. The amount does not include employees in the United States.



Santander joins the Valuable 500

Our commitment to the inclusion of people with a disability has led us to join The Valuable 500, a campaign that aims to catalyse the influence of large private sector corporations calling on 500 global businesses to commit to placing disability inclusion on their board agendas, making a firm commitment to eradicating the exclusion of people with disabilities in business.

Unveiled at the World Economic Forum's Annual Meeting in January 2019, the launch of The Valuable 500 was the first time disability was discussed on the main stage at Davos. Since then, over 200 companies have joined this initiative. By becoming a member of the Valuable 500, we are showing our commitment to ensure that the inclusion of people with disabilities becomes the norm in working life.



“ Diversity and inclusion are essential in Banco Santander’s agenda. Joining the Valuable 500 is part of our commitment to embed a truly inclusive workplace and to promote quality education for people with disabilities ”

Ana Botín, Group Executive Chairman

Our initiatives

In order to facilitate the effective inclusion of people with disabilities in the Group, we have a number of initiatives regarding talent selection and identification, accessibility at the workplace, communication and awareness and employee networks.

Talent selection and identification

Santander is working to increase the hiring of people with disabilities in the following ways:

HQ The **bonus of senior managers** in Headquarters is **linked to fostering diversity**, with annual targets on people with disabilities' incorporation to employment and internships. Besides, the Bank has specific programmes to promote opportunities for people with disabilities:

- 10% of the internships through **Santander Incluye** are assigned to professionals with disabilities. This is an internship programme for university students that promotes employment opportunities in the Bank, leading to the hiring of 25 new people with disabilities in 2019.
- The Bank collaborated with Specialisterne to start a **neurodiversity inclusion programme**, through which two young men with autism have been incorporated to Santander's team so far.

In total, 54 people with disabilities joined the Corporate Headquarters in 2019, 25 as full time employees and 29 as interns.



"Differently Abled" is a project in Poland focused on creating a diverse and inclusive work environment by preparing the organisation to hire people

with different disabilities. Since 2018 actions have been undertaken to raise awareness of the needs of people with disabilities, to overcome their employment barriers and create favourable conditions. For example, they have developed educational campaigns directed at managers and employees and Human Resources staff has been trained on the process as recruitment of people with disabilities.

We have carried on the 2nd edition of the **Summer Experience Programme**, in collaboration with Fundación Universia. Through this initiative, university students with disabilities join the offices network during the summer in order to improve their employability and identify potential candidates. In 2019, the programme led to the hiring of 94 new people with disabilities.

Santander UK offers advice and support to candidates to make reasonable adjustments throughout the application and interview process. We have also included a page on our careers site dedicated to D&I which highlights the Bank's focus on disability and tells the story of colleagues' positive experiences of working at Santander with a disability.

Professional development

HQ **Fundacion Universia's Coaching Programme** is a professional development programme for employees with disabilities. Participants are chosen according to their potential or adjustment to a determined position so as to boost their competences and promote their development within the organisation.

Support measures and accessibility at the workplace

We continue to work to remove barriers which prevent people from accessing or using buildings, transport and technology effectively:

HQ **Headquarters' Accessibility project:** Santander aims to guarantee accessibility so any person can move with the greatest autonomy, eliminating the possible barriers in the buildings and in the transport of the Headquarters, which has obtained the **Solidun seal** (Universal Design Innovation Solution) **recognition**.

A group of volunteers has been created to support employees with special needs. Volunteers receive training in primary care and are given means of action (mobile phones and a support room). Employees with disabilities receive support in the areas of personal hygiene and physiological needs, lunch support, movements in the workplace or attention to possible medical needs.

Communication and Awareness

Celebrating International Day of People with Disability: The International Day of People with Disability was marked by different initiatives across the Group.

For example in Argentina, we held a dancing workshop with Marina Gubbay, dance teacher certified with "DanceAbility", as well as workshops on sign language and diversity. Additionally, Bank's employees volunteered with Tiflonexos to help transcribe books into a digital format for people with disabilities.

Other communication and awareness initiatives

HQ "Open up your senses" is an initiative in cooperation with Fundación Universia which enables employees to experience life with a disability. Since its creation, 1,124 employees and interns have participated in this initiative; 792 in 2019.



In 2019, a sign language course was available for bank employees who wished to learn Chilean Sign Language.



Holds awareness campaigns and conferences with successful people with disabilities in order to end prejudice and discrimination.



Dementia awareness training was delivered by Santander's charity partner Alzheimer's Society UK to highlight the challenges faced by colleagues either directly suffering from dementia or looking after someone who does. We also delivered Disability Confidence training in partnership with Disability Rights UK to provide approximately 80 line managers and colleagues with guidance on how to support disabled colleagues in their teams.

Employees' networks

Enable! Network

 **The Enable! Network** provides colleagues with disabilities with the platform to share, learn, discuss and support each other and promotes diverse awareness activities. For example, in 2019, the co-chair of the network ran eight awareness sessions across the country on neurological and

cognitive diversity to highlight the challenges of colleagues impacted by these conditions.



In 2019 Santander USA launched the employee network "**Abilities**". This group focuses on those with differing abilities, from cognitive to physical differences. The network is led and supported by people who have personal experience in this space or are allies.

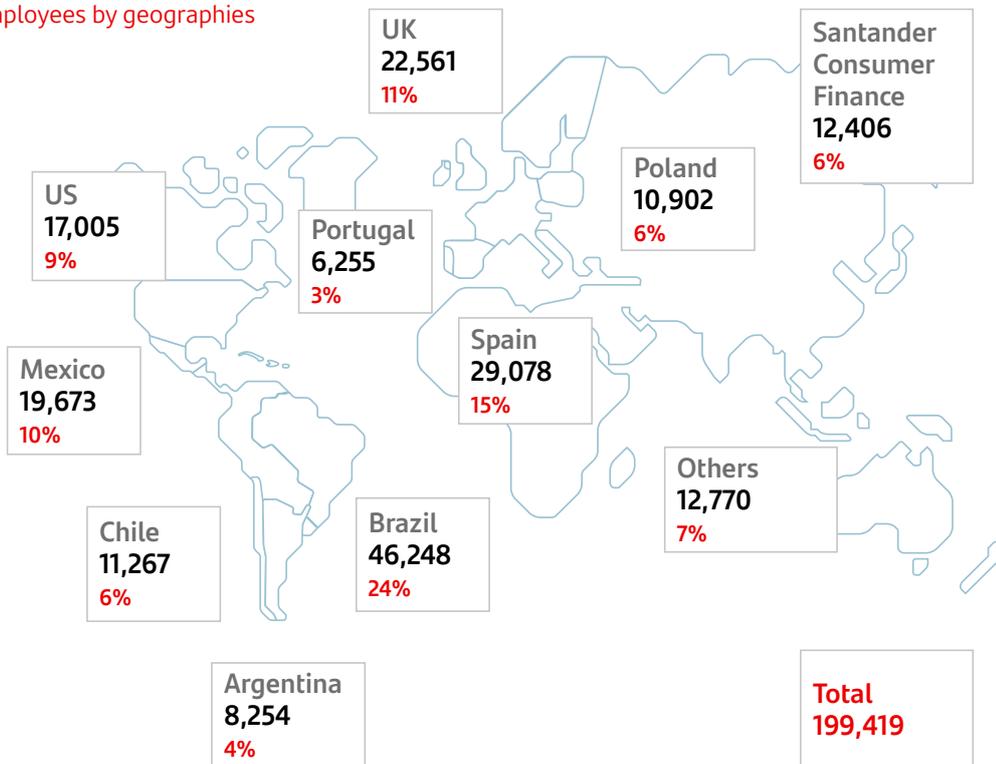
Cultural diversity

We define cultural diversity in terms of educational background, career experience in different sectors, international experience, country of origin, race, and age.

Cultural diversity is an area of focus. As an international group, having different perspectives in our teams is critical if we are to understand the differing needs of our customers in our markets. This kind of diversity also helps nurture innovation and creativity.

Our work to promote cultural diversity within the Bank has been recognised by several organisations at a local level. For example, this year, Santander UK was ranked as one of the **top 20 employers** across the UK in the **Social Mobility Employer Index**, moving up 29 places from 2018 to be the highest listed retail bank on the Index. The Index ranked employers according to the actions taken to ensure they are attracting, recruiting, developing and progressing talent from all backgrounds.

Employees by geographies



53%
of our workforce are graduates



38.6
is the average age of the workforce (=vs 2018)
United States and Mexico data not included

Our initiatives

To promote cultural diversity we have a series of initiatives to encourage international mobility, age and racial diversity.

Initiatives on racial inclusion

 **TalentoNãoTemCor:** In 2017, Santander Brazil launched its diversity priorities, which included race and their commitment to reach 30% black ethnic employees by 2021. To achieve this, we built partnerships with different universities to develop training programmes for young black people who want to grow professionally. As a result, 51 young people have been hired. In addition, we have a mentoring programme for black employees and the campaign “**Funcionário indica Funcionário**” to create a pool of candidates for future positions.

 Santander was one of the first organisations in the UK to sign the **Race at Work Charter** in 2017, a public commitment to tackle barriers that Black, Asian and Ethnic minority (BAME) people face in recruitment and progression. Since then, we have appointed an **Executive Committee sponsor for race** and set a zero tolerance of harassment and bullying commitment in our Board. In 2019, one of their key actions has been to establish an ongoing BAME strategic working group to provide counsel and support to plans around ethnicity. We have set an ambition to increase the representation of BAME colleagues within our senior roles population from 9% in 2019 to 14% (+/- 2%) by 2025, with a review of progress in 2021.

We also trialled a workshop called ‘Let’s Talk About Race’ delivered by Business in the Community to stimulate discussion about the hidden tensions within workplace cultures and build confidence to speak fluently about different cultures.

Initiatives on generational inclusion

 **Linkers** Santander Mexico has developed the programme Linkers, consisting of a 9 month internship where high potential young adults come into Santander to work on a specific project and are taught by outstanding leaders of different departments. In the last 3 months of the programme, we started hiring interns for them to become part of the team.

 In Spain, there are several mentoring programmes to promote generational diversity:

- **Reverse mentoring:** Young people share their knowledge on Data Science with Senior Management Leaders.
- **Santander Senior Operations** mentoring, focused on recognition and development of senior talent.
- **Young Leaders Reverse mentoring**, where participants of the Young Leaders programme share their vision with senior executives and participate in the Bank’s strategic projects.

 **#yosinetiquetas:** This programme brings together four different generations- baby boomers, generation X, millennials and generation Z- to work and learn from each other.

Global: 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 behaviors. 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.

Initiatives on social mobility

 For 15 years we have supported the Inroads Association, which supports young people from disadvantaged backgrounds to work at Santander. Since the creation of the programme, 183 inroads have worked in different departments at Santander Mexico, 35 of which have been hired.

 In 2019, Santander UK has placed greater focus on social mobility. Through the establishment of a **Social Mobility Steering Committee**, we have developed a strategic framework to support social mobility by delivering targeted Emerging Talent programmes to support potential talent from lower socially mobile backgrounds, moving towards transparent recruitment and delivering support and development for existing colleagues.

 **Santander Integra:** Through this internship programme, students coming from war-torn countries are granted scholarships to continue their studies in Camilo José Cela University and have the opportunity to do an internship at the Bank.



International mobility

As a global business, we need to develop future leaders who have a global perspective; attract and retain talent by offering people the chance to work abroad; and develop a global mind-set.

In 2019, we reviewed our Global Mobility Policy 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. Our main mobility programmes are:

Global Job Posting:

Employees can apply for global vacancies in other countries, companies or divisions. Since its launch in 2014, over 5,500 positions have been published globally.

Santander World:

Our people can work for several months on a project in another country, exchanging best practice while broadening their world view. Since its launch in February 2019, over 2,000 people in 38 different countries have taken part.

Employees' networks

We want to create a community where employees can share their experiences and celebrate all the things that make them different. We do this via networks of employees:

 In UK we now have 8 networks, with a combined membership of nearly 10,000 colleagues, five of which relate to cultural diversity. Each of

them is sponsored by a member of the Executive Committee who advocates for the communities supported by the network. The Network Chairs are invited to quarterly cross-network collaboration sessions to share best practices and identify areas of intersectionality, tailoring events and activities to support the layers of diversity:



Ethnicity@Work aims to celebrate and embrace different cultures, providing a place to share information and experiences based on traditions, ethnicity, heritage and customs. In 2019, a member of the network committee, Ade Akin- Deko was featured on the top 10 shortlist for BAME Workplace Hero at the 2019 Ethnicity Awards. Manroop Khela and Gurjeet Moore (Co-chair of the network) featured respectively as Executive sponsor and Future Leader on the Empower Ethnic Minority Role Model lists.



The aim of this network is to build a community for employees who are parents and/or carers, providing a platform to engage on a number of topics with a vision for everyone to maintain a healthy work-life balance and reach their full potential regardless of personal circumstances.



The network encourages positive mental wellbeing and supports this by promoting awareness, openness and understanding at all levels of the Bank. It believes that employees should benefit from a positive work-life balance and understands the link between physical and mental wellbeing.



In 2019 the Social Mobility network was launched, which now has over 500 colleagues as members. The network focuses on raising awareness of the barriers and challenges faced by candidates and colleagues from lower socio-economic backgrounds.



Is a place for ex-military employees, reservists, employees with friends and family in the military and others who support the military to share, discuss and support one another.

 In USA, in 2019, two new **cultural diversity networks** were launched: a Veterans Group and a Group for Caregivers that join the existing networks for Black, Hispanic and Latina populations

Black Employee Network: this runs our activities during Black History month and organises mentoring initiatives.

Conexion: this brings together the Hispanic and Latina population and held its kickoff leadership meeting in Dallas in April 2019.

Veterans: this group focuses on supporting employees who are veterans, increasing

awareness about veteran-related issues and working with organisations that serve them.

Caregivers: this network is for those who are caregivers, including parents and people taking care of other family members.



Lesbian, gay, bisexual, transgender and intersexual (LGBTI)

Santander supports the UN created standard of global conduct for the protection of LGBTI people in companies, which was created by the United Nations Organisation to help companies promote the equality for lesbian, gay, transgender, bisexual and intersex people. We run a series of initiatives to stop discrimination against the LGBTI community in all the countries where we operate.

Our achievements have been particularly important in some countries like **Brazil**, where Santander has been **recognised by Great Place to Work as one of the 10 companies that stand out for their corporate practices focused on the LGBTI**; and the UK, where Santander was included among the **10 most inclusive companies by the British LGBTI Awards** and received the GNI Awards LGBTQ+ Friendly Financial Institution for the fourth year running.

Our initiatives

Employees' networks

Embrace is a network that was born to connect LGBTI employees and their allies and fight exclusion in the workplace. The network was created in late 2018, joining groups already established in the UK, US and Headquarters and it has created goals to help advance Santander's LGBTI agenda. Brazil and Spain also formed its first LGBTI network in 2019. As well as this, Openbank works with the employee network **Open&Out** to support the LGBTI community.

In some of the geographies, the Embrace network is particularly active in the promotion of LGBTI rights:

 The network has over 3,300 staff members in the UK. Among other initiatives, we sponsor Diversity Role Models, a charity that tackles homophobia and bullying in schools, and we were the lead sponsor of Pride celebrations in Milton Keynes, as well as 14 other Pride events across the UK and National Student Pride in London. We also undertake an annual external benchmark with Stonewall, which this year has led to a review of the gender identity and expression policy with more focus on transgender support. This Policy supports those employees going through transgender and gender dysphoria and it is published externally.



 **Embrace network** moves on three main fronts: Talent development and learning, Culture and Environment, and Employer brand. We have put in place several initiatives regarding recruitment from diverse candidate pools, mentorship and sponsorship programmes, education and training for employees and collaboration with outside organisations to promote segment favoring programmes and awareness activities. In 2019, we have participated in Boston, Providence and New York pride parades.

 The network has 115 members in HQ. We have six working lines that focus on increasing visibility and promoting development and inclusion. To do so, we organise awareness events, we review the Bank's policies and internal processes, we collaborate with other companies and associations and we develop communication actions.

Communication and Awareness

International days

We play an active role supporting LGBTI communities, both internally and externally. Pride and the International Day against Homophobia, Transphobia and Biphobia are marked across the Group.

On Pride Day, many of our employees participated in the parade with their families to represent the Bank all over UK, the USA and Spain - where Santander's corporate center, Spain and Openbank teams participated in Madrid Pride for the first time -.

Several initiatives were held in different geographies during the **International Day against Homophobia, Transphobia and Biphobia**. For example in the UK, the Embrace network held an event to promote awareness about LGBTI discrimination and mental health problems in branches across the country - in London, Glasgow, Belfast and Bradford - in collaboration with the Mental Wellness network. In Spain and Headquarters, the Embrace network sponsored a research about "LGBTI diversity in workplace" to mark the day.

Other communication and awareness initiatives



To mark LGBT History Month, we hosted three webinars focused on gender expression and identity. Our partner, Diversity Role Models, trained 12 colleagues to go into schools to deliver sessions on the importance and value of being an LGBT+ Ally.



Headquarters participates in the ADIM European Union Project, a programme that measures and promotes LGBTI diversity in businesses. We are also **members of REDI** association, a benchmark forum in matters of diversity and inclusion of LGBTI employees in Spain, with which we participate in several networking events.



We are part of **Pride Connection**, in order to start learning the best practices to become an inclusive organisation and create ties to attract LGBTI talent to Santander Mexico.

Customers

To achieve our aim of earning customers' lasting loyalty, we must develop products and services that meet the demands of a diverse society. We have developed the Consumer Protection Principles to strengthen customer relationships and ensure that our products and services meet customers' needs – especially the needs of specific groups, including those with disabilities.



Consumer Protection Policy Principles

We are proactive in adapting our services to reflect the diversity of our customers. We have developed our Consumer Protection Principles within our Consumer Protection Policy, which

sets out principles that embody how we expect our teams to handle customer relationships. Among these principles, there are four that relate directly to D&I.

D&I related Consumer Protection Policy 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

→ **Treat customers fairly:** Customers have a right to be treated respectfully, honestly, and fairly. They are entitled to high ethical standards, clear, and non-discriminatory language, and the assurance that any requests, dissatisfactions, incidents or complaints they make will be dealt with rapidly, diligently, and effectively.

→ **Consideration of special customer's circumstances and prevention of over-indebtedness:** The Group must act, considering special circumstances and/or financial difficulties of customers, in order to proceed in their best interests and offer viable solutions whenever possible.

→ **Customer-centric design of products and services:** We offer products and services to customers based upon the strict assessment of their needs and characteristics; consideration of special circumstances and the customer's capacity of over-indebtedness; a reasonable balance between risks, costs, and expected profits and competitive positioning; availability of the minimum information customers need for a clear, appropriate, and unequivocal understanding of the terms and conditions, potential risks and benefits of the product or service.

→ **Responsible innovation** Customers must be considered in the process of developing new products, services, channels, business and organisational models.

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 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.

Gender: Supporting our female customers

In a number of markets, women continue to struggle to get access to financial services, gain financial education and start up a business. Women are often second-account holders. To tackle this, we have developed a series of initiatives and products to empower women financially.

Our approach aims to support micro-entrepreneurs who lack access to formal financial activities; partnerships and agreements to expand credit to small and medium-sized women-led enterprises; specific financial solutions for women; and supporting woman entrepreneurs as an investment opportunity.

Supporting micro-entrepreneurs lacking access to formal financial services¹

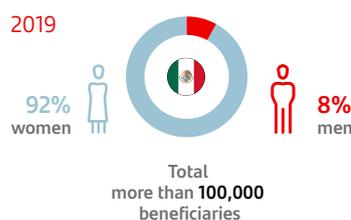
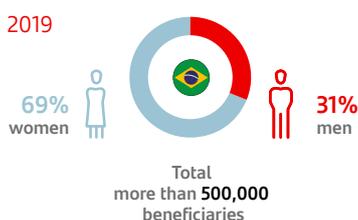
Through our microfinance programmes, we help low-income and underbanked population set up small businesses. As most of these entrepreneurs are women, this is a way to contribute to their financial empowerment.

 **Prospera**, in Brazil, promotes the growth of small businesses, helping the most disadvantaged people to escape poverty. In 2019, 57 new Prospera Santander Microfinanzas branches opened, and the number of municipalities served has grown from 584 to more than 1,600. The number of active clients grew by 250,000 to more than 500,000, with 69% of them being women borrowers. This programme has been chosen as good practice by the Brazilian Global Compact Network to achieve SDG in 2030 Prospera also ranked 1st in the banking industry and 6th among the companies in the "Change The World 2019 Ranking" by Fortune Magazine.

 Through **Prospera**, we offer credits and insurance to entrepreneurs. The current coverage of the programme in the country is 84%. With every expansion, Prospera has trained its sales agents. 95% of them are women with extensive experience in marketing financial services. Prospera Uruguay aims to expand the product offering including savings accounts, payment solutions and others by 2020.

 Through **Prospera**, we help unbanked communities gain access to the financial system, offering microcredits and other products specially designed for the community where their branches are located.

 **Tuio** is a financial inclusion programme developed in Mexico for people with low incomes which aims to have a measurable social impact through a broad and expanding range of interconnected products.



1. A core way to build a more inclusive society is to ensure every citizen has access to, and can use financial services. See our Financial Inclusion and Empowerment 2019 report for details on how we are financially empowering citizens in all our markets.

Our main microfinance programmes in Latin America



For more detailed information of our microfinance programmes please review 2019 Financial inclusion and empowerment report

EUR **277** millions
in outstanding credit to micro-entrepreneurs at the end of 2019 (+73% vs. 2018)

+ **740,000**
micro-entrepreneurs supported in 2019

71%
of micro-entrepreneurs supported are women (in Brazil and Mexico)

70%
of income generated circulated within local communities

Partnerships and agreements to expand credit to small and medium-sized women-led enterprises

 In 2019, Santander became a signatory for the Investing in Women Code, a commitment to support the advancement of female entrepreneurship in the UK by improving female entrepreneurs' access to tools, resources and finance from the financial services sector. This reinforces the programmes that **Santander Breakthrough** already has in place to support customers of Santander who are female business owners. In 2019, Breakthrough sponsored 30 mentee/mentor pairings across the UK to participate in a nine-month pro-bono mentoring programme.

 To support business led by women, Santander Brazil offered 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 programme was a success and every available line was taken up during that month.

Specific financial solutions for women

 Since 2018, Santander Spain has in place **Generación 81**, a programme committed to helping accelerate the progress of women focusing on three lines:

- Financial autonomy: A new relationship model aimed at empowering women in financial management. Its value offer includes financial education and specialised financial products intended to make day-to-day activities easier.
- Social commitment: Santander makes alliances with consolidated entities such as Vogue or Disney in order to raise awareness about unconscious bias and break stereotypes.
- Employment and education: scholarships, academic counselling and support training in order to promote professional careers and entrepreneurship.

We have carried on several regional events tailored to women, such as investment workshops, and we created a traveling photo exhibition to raise awareness on gender stereotypes.

 In 2019, Argentina launched **Banca Women** for its female clients, an initiative whose value proposal includes training and networking events. It also offers special products such as credit cards with specific benefits for women and financial support to international businesses lead by women.

Additionally, Banca Women promotes financial inclusion of women through its special facilities such as the financing for women entrepreneurs with advantageous conditions in collaboration with SGR Resiliencia-Flor foundation.

 **Select Me** in Mexico is a programme that supports women with high purchasing power with solutions that facilitate their day-to-day tasks and professional development. It offers benefits such as nutrition assistance, education insurance or access to conferences and seminars, among others. In 2019, the programme had 5,000 active clients.



Generación 81



Banca Women figures

+36
events held

+6,000
women have received training – online and on-site – on business management, economic context, digital marketing and brand identity

+15
international operations led by women, with a total value of \$30 million supported

+40
entrepreneurship projects by women financed through SGR Resiliencia foundation

Promoting women entrepreneurs as an investment opportunity

Santander Asset Management

Launched in 2018, “Santander Equality Shares” was the first fund in Spain investing in companies that promote gender equality at all levels. The management of the fund follows Socially Responsible Investment (SRI) criteria that includes gender equality goals.

Disability: Guaranteeing accessibility to our products and branches

Improving accessibility to the products and services offered by the Bank is an important element of Santander's commitment to being Simple, Personal and Fair. When we updated our Diversity & Inclusion principles in 2019, we strengthened our commitment to customers with disabilities, highlighting the importance of having appropriate, accessible products and services for all.

To do this, we are doing a number of things. We are renovating our branches, removing

architectural barriers and increasing investment in technology to provide a more agile and personalised service. We are working to improve accessibility to our website's apps and e-documents according to the “Universal Design” principle. We have established minimum standards for all our developments; and the minimum AA accessibility (defined by the working group Web Accessibility Initiative (WAI)) will be a must for all new webs and apps. Since 2019 our corporate website is already accessible at an AA+ level.



We are currently working on a project to include ramps and lifting platforms in all our offices and will be completed in 2021. All Santander ATMs will need to be accessible to people with disabilities; and Work Cafés will be adapted for those with limited mobility, and will use digital technology to make information accessible for blind and hearing impaired people.



Our Retail Mobile and Retail online apps meet the American with Disabilities Act (ADA) standards.

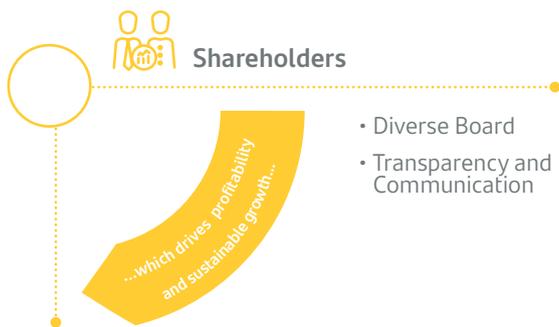


Since 2010, Santander Bank Polska has been implementing and developing the **Barrier-Free Banking Programme** to ensure that customers with special needs have easy access the Bank's products and services. We are introducing priority-service points, magnifying glasses for visually-impaired customers, customer advisors trained in serving customers with disabilities, as well as workshops in finance specially directed to our customers with disabilities.



As part of the “Santander for all” project, all the Smart Red branches are accessible and include easy-read and understandable language documents such as the “Easy-read mortgage agreements” or the “Easy-read and understandable language MIFID investment products basic agreement”.

Shareholders



A Diverse Board

If we are to meet the needs of the societies in which we operate, our Board must be diverse and reflect those societies. We seek a balance of technical skills, experiences and perspectives.

Our Policy governing the selection, suitability assessment and succession of directors promotes diversity on the Board, and non-discrimination on grounds of gender, sexual orientation, race, religion, origin, marital status, age or social condition.

This Policy was amended in July 2018 in line with the European legislation. The Bank applies this Policy when selecting or replacing Board members.

The Selection Policy promotes diversity in the board of directors from different standpoints:

- Geographical provenance or background diversity.

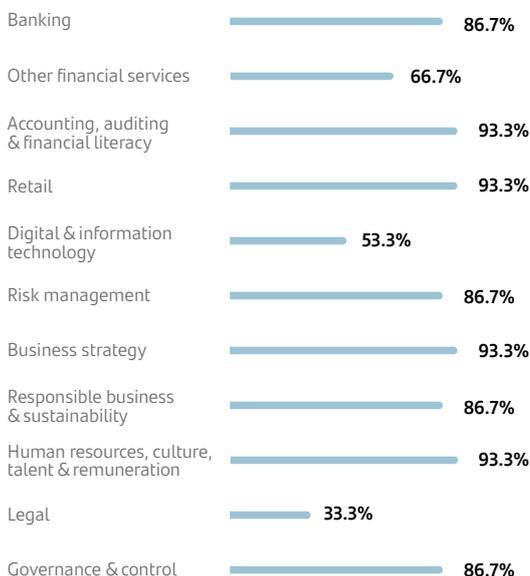
- Gender diversity.
- Education and professional background.
- The Policy has no implicit bias that could lead to discrimination by age, race, disability and/or ethnic origin.

The functioning, effectiveness and results of the execution of our Diversity Policy can be evidenced by the breadth of skills, experience and diversity on the Board and its committees.

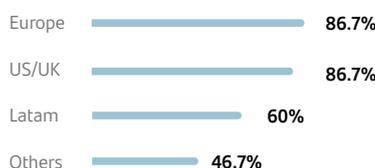
In February 2019, the Board agreed to increase the current women representation of 30%, in place since 2015, to equal presence, between 40% and 60% in 2021. As of November 2019 the Board already met this target, and at year-end, **40% of the Board members were women.**

Skills and experience

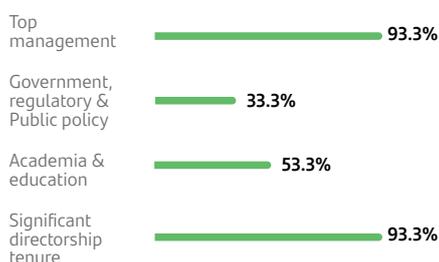
Thematic skill



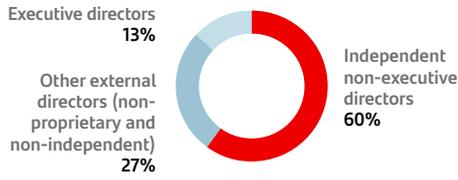
International experience



Horizontal skills



Board composition



Board Tenure

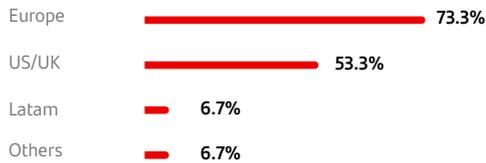


Diversity

Gender diversity



Geographical provenance / international education



Transparency and communication

We seek the lasting trust and loyalty of our more than 4 million shareholders in 170 countries. As a responsible bank, transparency and engagement with investors and shareholders is our key priority.

The Bank is at the forefront of best practices in engagement with shareholders and other stakeholders. We are proactive in aligning our reporting and disclosure with their expectations.

We are always looking for ways to improve accessibility of information, especially online via www.santander.com. We have been working to meet the accessibility directives defined by WAI, and our corporate website is already accessible at an AA+ level.

In 2019, for the tenth year, we offered Internships for Banco Santander's shareholders and their families. This initiative by Fundación Universia, offered 60 university study scholarships to support students with disabilities, shareholders or their families.

Communities



We believe that we can and should have a positive impact on the communities where we live and work. We do this by supporting community initiatives as well as encouraging

other companies to adopt sustainable practices. In particular, we expect our business partners to uphold certain ethical, social and sustainable standards, and we encourage them to become more diverse and inclusive.

Suppliers diversity

Our suppliers throughout the world also have an impact on communities and the environment. We expect our suppliers to operate in a responsible way, upholding the same ethical, social and sustainable standards 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.**

Within the Supplier Certification Policy, we have included **Principles of Responsible Behaviour for Suppliers** which apply to all suppliers providing services on or on behalf of Banco Santander. Aligned with the 10 principles of the Global Compact, they establish minimum principles that we expect from our suppliers including ethics and conduct, human rights, health and safety and diversity and inclusion. It notes that suppliers must treat all their employees fairly and equally and not to discriminate on the basis of birth, race, sex, religion, disability or any other personal or social condition or circumstance.

During 2019 we enhanced the existing supplier questionnaire to vendors in some of our biggest markets, strengthening the new Principles of Responsible Behaviour and to understand the D&I position within our vendor base. The questionnaire helps us clarify whether a company meets our responsible behaviour principles, thereby putting pressure on businesses to become more diverse and inclusive and to comply with legislation regarding the inclusion of people with disabilities.

We have been enhancing our approach further by reviewing the questionnaire and including ESG (Environmental, Social and Governance) for our key suppliers. This extends **D&I questions** further to include wider elements including **gender, people with disabilities and flexible working.** This will be implemented as a pilot in 2020.

D&I initiatives which help communities

Promoting equal opportunities in the communities where it operates is key for Santander. We support several projects to promote women's talent and help the development of people with disabilities.

Initiatives on gender

Santander Universities: The Santander W50 programme, developed in collaboration with the Anderson School of Management at the University of California, Los Angeles (UCLA), equips the next generation of female leaders with training, tools and the leadership skills required to advance and succeed in leadership positions. It offers scholarships to all participants, and since it was launched in 2011 more than 680 women have participated.

 In 2019 we launched the third call for the **STEM Talento Mujer Scholarships** for STEM¹ profiles. Through this programme, we have granted 25 financial grants to women who study a postgraduate or master's degree in STEM subjects. In addition, this initiative includes conducting training practices in different areas of the bank.

De Mujer a mujer: In 2019 we launched the third edition of this programme to support victims of gender violence, helping to improve their employability and increase their chances of getting out of their vulnerable situation. Since its creation in 2016, the programme has supported 44 women victims of gender violence. In 2019, 80% of participants were reincorporated to the labour market after the programme.

 **Mujeres con S:** Santander Spain organises mentoring programmes tailored to women working in different sectors to promote female empowerment and leadership at regional level.

 Santander UK runs an award-winning Universities Programme which partners with 86 University across the UK which have led to 1,200 female students being directly impacted through **pro-bono scholarships**, paid internships, entrepreneurial support and an engineering graduate programme to encourage female students to remain in industry.

 In Santander Chile, employees who participated in a management skills programme for women also volunteered as **mentors to young women** of 11th grade (junior high school students) in Belén Educa school, an organisation that brings together different low-income schools.

Initiatives on disability

 We promote **LaLiga Genuine Santander**. This initiative promotes integration through sport activities, with football teams formed by people with intellectual disabilities. Players can also access training scholarships.

Through Fundación Universia, Santander has developed a virtual volunteering programme in which Bank's employees **mentor university students with a disability**. The aim is to help them improve their employability by reinforcing their English or familiarising them with the business world.

 With the collaboration of Fundación Universia, we organised the activity of '**Speed Dating Leaders**', where Santander professionals met university students with disabilities starting their professional careers. This gave students the opportunity to make professional contacts and prepare their entry into the labour market.

 Santander Portugal actively **cooperates with the Inclusive Community Forum (ICF)**, a research center and idea lab recently created in the Nova School of Business and Economics, in order to promote a more inclusive community for people with disabilities, identifying the main inclusion problems and contributing to solve them. We have collaborated in the creation/implementation of an inclusive recruitment process, together with 28 companies that are partners in this forum, aiming to increase employability rates for people with disabilities in Portugal.

In addition, we collaborate with the Portuguese Association for Asperger's Syndrome, which promotes the support and social integration of people with Asperger's Syndrome (AS), and we are part of APSA's network of receptive companies.

We also participate in Associação Salvador's employability project for people with motor disabilities. In 2019, we partnered with them to **support a job fair for people with disabilities**.

1. Science, Technology, Engineering and Mathematics



Supporting people with disabilities through Fundación Universia

Fundación Universia is a private non-profit organisation of Banco Santander whose goal is to promote social inclusion and professional development of people with disabilities in the society.

As well as supporting Banco Santander in the inclusion of people with disabilities within the Bank, the foundation endorses the inclusion of people with disabilities in the society by elaborating reports, granting scholarships and internships and offering advice to companies. It also carries out awareness-raising and experimental activities linked to culture and sports.

In 2019, Fundación Universia launched **somos**, a campaign aiming to promote inclusive education by eliminating the physical, social and technological barriers that students with disabilities face at university. The initiative is run by the Special Envoy on Disability and Accessibility of the UN Committee on the rights of people with disabilities General Secretary, and has been recognised as a Best Practice by the Global Compact in Spain.

They also promoted the **Global Entrepreneurship challenge**, which awarded nine projects run by entrepreneurs with a disability or whose aim is to improve people with disabilities' lives. These projects were boosted through a Bridge for Billions licence that connected entrepreneurs with specialised mentors.

In addition they launched the **VIII call to Inclusive Projects Awards** and granted 436 scholarships to university students with disabilities. In total 76,634 people benefited in 2019 by Fundación Universia's activities, directly and indirectly.

To know more about Fundación Universia's activities:



@FUniversia



Fundación Universia



@fundacionuniversia



www.fundacionuniversia.net



4. By embedding Diversity and Inclusion, Santander contributes to the United Nations' Sustainable Development Goals

SDG	TARGET	SCOPE	DATA
	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	436 scholarships awarded in 2019 to university students with disabilities
	5.1	End all forms of discrimination against all women and girls everywhere	Principles on diversity and inclusion that provide global guidelines and minimum standards For the third consecutive year, Santander has obtained the highest score among the 322 companies that are part of the Bloomberg Gender-Equality Index
	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 Commitment to achieve 40% - 60% women members on our Group Board by 2021. We achieved 40% in 2019 Commitment to have 30% women in senior leadership positions by 2025. We have reached to 22.7% in 2019
	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	Commitment to eliminate the equal pay gap by 2025. Equal pay gap in 2019: 2% Commitment "top 10 companies to work for" in 6 of our main geographies by 2022. We achieved 5 countries in 2019 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

SDG	TARGET	SCOPE	DATA
	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	<p>We have developed our Corporate Guidelines for the protection of vulnerable Customers, which take into account diversity criteria</p> <p>Our microfinance initiatives Prospera and Tuiio have helped over 381.800 women in 2019</p>
	11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	<p>Our Headquarters has obtained the Solidun seal (Universal Design Innovation Solution), which certifies that our premises are barrier free</p> <p>We are renovating our branches so they are accessible to all, removing architectural barriers and increasing investment in technology to provide a more agile and personalized service</p>
	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	<p>We participate actively and we are part of the main initiatives and working groups at local and international level as an important way to support SDG 17 on partnerships for the goals</p> <p>In particular, regarding D&I, we have joined the Valuable 500 and we are signatories of the UN Women's Empowerment Principles</p>

