

For a brighter tomorrow

2022 Annual report





2022 Annual report

Unless otherwise specified, references in this annual report to other documents, including but not limited to other reports and websites, including our own, are for information purposes only. If the contents of such other documents and websites refer to this annual report, they are not nor should be considered part of it.

Unless the context suggests otherwise, 'Banco Santander' means Banco Santander, S.A., and 'Santander', 'the Group' and 'Grupo Santander' mean Banco Santander, S.A. and subsidiaries.

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2022 consolidated directors' report

This report was approved unanimously by our board of directors on 27 February 2023

Our approach to this document

We changed the layout of our consolidated directors' report in 2018 to include the contents previously provided in these documents, which we no longer prepare separately:

- Annual report
- Consolidated directors' report
- Annual corporate governance report (CNMV format document)
- Board committee reports
- Sustainability report
- Annual report on our directors' remuneration (CNMV format document)

The consolidated directors' report also includes all information required by Spanish Act 11/2018 on non-financial information and diversity. It can be found in the ['Responsible banking'](#) chapter, which constitutes the consolidated non-financial information statement (NFI).

Auditors' reviews

As required by law, our 2022 consolidated directors' report was subject to three reviews by our independent statutory auditors, PricewaterhouseCoopers Auditores, S.L. They can be summarized as follows:

- PricewaterhouseCoopers Auditores, S.L. verified that the information in this report is consistent with our consolidated financial statements and that its contents comply with applicable regulation. For more details, see 'Other information: Consolidated management report section of the ['Auditor's report'](#) within ['Auditor's report and consolidated annual accounts'](#).
- PricewaterhouseCoopers Auditores, S.L. issued a verification report, with limited assurance, on the non-financial and diversity information indicators as required by Spanish Act 11/2018 and included in this consolidated directors' report. To read the verification report, see the ['Independent verification report'](#) in the ['Responsible banking'](#) chapter.
- PricewaterhouseCoopers Auditores, S.L. issued an independent reasonable assurance report on the design and effectiveness of Banco Santander's internal control over financial reporting, which can be found in section [8.6](#) of the ['Corporate governance'](#) chapter.

Non-IFRS and alternative performance measures

This report contains financial information prepared according to International Financial Reporting Standards (IFRS) and taken from our consolidated financial statements, as well as alternative performance measures (APMs) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015, and other non-IFRS measures. The APMs and non-IFRS measures were calculated with information from Grupo Santander; however, they are neither defined or detailed in the applicable financial reporting framework nor audited or reviewed by our auditors.

We use the APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider them to be useful metrics for our management and investors to compare operating performance between accounting periods.

Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not to substitute the IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes.

For more details on APMs and non-IFRS measures, see section 8 of the ['Economic and financial review'](#).



Non-financial information

This report contains, in addition to financial information, non-financial information (NFI), including environmental, social and governance-related metrics, statements, goals, commitments and opinions. The NFI can be found throughout the report but mostly in the ['Responsible banking'](#) chapter.

NFI is included to comply with Spanish Act 11/2018 on non-financial information and diversity and to provide a broader view of our impact. NFI is not audited nor, save as expressly indicated under ['Auditors' reviews'](#), reviewed by an external auditor. NFI is prepared following various external and internal frameworks, reporting guidelines and measurement, collection and verification methods and practices, which are materially

different from those applicable to financial information and are in many cases emerging and evolving. NFI is based on various materiality thresholds, estimates, assumptions, judgments and underlying data derived internally and from third parties. NFI is thus subject to significant measurement uncertainties, may not be comparable to NFI of other companies or over time or across periods and its inclusion is not meant to imply that the information is fit for any particular purpose or that it is material to us under mandatory reporting standards. NFI is for informational purposes only, without any liability being accepted in connection with it except where such liability cannot be limited under overriding provisions of applicable law.

Forward-looking statements

Banco Santander hereby warns that this annual report contains "forward-looking statements", as defined by the US Private Securities Litigation Reform Act of 1995. Such statements can be understood through words and expressions like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future", "commitment", "commit", "focus", "pledge" and similar expressions. They include (but are not limited to) statements on future business development, shareholder remuneration policy and NFI. However, risks, uncertainties and other important factors may lead to developments and results that differ materially from those anticipated, expected, projected or assumed in forward-looking statements.

The important factors below (and others described elsewhere in this report), as well as other unknown or unpredictable factors, could affect our future development and results and could lead to outcomes materially different from what our forward-looking statements anticipate, expect, project or assume:

- general economic or industry conditions (e.g., an economic downturn; higher volatility in the capital markets; inflation; deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the war in Ukraine or the COVID-19 pandemic in the global economy) in areas where we have significant operations or investments;
- climate-related conditions, regulations, targets and weather events;
- exposure to market risks (e.g., risks from interest rates, foreign exchange rates, equity prices and new benchmark indices);
- potential losses from early loan repayment, collateral depreciation or counterparty risk;
- political instability in Spain, the UK, other European countries, Latin America and the US;
- legislative, regulatory or tax changes (including regulatory capital and liquidity requirements), especially in view of the UK's exit from the European Union and greater regulation prompted by financial crises;

- acquisition integration and challenges arising from deviating management's resources and attention from other strategic opportunities and operational matters;
- uncertainty over the scope of actions that may be required by us, governments and other to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards and regulations; and
- changes affecting our access to liquidity and funding on acceptable terms, especially due to credit spread shifts or credit rating downgrade for the entire group or core subsidiaries.

Forward looking statements are based on current expectations and future estimates about Santander's and third-parties' operations and businesses and address matters that are uncertain to varying degrees, including, but not limited to developing standards that may change in the future; plans, projections, expectations, targets, objectives, strategies and goals relating to environmental, social, safety and governance performance, including expectations regarding future execution of Santander's and third parties' energy and climate strategies, and the underlying assumptions and estimated impacts on Santander's and third-parties' businesses related thereto; Santander's and third-parties' approach, plans and expectations in relation to carbon use and targeted reductions of emissions; changes in operations or investments under existing or future environmental laws and regulations; and changes in government regulations and regulatory requirements, including those related to climate-related initiatives.

Forward-looking statements are aspirational, should be regarded as indicative, preliminary and for illustrative purposes only, speak only as of the date of approval of this annual report and are informed by the knowledge, information and views available on such date and are subject to change without notice. Banco Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise, except as required by applicable law.



Past performance does not indicate future outcomes

Statements about historical performance or growth rates must not be construed as suggesting that future performance, share price or earnings (including earnings per share) will necessarily be the same or higher than in a previous period. Nothing in this annual report should be taken as a profit and loss forecast.

XHTML electronic format and XBRL tags

This annual report was prepared in eXtensible HyperText Markup Language (XHTML) format, and the consolidated financial statements it includes have been tagged with eXtensible Business Reporting Language (XBRL), in accordance with Directive 2004/109/EC and Commission Delegated Regulation (EU) 2019/815.

To view the XBRL tags, you must open this document with an appropriate viewer. You can find this document with an XBRL viewer on Banco Santander's corporate website.

Not a securities offer

This annual report and the information it contains does not constitute an offer to sell, nor a solicitation of an offer to buy any securities.



Business model and strategy

We follow **The Santander Way**:



For more information see the [Responsible banking](#) chapter.



Our business model | Our customer focus, global scale and diversification are the foundations for generating value for our shareholders

01. Customer focus

Digital bank with branches



- Santander provides access to financial services for our customers through several channels (universal branches, specialist centres, contact centres, etc.) and supports customers with more digital services and products.
- We continue to enhance customer **experience and satisfaction**. All this is reflected in growth in customers and NPS^A improvement.
- Our focus is to further transform our business and operating model through our global technology initiatives with the aim to build a **Digital bank with branches**.

	2022	YoY
Total customers	160 mn	+7 mn
Loyal customers	27 mn	+8%
Digital customers	51 mn	+8%
Digital transactions	80%	+4 pp

Top 3 in customer satisfaction^A



A. NPS – internal benchmark of individual customers' satisfaction audited by Stiga/Deloitte H2'22.

02. Scale

In-market & global



- **In-market scale** in each of our core markets in volumes in each of our core markets combined with our **global scale** support greater profitability and provide a competitive advantage over local peers.
- **Global scale and network business: SCIB and WM&I** coupled with our capabilities in **auto and payments** drive in-market and Group profitable growth and value.

Top 3 in lending^A in 10 of our markets



A. Market share data latest available. Spain includes Santander España + Hub Madrid + SCF España + Openbank and Other Resident sectors in deposits. The UK: includes mortgages and retail deposits. Poland: including SCF business in Poland. The US: retail auto loans includes Santander Consumer USA and Chrysler Capital combined. Deposits considering all states where Santander Bank operates. Brazil: deposits including debenture, LCA (agribusiness notes), LCI (real estate credit notes), financial bills (*letras financeiras*) and COE (certificates of structured operations).

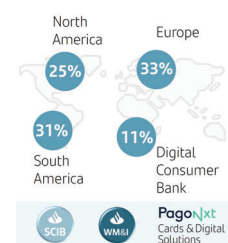
03. Diversification

Geographical Business Balance sheet



- Our diversified **geographical** footprint is well balanced between developing and mature markets.
- **Business** diversification between customer segments (individuals, SMEs, mid-market companies and large corporates).
- Diversification delivers **recurrent pre-provision profit with low volatility**. Our aim is to have a **rock-solid, diversified balance sheet** which reduces risk and further contributes to profitability.

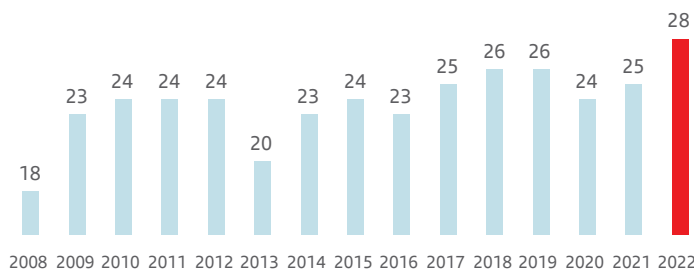
Contribution to Group's profit^A



A. 2022 underlying attributable profit by region percentage of operating areas excluding Corporate Centre.

Group net operating income (pre-provision profit)

EUR billion



Our strong model is reflected in the resilience of our net operating income. It is a competitive strength that continues to differentiate us.





2022 results: our success shows our business model works

Over the past seven years, we have laid the foundations and have reinforced our business model, based on customer focus, scale and diversification, which has resulted in a strong operating performance.

Our Aim, our Purpose and How we do things remained the same: to be the best open financial services platform by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities; to help people and businesses prosper; and to aspire to make all of what we do Simple, Personal and Fair.

In 2022, we delivered record attributable profit of EUR 9.6 bn, supported by strong net operating income, translated into increased profitability and cash dividend per share (DPS), and all of this, with sound credit quality, liquidity and capital positions.

Our strategy execution delivered record results with an 18%^A increase in attributable profit

	Delivered record year in profit	Attributable profit	EUR 9.6 bn
	Increased profitability, shareholder value and returns	RoTE	13.4%
		EPS	+23%
	Further strengthened our rock-solid balance sheet	FL CET1	12.04%
		CoR	0.99%
	Customer focus and scale drove profitable growth	Customers	+7 mn
		Total revenue ^A	+12%

The increase in profitability enabled us to grow our business, strengthen our balance sheet and generate value for our shareholders

Note: FY'22 data or year-on-year changes.

A. In euros. In constant euros: attributable profit +8%, total revenue +6%.

We achieved our 2019 medium-term and 2022 Group financial targets

In 2022, we delivered strong financial results, while reaching the targets we set for ourselves at the beginning of the year: mid-single digit revenue growth in constant euros (+6%), contained cost of risk (below 1%), capital level (FL CET1 over 12%) and profitability (RoTE over 13%). We ended very close to our efficiency target of 45%, demonstrating an improvement compared to the previous year, and in a year with considerable inflationary pressures.



We have a strong track record in delivering on our targets. We also met our 2019 Investor Day medium-term targets. We believe our success shows our business model works.

Our 2022 and 2019 medium-term Group financial targets

	2019 medium-term targets	2022 targets	2022 results
Revenue		Mid-single digit growth ^A	+6%
Efficiency ratio	42-45%	~45%	45.8%
CoR		<1%	0.99%
RoTE	13-15%	>13%	13.4%
FL CET1	11-12%	~12%	12.04%
Payout	40-50%	40%	40% ^B

A. In constant euros.

B. Subject to approval of the final dividend at the 2023 AGM and completion of the Second 2022 Buyback Programme under the terms agreed by the board (see section 3.3 'Dividends and shareholder remuneration' in the 'Corporate Governance' chapter).

Our customer focus, scale and diversification drive profitable growth and doing so in the right way

In a challenging year, we were able to increase profitability and shareholder remuneration. We believe our diversification also allowed us to further strengthen our strong balance sheet. We have a high-quality, simple balance sheet that we believe is well prepared to face the current uncertain environment. At the same time, we have built a solid capital level.

We believe in-market scale and operational improvements allowed us to be leaders in profitability, whilst our global network (global businesses combined with our Auto and Payments capabilities across our footprint) increased Group value added to the countries where we operate.

2022 results by region

We leveraged our strategy to improve the operational performance and results of our three geographical regions and Digital Consumer Bank.



Europe

2022 Key data and highlights

Loans EUR 579 bn	Customer funds EUR 737 bn	Efficiency 47.3%	<ul style="list-style-type: none"> → Business transformation to deliver accelerated growth, a more efficient operating model and increased customer satisfaction. → Customers, loans and deposits up in most countries. → Double-digit profit growth (+38% in constant euros) supported by strong NII performance, cost control and contained CoR. → Costs decreased 7% in real terms and efficiency improved 5 pp, reflecting the structural changes in our operating model.
Cost of risk 0.39%	Profit EUR 3.8 bn	RoTE ^A 9.3%	

A. Underlying RoTE. RoTE adjusted based on Group's deployed capital calculated as contribution of RWAs at 12% would be 12.5%.



North America

2022 Key data and highlights

Loans EUR 157 bn	Customer funds EUR 164 bn	Efficiency 47.7%	<ul style="list-style-type: none"> → Larger customer base and enhanced customer experience through tailored products and services. → Overall volumes growth, driven by most segments in Mexico and by CIB, Commercial Real Estate (CRE) and Auto in the US. → Profitability remained high driven by outstanding results in Mexico and high profit in the US.
Cost of risk 1.49%	Profit EUR 2.9 bn	RoTE ^A 11.1%	

A. Underlying RoTE. RoTE adjusted based on Group's deployed capital calculated as contribution of RWAs at 12% would be 20.5%.



South America

2022 Key data and highlights

Loans EUR 152 bn	Customer funds EUR 183 bn	Efficiency 37.0%	<ul style="list-style-type: none"> → Strengthening the connection and sharing best practices among units, capturing new business opportunities. → Customer base growth (+7mn year-on-year). → Profit up year-on-year boosted by revenue and a lower tax burden, more than offsetting inflationary pressures and higher LLPs. → High profitability, with double-digit RoTEs in all countries.
Cost of risk 3.32%	Profit EUR 3.7 bn	RoTE ^A 18.8%	

A. Underlying RoTE. RoTE adjusted based on Group's deployed capital calculated as contribution of RWAs at 12% would be 25.1%.

Digital Consumer Bank

2022 Key data and highlights

Loans EUR 125 bn	Customer funds EUR 62 bn	Efficiency 46.7%	<ul style="list-style-type: none"> → Value proposition further expanded with new commercial alliances, leasing, subscription and BNPL services. → Significant market share gains as new lending increased (+10% year-on-year). → Revenue up (leasing and fees) more than absorbed negative sensitivity to interest rate rises and new TLTRO conditions. → Costs grew well below inflation (-6% in real terms). → Credit quality remains solid; NPL down to 2.06% and CoR low at 0.45%.
Cost of risk 0.45%	Profit EUR 1.3 bn	RoTE ^A 13.7%	

A. Underlying RoTE. RoTE adjusted based on Group's deployed capital calculated as contribution of RWAs at 12% would be 14.4%.



2022 results by global businesses

Our SCIB, WM&I and Payments businesses increased Group value added to the countries where we operate.

Santander Corporate & Investment Banking

2022 Key data and highlights

Revenue EUR 7.4 bn	Fee income EUR 2.0 bn	<ul style="list-style-type: none"> → SCIB's client centric transformation from lenders to strategic partners is yielding strong results. → Further diversified business model across clients, countries and products. Accelerated capital rotation. → Robust operating performance driven by double-digit growth in all core businesses, especially Markets, Global Debt Financing (GDF) and Global Transactional Banking (GTB).
Profit EUR 2.8 bn	RoTE 22.0%	

Wealth Management & Insurance

2022 Key data and highlights

Assets under management (AuMs) EUR 401 bn	Total fees ^A EUR 3.7 bn	<ul style="list-style-type: none"> → Strong growth in contribution to Group profit in a challenging market. → Private Banking: recognized as a Top 3 Best Global Private Bank^B by <i>Euromoney</i> and achieved a record year in results and cross-border business. → SAM showed resilience despite market turmoil maintaining contribution to profit level. → Insurance: sustained growth in gross written premiums: +24%.
Profit EUR 1.1 bn Contribution to Group's profit EUR 2.7 bn^A	RoTE 59.7%	

A. Including fees generated by asset management and insurance ceded to the commercial network.

B. Clients up to USD 250 million.



2022 payments businesses results

PagoNxt

2022 Key data and highlights

PagoNxt revenue performance^A



Getnet

Merchant TPV	Active merchants (#)
EUR 165 bn	1.32 bn

→ **PagoNxt's revenue rose 72% in constant euros, achieving our +50% target** set for 2022 earlier this year.

→ Growth due to **overall increase in activity and volumes in all regions**.

→ **Merchants:** in merchant acquiring, Total Payments Volume (TPV) rose 27% backed by Brazil (+16%), Europe (+39%) and Mexico (+35%).

→ **International Trade:** over 30k active customers in Ebury and One Trade.

A. Constant EUR mn and year-on-year changes in constant euros.

Cards & Digital Solutions

2022 Key data and highlights

Revenue performance^A



Turnover	# Transactions
EUR 302 bn	+13%

→ **97 million cards managed globally (+4% in 2022).**

→ **Revenue grew 19% in constant euros, boosted by a 14% rise in total turnover and a +13% increase in the number of transactions.**

→ **High profitability with a RoTE of approximately 30%.**

A. Constant EUR mn and year-on-year changes in constant euros.



In summary, the Group's business model drove another strong year where we have delivered on profitability, capital and CoR targets



We continue to serve more customers while maintaining a rock-solid balance sheet

- +7 million customers in 2022
- Top 3 by NPS in 8 markets
- FL CET1 above 12%, while delivering on CoR target (<1%)



As a result, 2022 was a record year

- Double-digit growth in revenue (+6% in constant euros) and profit
- RoTE 13.4% and EPS +23% year-on-year
- Increased shareholder remuneration: cash DPS +18% year-on-year

Note: our 2022 shareholder remuneration policy consists of distributing approximately 40% of the Group's attributable underlying profit split in approximately equal parts in cash dividend and share buybacks. The dividend against 2022 results has been submitted to the 2023 AGM for approval. In the last two years, we have repurchased 5% of our outstanding shares (including share buybacks completed in November 2021, May 2022 and January 2023).

Looking ahead

Thanks to our scale, geographic footprint and business diversification, we have numerous opportunities to grow, which should allow us to remain our customers' first choice.

To make the most of those opportunities, our focus is on implementing plans that enhance the existing network across all the countries and businesses, and improving the profitability of our core businesses through disciplined capital allocation.

We will do this while delivering on our commitment to offer our customers financial products and services in a Simple, Personal and Fair way, and creating value for our shareholders.

In summary, we believe we are well positioned to drive profitable growth in 2023.

2023 financial targets



We are confident that our customer focus and consistent track record in increasing profitability will enable us to achieve the following 2023 targets:

Revenue	Efficiency ratio	CoR	FL CET1	RoTE
⇓	⇓	⇓	⇓	⇓
Double-digit growth	44-45%	<1.2%	>12%	>15%

Note: Targets are market dependent.

Responsible banking

Consolidated non-financial information statement



About this chapter

GRI 1, 2-2, 2-3, 2-5

This chapter is the consolidated non-financial information statement of Banco Santander, S.A. and its subsidiaries. It provides detailed information in accordance with Art. 49, sections 5, 6, 7, 8 and 9 of the Spanish Commercial Code as amended by Act 11/2018, which transposes into Spanish law Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information.

Scope

This chapter covers the core activities of Banco Santander and its subsidiaries from 1 January to 31 December 2022 (for more details, see Notes 3 and 52 to the consolidated financial statements and Sections 3 and 4 of the Economic and financial review). It gives economic information according to the bank's accounting principles. Social and environmental information has been prepared according to the same definition, where available. Significant criteria differences from the 2021 Responsible banking chapter are explained in the related section as well as in the [Global Reporting Initiative \(GRI\) Content Index](#).

Regulation, reporting standards and other references that this chapter addresses

This chapter meets the Spanish Act 11/2018, UE 2017/C215/01 Guidelines on non-financial reporting, European Taxonomy regulation (Regulation (EU) 2020/852 and Commission Delegated Regulations 2021/2139 and 2021/2178), GRI Standards, and the GRI G4 guidelines on financial services disclosures.

It also takes into account the Sustainability Accounting Standards Board's (SASB) 2018-10 industry standards, and the World Economic Forum's Stakeholder Capitalism Metrics. It shows Santander's progress with respect to the UN Global Compact, UNEP FI Principles for Responsible Banking, the TCFD recommendations and the UN Sustainable Development Goals.

Each section of the chapter relates to GRI and SASB indicators to which the content responds. Likewise, section 6. [ESG reporting standards and references](#) provides the regulation, reporting standards and other references mentioned above; with tables showing where information on each one can be found in the report.

Material aspects and stakeholder involvement

Santander maintains an active dialogue with its stakeholders to understand their expectations. It conducts a materiality assessment of ESG matters and closely monitors questionnaires and recommendations of ESG ratings (MSCI, Sustainalytics, CDP, S&P-DJSI, ISS, Moody's, FTSE4Good, Bloomberg Gender Equality Index and Shareaction), as well as other international sustainability initiatives it takes part in.

This chapter illustrates the sustainability of the bank's local and global operations, especially in terms of internal and external impact. For details on its preparation and on our materiality assessment findings, see '5.1 Stakeholder engagement' and '5.2 Materiality assessment' sections of this chapter.

External verification

PricewaterhouseCoopers Auditores, S.L., an independent firm charged with auditing the financial statements of Banco Santander S.A., issued a verification report, with limited assurance, on the non-financial information required under Act 11/2018 and the GRI standards found in this chapter. The report's conclusion can be found in the ["Independent verification report"](#) at the end of the chapter. For more details on the preparation and oversight of non-financial information, see the "Non-financial information" section in the [introductory pages](#) of the 2022 consolidated management report.

The use by Banco Santander, S.A. of any MSCI ESG RESEARCH LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Banco Santander, S.A. by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

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1. 2022 Overview

Helping people and businesses prosper

People

EUR 12,547 million Staff costs

Customers

EUR 1,036,004 million loans outstanding (net)

→ EUR 562,078 million to households

→ EUR 345,083 million to companies

→ EUR 24,436 million to government agencies

→ EUR 104,407 million to others^A

Shareholders

~40% payout policy^B

Suppliers

EUR 14,065 million paid to suppliers

Tax contribution

EUR 9,734 million total taxes paid by the group

Helping to address society's challenges

Environmental

EUR 28.8 bn in green finance raised and facilitated in 2022^C

EUR 53.2 bn assets under management in socially responsible investments

58% reduction of CO₂ emissions in our internal operations^D. 88% of the electricity used from renewable sources^E



Social

54% of our workforce are women;
29.3% of women in senior positions

EUR 950 million credit disbursed to
1.6 million micro-entrepreneurs

EUR 163 million invested in communities, including EUR 100 million to promote higher education, employability and entrepreneurship.



Governance

66.67% independent directors

40% of members of the board are women



Measures to address cost of living crisis

In 2022, inflation has been one of the most urgent challenges to tackle. Rising costs of energy bills and shopping basket and increases in interest rates impact people and businesses. The cost of living is the main concern for citizens in well above all other issues. Santander response has included tailored measures in on six aspects:

- Support measures for employees
- Mortgage relief
- Financial inclusion measures
- Price caps for basic services
- Special attention to vulnerable customers
- Promotion of Energy Efficiency

For more detail on our contribution to UN SDGs see [6.8 SDGs contribution content index](#) of this chapter.

A. Including financial business activities and customer prepayments.

B. Payout of approximately 40% of ordinary profit, divided in approximately equal parts between a cash dividend and a share buyback. Subject to approval of the final dividend at the 2023 AGM and completion of the Second 2022 Buyback Programme under the terms agreed by the board (see section [3.3 'Dividends and shareholder remuneration'](#) in the 'Corporate Governance' chapter).

C. Includes Grupo Santander's contribution to green finance: project finance; syndicated loans; green bonds; capital finance; export finance, advisory services, structuring and other products, to help customers transition to a low-carbon economy. EUR 220bn committed from 2019 to 2030

D. At Banco Santander, we define "own emissions" as direct "Scope 1" emissions and indirect emissions from power consumption and employee travel. Comparing these emissions with 2019 annual report data, employee travel emissions have been reduced by 33%, and total emissions have been reduced by 58%. A 2021-2022 comparison is available in section 4. '[Our progress in figures](#)' of this chapter.

E. In countries where we can verify electricity from renewable sources at Banco Santander properties.

1.1 Highlights 2022

E

Support transition to a low carbon economy

- We disclosed our Sustainable Finance Classification System, TCFD^A report and third Green bond report.
- We set three new interim targets to decarbonize our portfolios by 2030: -29% absolute emissions financed in the energy (oil & gas) sector; -33% emissions intensity in the aviation sector and -32% emissions intensity in the steel sector. In 2021 we set a target of -46% emissions financed in the power generation sector.
- We financed more than 150,000 electric vehicles for a volume of more than €4.8 billion.
- We created a new function to drive the Green Finance business across Retail & Commercial Banking, leveraging on synergies with SCIB (Santander corporate and Investment banking).
- We completed the acquisition of 80% of WayCarbon, a leading Brazil-based ESG consultancy firm to continue to support our customers in their energy transition.
- Together with five other major companies, we created Biomas in Brazil, a new forest carbon company with the ambition to protect and restore 4 million hectares of native vegetation..
- Santander Universities launched the Santander X Global Challenge | Countdown to Zero to help society find the most innovative and sustainable solutions.

S

Promote inclusive Growth

- We ranked in the Top 3 in NPS^B in 8 markets.
- We registered the highest score in the finance industry and the second highest overall worldwide in the Bloomberg Gender Equality Index.
- We enhanced our "active listening" mechanism for employees to be constant and scalable.
- We created accessibility programmes for vulnerable groups, especially elderly people.
- We met ahead of plan our goal of financially empowering 10 million people between 2019-2025. We were named as Best Bank in Financial Inclusion by Euromoney for second year in a row, and by The Banker for the first time.
- We are launching Everyday banking proposals in all European countries where every customer will get access to a financial advisor, to foster the financial health of our entire customer base.
- Santander Asset Management launched Santander Prosperity, its first social investment fund classified under article 9 of the Sustainable Finance Disclosure Regulation (SFDR).
- Santander Universities launched the Santander X Global Challenge | Blockchain and Beyond and the Santander X Global Challenge | Food for the future to seek startups and scale ups with innovative and scalable solutions using food technology.
- We supported the humanitarian response to the war in Ukraine, particularly in Poland, where we worked with the UN Refugee Agency (UNHCR). Thus, Euromoney named us Central & Eastern Europe's Best Bank for Corporate Responsibility.

G

Strong governance and culture across the organization

















- We revised our corporate behaviours (called "TEAMS") to enhance our culture and better respond our stakeholders needs.
- We overhauled our General Code of Conduct, making it easier to understand, accessible and didactic.
- We included ESG criteria in long-term incentives and short-term remuneration schemes, for the 1st & 3rd year respectively.
- We created a new Talent and Culture function that report to the Executive Chair.
- We strengthened ESG risk management, with a new ESG risk function under Chief Risk Officer.
- We enhanced due diligence with revised socio-environmental surveys for customer-facing operations and vendor certification.
- We implemented the Data Ethics Guide and trained employees on how to use data and advanced analytics in an ethical manner.
- We developed our internal regulation to clarify roles and responsibilities in developing responsible banking strategy.

A. Task Force on Climate related financial Disclosure.

B. NPS –internal benchmark of individual customers' satisfaction audited by Stiga/Deloitte H2'22.

Meeting our public targets

Following the UN Principles for Responsible Banking, of which we are a founding member, we have set targets in those areas where we have the greatest potential impact. Thanks to the progress we have made towards some of the targets we set in 2019, we are considering revising our ambition in a few of them.

	2018	2019	2020	2021	2022	Target
Green finance raised and facilitated (cumulative)(EUR) ^A		19 bn	33.8 bn	65.7 bn	94.5 bn	 120 bn by 2025 220 bn by 2030
Socially Responsible Investments AuMs				27.1 bn	53.2 bn	 100 bn by 2025
Electricity used from renewable energy sources ^B	43% 	50%	57%	75%	88%	 100% by 2025
Thermal coal-related power & mining phase-out (EUR)				7 bn	5.9 bn	 0 by 2030
Emissions intensity of power generation portfolio ^{C,D}		0.21	0.17			 0.11 tCO ₂ e / MWh in 2030
Absolute emissions of energy (oil & gas) portfolio ^C		23.84				 16.98 mtCO ₂ e in 2030
Emissions intensity of aviation portfolio ^C		92.47				 61.71 grCO ₂ e / RPK in 2030
Emissions intensity of steel portfolio ^C		1.58				 1.07 tCO ₂ e / tS in 2030
Women in senior positions (%) ^E	20% 	22.7%	23.7%	26.3%	29.3%	 30% by 2025
Equal pay gap ^F	3% 	2%	2%	1%	1%	 ~0% by 2025
Financially empowered people (cumulative) ^G		2.0 mn	4.9 mn	7.5 mn	11.8 mn	 10 mn by 2025

 Cumulative target  From... to...

In 2022, we also continued to:

- Have a board of directors with 40-60% women members.
- Not provide single-use plastics in our buildings and offices.
- Be carbon neutral in our operations.^H

A. Includes Grupo Santander's contribution to green finance: project finance; syndicated loans; green bonds; capital finance; export finance, advisory services, structuring and other products, to help customers transition to a low-carbon economy.

B. In countries where we can verify electricity from renewable sources at Banco Santander properties.

C. The figures displayed are the latest available. Given limited data availability from customers to assess financed emission, we plan to provide target progress update in the June 2023 – Climate Finance Report". Banco Santander's internal calculation methodology has been used, based on the Partnership for Carbon Accounting Financials (PCAF). See more information in section "3.6 Supporting the transition to a green economy".

D. In 2021 Annual report and Climate Finance report, we assessed the 2019 financed emissions of our power generation portfolio, including guarantees and other types of off-balance exposure to our customers that do not entail current funding. Because, according to the PCAF standard, such exposure should not be calculated if its attribution factor is "outstanding", we were over-attributed with our corporate customers' emissions. Therefore, the 2019 baseline emissions intensity has been restated from 0.23 to 0.21. The target and climate ambition remains for this sector.

E. Senior positions make up 1% of the total workforce

F. Equal pay gap based on same jobs, levels and functions

G. Unbanked, underbanked and financially vulnerable individuals who receive tailored finance solutions and become more aware and resilient through financial education.

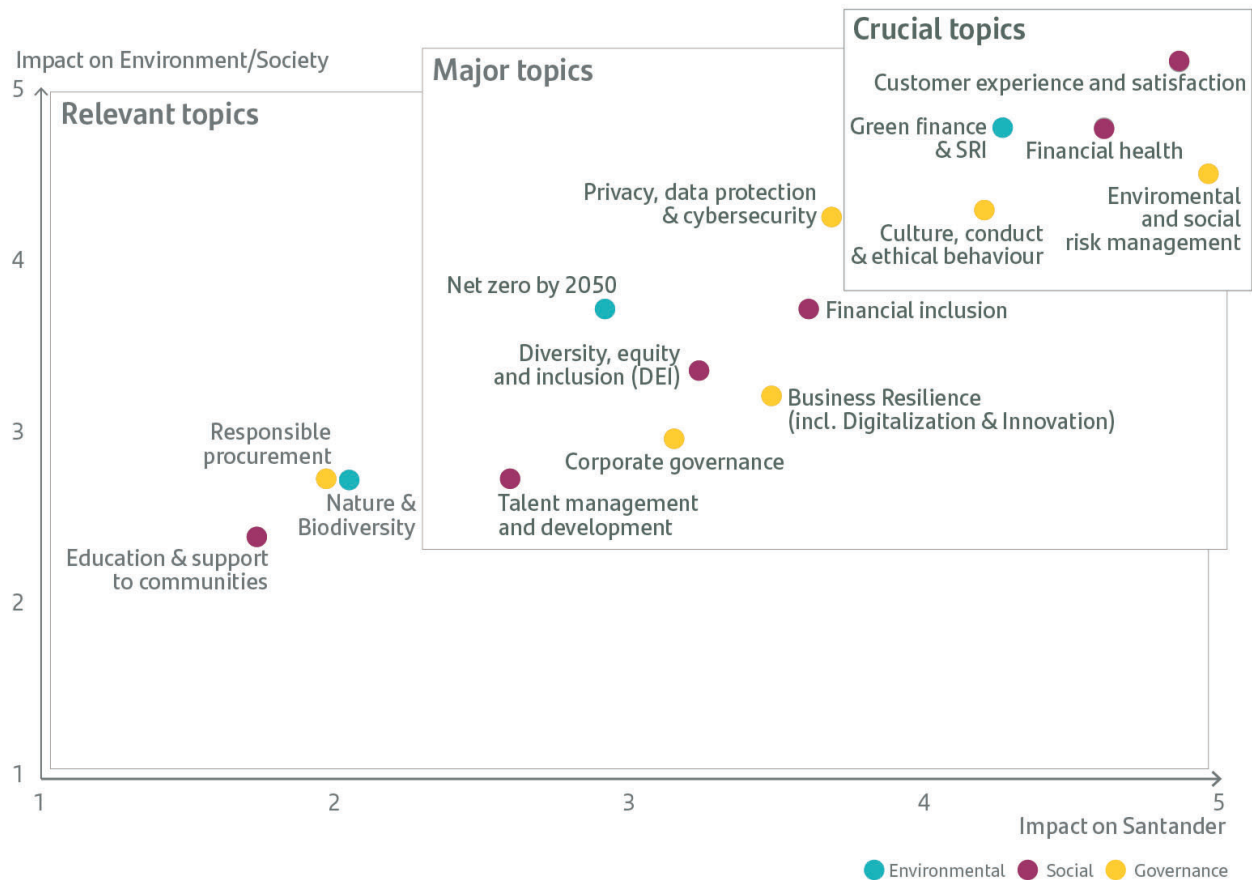
H. In our core markets (G10)

2. Our ESG strategy

2.1 Materiality matrix

GRI 3-2

Our materiality assessment identified 15 ESG topics we should focus on.



Results

The Group Materiality Matrix reflects trends relating to geopolitical tensions; inequality; the rising cost of living; stricter regulation; and other aspects that impact on our markets. It also takes inputs from subsidiaries on digitalization, innovation, human rights; regulation; and other issues. The assessment prompted these changes compared with previous matrix:

- Net zero by 2050 now includes portfolio alignment and operational footprint.
- Financial empowerment is split between financial health and financial inclusion.





Customer experience and satisfaction; green finance and socially responsible investment; environmental and social risk management and culture, conduct, and ethical behaviour saw no change in relevance.

We explain further minor amendments to nomenclature and topic definitions in [5.2 materiality assessment](#) section of this chapter.

2.2 Risk and opportunities

GRI 3-1

The assessment identified four areas which are highly relevant to Santander in term of both risk and opportunity.

	Risk and opportunities	Real and potential impacts
Environmental		
 Climate change	<p>The environmental, economic and social effects of climate change can potentially lead to financial loss.</p> <ul style="list-style-type: none"> • Physical risk of customers' assets and businesses being damaged due to their location. • Transition risk that stems from how customers react to policies, new technology, market shifts and our climate change response. 	<p>Physical risk impact:</p> <ul style="list-style-type: none"> → High impact: Rising costs if customers' assets are damaged or lose value as a result of hurricanes, floods, heatwaves and other extreme weather events. → Chronic impact: Customers' potential loss of income in the long-term due to rising sea levels, higher average temperatures and other consequences of climate change. <p>Transition risk impact:</p> <ul style="list-style-type: none"> → Carbon pricing: Rising costs of emissions that cause operating costs to rocket for customers in CO₂-intensive industries. → Shift in demand for our products and services, which would affect our bottom line.
	<p>The transition to a low-carbon economy opens up opportunities in "green" products, sustainable finance and customer advisory services.</p> <p>For more details see 3.6 Supporting the green transition section in this chapter; and 10. Climate and environmental risk section in Risk management and compliance chapter.</p>	<ul style="list-style-type: none"> → Offer sustainable finance and create products to meet the current needs of our customers and attract new ones. → Position Santander as a sustainable and responsible bank.
Social		
 Financial health & inclusion	<p>Customers' lower purchasing power could lead to greater risk of default.</p> <p>Financial inclusion initiatives developed to make our services available to underserved communities and boost economic and social progress.</p> <p>For more details see 3.8 Financial inclusion and empowerment section in this chapter</p>	<ul style="list-style-type: none"> → Losses due to debtors' inability to pay. → Drop in profits if customers feel the bank is not doing enough to tackle social issues. → Tailor-made financial products and services to help people prosper. → A sound strategy and social purpose that positions Santander as a bank people can trust.
 Quality employment	<p>Failure to adapt to new ways of working and poor management of our people could lead to a loss of talent or a disengaged workforce.</p> <p>A skilled and motivated team boosts business performance and customer service.</p> <p>For more details see 3.3 A talented and motivated team section in this chapter</p>	<ul style="list-style-type: none"> → Lack of pride to be part of Santander can harm profitability. → Need to boost knowledge and skills amid constant changes to the environment and ways of working. → Questionable succession plans and leadership due to a failure to attract and retain talented professionals. → An engaged workforce can increase customer loyalty and help attract new customers. → Retaining diverse talent makes overcoming challenges easier and leads to better results. → Santander's scale means we can develop top employees in all the markets where we operate.
Governance		
 Responsible management and business development	<p>Market instability, current competitive environment, more regulation and higher cybersecurity risk can hamper Santander's operations and performance.</p> <p>Good governance and proper adaptation to a changing environment to ensure business continuity and stakeholder loyalty.</p> <p>For more details see Business model and strategy, Corporate governance and Risk management and compliance chapters</p>	<ul style="list-style-type: none"> → Less capacity to generate liquidity and capital and to enhance our operations in a testing environment. → Losses on the back of breaches of information due to cyber attacks and fraud. → Fines for malfeasance. → Business continuity and sustainable profit generation with a strong balance sheet. → Positive stakeholder perception of Santander to avoid reputational risk.
















Additional details on how we ran this exercise see [5.3 Risk and opportunities analysis](#) section in this chapter.

2.3 Our ESG agenda

GRI 2-22, 2-23

Our ESG agenda focuses on Santander most material issues. The aim is to minimize associated risk and maximize commercial opportunities. Our agenda should be viewed alongside the Group's approach to topics such as customer experience and satisfaction or privacy, data protection and cybersecurity, that are also covered in this report

Our ESG agenda contributes to several United Nations' Sustainable Development Goals¹ and to the Paris Climate Agreement.

Our ambition	Our goals	Priority action plans
E		
Support the transition to a low carbon economy	Deliver our net zero ambition by 2050.	<p>Set targets in our portfolios to align with pathways to net zero while taking into consideration other environmental goals as Nature.</p> <p>Support customers in accelerating their transition, engaging with them and developing a best-in-class sustainable finance and investment proposition.</p>
    		
S		
Promote inclusive Growth	Support inclusive growth across our main stakeholders: employees, customers and communities.	<p>Diverse and inclusive workplace that fosters employees' well-being.</p> <p>Support financial inclusion and financial health promoting access to financial products and services and offering financial Education.</p> <p>Support communities, with focus on Education, Employability and Entrepreneurship.</p>
     		
G		
Strong governance and culture across the organization	Incorporate ESG in behaviours, policies, processes and governance throughout the Group.	<p>Drive culture, conduct and ethical behaviour.</p> <p>Integrate ESG into strategic processes, Risk Management & rest of relevant units and build capabilities.</p>
  		
		

We drive our responsible banking agenda through a number of local and international initiatives and working groups, including:

- UNEP Finance Initiative;
- United Nations Global Compact;
- Glasgow Financial Alliance for Net Zero, Net Zero Banking Alliance (NZBA) and Net Zero Asset Managers (NZAMi);
- World Business Council for Sustainable Development (WBCSD);
- Banking Environment Initiative (BEI);
- CEO Partnership for Economic Inclusion.



The complete list can be found on [5.1 Stakeholder engagement](#) section of this chapter.

¹ An analysis of the contribution of our activity and investments can be found on [SDGs contribution content index](#) section of this chapter

2.4 Policies

GRI 2-23, 2-24, 3-3, FS1

In 2022, we continued to simplify and implement best practices in our internal regulations to ensure we have suitable responsible banking guidelines in place and; and to embed responsible banking and ESG standards in all Group processes and our day to day operations.

Core policies that integrate ESG criteria into our business model to make us a more responsible bank

General code of conduct ^{A,B,C}	Corporate culture policy ^{A,B,C,D}	Responsible Banking and Sustainability policy ^{A,B,C}	Environmental, Social and Climate Change Risk Management policy ^{A,B,C}	Financing for Sensitive Sectors Policy ^{A,B}
Brings together the ethical principles our employees must follow and is central to our compliance function.	Establishes the guidelines and standards to ensure a consistent group culture.	Outlines our Responsible Banking and Sustainability principles, commitments, objectives and strategy with regard to our stakeholders including human rights protection.	Details how we identify and manage risks from activities that require special attention and prohibited activities: oil and gas, energy, mining and metals, and soft commodities.	Provides guidelines for our involvement in industries that are considered sensitive and carry reputational risk.

Other policies that support our responsible banking strategy

Conduct Risk with Customers Management Model ^{B,E}	Code of conduct in security markets ^{A,C}	Cybersecurity Framework ^A	Third-party certification policy ^F	Tax policy ^{A,B,G}
Conflicts of interest policy ^{B,C}	Financing of political parties policy ^C	Policy on contributions for a social purpose ^C	Global health, safety and wellbeing policy ^C	Global mobility policy ^B

A. Policies approved by board of directors.

B. Updated in 2022 (or 2023)

C. Available on our corporate website.

D. Includes Banco Santander's Diversity & Inclusion Principles and the Corporate Volunteering Standard.

E. Includes principles for managing conduct risk with customers. These principles are publicly available on our corporate website.

F. Includes principles on the responsible behaviour of suppliers. These principles are publicly available on our corporate website.

G. Our tax strategy and an extract of our Tax policy are available on our corporate website.

2.5 Governance

GRI 2-9, 2-12, 2-13, 2-14, 3-3, FS1, FS2, FS3



Board of directors

Approves and supervises the implementation of general policies and strategies related to our corporate culture, values, responsible business practices and sustainability; makes sure all the Group's employees are aware of codes of conduct and act ethically; and ensures compliance with the laws, customs and good practices of the industries and countries where we operate.

Responsible banking, sustainability & culture committee ("RBSCC")

Supports the board and oversees the Group's responsible banking agenda and strategy.

For more details, see [4.9 'Responsible banking, sustainability and culture committee activities in 2022'](#) in the Corporate governance chapter

Management meeting

Chaired by the CEO, it discusses our progress on the responsible banking agenda, especially as regards to climate change, TCFD and ESG business opportunities.

In 2022, the committee was informed four times on progress made with the responsible banking agenda.

Responsible banking forum²

Executes the responsible banking agenda across the Group; drives decision-making on responsible banking issues; ensures the execution of any mandates from the RBSCC, other board committees and the board of directors; and ensures alignment with key issues, including the review and escalation of reports to the RBSCC.

Our management focus in 2022

In 2022, in line with our ESG agenda, our management focused on: 1) Our climate strategy, including our pledge to be net zero by 2050; 2) Our sustainable finance and investment value proposition and transition plans to a low-carbon economy; 3) the integration of climate and social criteria into risk management; 4) the extension of our financial empowerment proposition; and 5) the mobilization and use of enablers to integrate ESG criteria into everything we do in the Group.

The Group's responsible banking corporate unit and RB network work jointly to deliver on our strategy in a co-ordinated way across the Group:

Group responsible banking unit

Coordinates and drives the responsible banking agenda, with support from a senior adviser on responsible business practices who reports directly to the executive chair.

Responsible banking network

Our subsidiaries' Responsible banking teams execute the agenda according to our corporate strategy and policies. They are led by a senior manager in the group-wide Responsible banking network, which meets every two months.

We issue guiding principles for subsidiaries and global business units to embed our responsible banking agenda across the Group.

Corporate and subsidiary responsible banking units hold regular bilateral meetings.

Working groups on financial education, training, sustainable finance, microfinance and climate change help agree actions and align efforts.

In 2022, the network held six virtual meetings to discuss progress on the Group's agenda. The network also ran the fourth Responsible Banking workshop, which representatives from all businesses and geographies attended over two days.

² The Forum's 11 permanent members are the regional head of Europe (rotating chair); the regional head of North America (rotating chair); the Regional head of South America (rotating chair); Group Head of Strategy, Corporate Development & Financial Planning; Group Head of Human Resources; Group Chief Risk Officer; Group Chief Compliance Officer; Global Head of Wealth Management & Insurance; Global Head of Santander Corporate and Investment Banking; Group Head of Communications, Corporate Marketing and Research; and the senior adviser to the executive Chair on responsible business practices.

2.6 Shareholder value

GRI 2-29, FS5

Shareholder remuneration

On September 2022, the board agreed to pay an interim cash dividend of 5.83 euro cents per share entitled to receive dividends, against 2022 results, which was paid on 2 November 2022. It also agreed to implement a first buyback programme worth approximately 979 million euros as maximum, approved by the ECB.

On 27 February 2023 the board decided to submit a resolution at the 2023 AGM to approve a final cash dividend in the gross amount of 5.95 euro cents per share entitled to receive dividends and a Second 2022 Buyback Programme worth 921 million euros and for which the regulatory approval has already been obtained.

Once the above mentioned actions are completed, the shareholder remuneration for 2022 will have been EUR 3,842 million (approximately 40% of the underlying profit in 2022) split in approximately equal parts in cash dividends (EUR 1,942 million) and share buybacks (EUR 1,900 million).

The shareholder remuneration policy the board has approved for the 2023 results is to pay out a shareholder remuneration of approximately 50% of the Group reported profit (excluding non-cash, non-capital ratios impact items), distributed in approximately 50% in cash dividend and 50% in share buybacks.

The implementation of the shareholder remuneration policy is subject to future corporate and regulatory approvals.



For more details, see sections [2.1. 'Share capital'](#), [2.6. 'Stock market information'](#), and [3.3 Dividends and shareholder remuneration](#) in the Corporate Governance chapter.

Shareholder engagement

As a responsible bank, we earn the trust and loyalty of our almost 4 million shareholders, and prioritize:

- maximizing value;
- upholding shareholder rights;
- encourage them to participate in the bank's management and general shareholders' meetings, with several ways for them to get involved;
- ensure information is fully transparent, promote direct engagement and dialogue with stakeholders through our channels, and enhance our digital channels with cutting-edge technology;
- giving efficient and timely personal assistance at all times;
- facilitating mutually enriching relations between Santander's shareholders and top management;
- boosting the Group's image in bond and equity markets; and
- reporting on the financial and non-financial benefits of being a Santander shareholder.

We have the highest rating in AENOR's Good Corporate Governance Index.

Communication with shareholders, investors and analysts

GRI FS5

- 276,198 responses from shareholders and investors through studies and qualitative surveys
- 862 engagements with institutional investors (including 73 meetings focused on ESG)
- >800 communications (mainly on digital channels) and 163,761 queries answered by digital channels and telephone.
- 201 events with shareholders



For more details on Santander's shareholder engagement, see sections [1.4 Engagement with our shareholders](#) and [3. Shareholder Engagement and general meeting](#) in the Corporate Governance chapter.

ESG ratings

We engage with ESG ratings to signal our progress and keep improving with their feedback.

Highlights in 2022:

- We maintained our positioning on the **MSCI World Index**. And we've consecutively featured in the **S&P DJSI World and Europe indices** since 2002 and in the **FTSE4Good** since 2003.
- **CDP**. We were placed in the highest score band (Climate Change A List - Leadership level), improving on governance, risk disclosure, targets and portfolio impact.
- **Sustainalytics** We improved to 22.4 points, maintaining on "medium risk", improving on business ethics, ESG integration, data privacy and human capital.
- **ESG Corporate Rating by ISS**. We improved to 55.6 points, maintaining the ESG performance on "C", above the sector-specific "Prime" threshold;
- **Bloomberg Gender Equality Index (BGEI)**. We improved to 92.87 points, above the financial sector average (74.11). Highest ranked among banks and second company overall.

Positioning in ESG ratings

	2022	2021	evol.
MSCI ^A	MSCI Index AA	MSCI Index AA	=
Sustainalytics ^B	22.4	23.9	▲
CDP	A	A-	▲
S&P DJSI ^C	World & Europe Index 83	World & Europe Index 86	=
ISS-ESG	C (55.6)	C (51.8)	=
Moody's ^D	61 (Advanced)	61 (Advanced)	=
FTSE4Good	FTSE4Good Index 4.2	FTSE4Good Index 4.5	=
BGEI	92.87	90.26	▲
Shareaction	92	89	▲

A. Read the MSCI disclaimer on page 18.

B. Sustainalytics risk rating: the lower, the better.

C. Top scores in environmental and social reporting, financial inclusion and tax strategy. We improved our scores in corporate governance; business ethics; policy influence; sustainable finance; climate strategy; labor practice; talent attraction & retention; corporate citizenship; customer relationship and privacy protection.

D. Not rated in 2022

3. Building a more responsible bank

3.1

A strong and inclusive culture: The Santander Way

Our strong corporate culture is critical to succeeding in today's competitive, fast-moving environment.

3.2

Conduct and ethical behaviour

Our business complies with the highest standards of conduct and ethical behaviour.

3.3

A talented and motivated team

To succeed in the new business environment, and to earn and keep our customers' loyalty, we need a diverse workforce that is both talented and engaged.

3.4

Acting responsibly towards customers

We develop our products and services responsibly, and aspire to deliver excellent customer service.

3.5

Responsible procurement

We integrate environmental, social and governance criteria into our supply chain, supporting our suppliers in their sustainable transition.

3.6

Supporting the green transition

We're fully committed to helping meet Paris agreement goals while supporting our customers' transition to a low-carbon economy

3.7

Socially responsible investment

We embed ESG in our decision-making, offering a sustainable value proposition for customers, and an active ESG engagement.

3.8

Financial inclusion and empowerment

We help people access the financial system, set up and grow micro-businesses, and learn how to manage their finances.

3.9

Support for higher education and other local initiatives

We support the communities where we operate, with a special focus on higher education as the driving force behind society's progress.

3.1 A strong and inclusive culture: The Santander Way

3.1.1 Our corporate culture

GRI 3-3

The Santander Way is our approach to business.

In 2022, we launched new corporate behaviours that we call "TEAMS": Think customer, Embrace change, Act now, Move together and Speak up. To promote TEAMS, we ran employee workshops and other events with our Executive Chair, CEO and country heads across our footprint.

More details about our corporate behaviours are available on our corporate website: www.santander.com/en/about-us/corporate-culture

9 (out of 10)

Employees are fully aware of our TEAMS behaviours^A

A. Workday-Peakon, aggregated results for the last 12 months.

Risk Pro: our risk culture

SASB FN-CF-230a.2, FN-CF-230a.3

The Group's risk culture, Risk Pro, is central to the Santander Way and to our purpose of helping people and businesses prosper. It makes risk management the responsibility of all employees. Our performance review system, MyContribution, assigns all Santander employees a common risk objective that is 10% of their review. In 2022, we made risk training a mandatory part of Corporate Centre employees' and unit directors' risk objective.

Risk Pro is part of all stages of the employee cycle. We impart Risk Pro through constant communication, leading by example, support from senior management and speaking up.

In 2022, we made further headway in rolling out our risk culture target operating model, which is mainly based on the best practices identified in the different subsidiaries where we operate. Its main target is consolidate the risk culture across the Group. In November, we celebrated Risk Pro Month at the Corporate Centre. And we had our second global Risk Pro Week to raise employees' awareness of why they should manage risk in their day-to-day.

Our Way is the Santander Way...

Living our Values of
Simple | Personal | Fair

Daily, through our Corporate Behaviours:



And, through our solid culture
of Risk Management:

riskpro
Everyone's business

We also ran developmental training in the behaviours of our risk culture. We continued to develop courses on our learning digital ecosystem according to employees' skills gaps.

We ran initiatives to enhance how we measure adherence to our risk culture. We revised risk culture questions in our new continuous listening survey, Your Voice, as well as Risk Pro scorecard indicators, with thresholds set for most metrics to monitor them across our footprint more consistently.

3.2 Conduct and ethical behaviour

3.2.1 General code of conduct

GRI 2-15, 2-25, 3-3, 205-2, 205-3, 406-1, 415-1, FS1

Our new General code of conduct (GCC), approved by the board in July 2022, is now simpler and more accessible for our employees and stakeholders, with easy-to-understand, inclusive language set out in an appealing, digital format to enhance user experience.

The GCC promotes such values as equal opportunity, diversity and non-discrimination, zero tolerance for sexual or work-related harassment, respect for others, work-life balance, and human rights. Its guidelines address day to day situations. It is also one the core elements to prevent penal Risk (more details, see section [7.2. 'Compliance and conduct risk management'](#) in the 'Risk management and compliance' chapter).

The Internal Audit area regularly reviews compliance with the GCC, with autonomy to check that it and subsidiary-level versions are appropriate and effective.

Core initiatives

We ran these initiatives to strengthen our corporate culture of ethical conduct and compliance:

- #yourconductmatters: campaigns via email, Intranet and other media to boost employees' awareness of the GCC and related policy.
- Services to answer employees' queries on ethics and rules in the GCC.
- Recommendations to prevent conflicts of interest between employees and the Group, and to review and manage conflicts.
- A whistleblowing channel, Canal Abierto, to handle complaints and enhance processes based on lessons learned.
- Common action plans for receiving courtesies or invitations from third parties, and require they be recorded for due diligence.

Training

Our employees undergo mandatory training to refresh their understanding of the GCC's guidelines; why every employee's conduct matters in shielding the Group from liability; and how to handle conflicts of interest, or gifts and invitations from people outside Grupo Santander.

In 2022, units ran information sessions with core vendors to explain the compliance culture and ethical behaviours that we hold all business partners to.

Procurement management policy

Our procurement management policy dictates how employees negotiating with suppliers should conduct themselves to prevent conflict of interest and keep information confidential while procuring goods and services (see the Group's policy on conflict of interest, available on the corporate website www.santander.com).

Code of Conduct in Securities Markets (CCMV)

Approved by the board in 2020, it sets out the standards that board members and employees must abide by when handling sensitive information or trading in securities markets on their own behalf. It outlines the necessary controls and transparency to safeguard the interests of the Group's investors as well as market integrity.

Our core units have tools to help detect potential market abuse and ensure the consistent management of those risks across the Group.

Anyone bound to the CCMV must do regular training on market abuse. Once a year, they demonstrate their understanding of Santander and its employees' key obligations and penalties for failing to fulfil them.



For more details, see section [7.2. 'Compliance and conduct risk management'](#) in the 'Risk management and compliance' chapter

3.2.2 Financial crime compliance (FCC)

GRI 205-2

SASB FN-AC-510a.1, FN-CB-510a.1, FN-IB-510a.1

FCC for vulnerable customers

Introduced in 2021, FCC due diligence of customer life cycle has a special section for vulnerable customers. It supports the Group's commitment to "reducing the stigma in providing financial services to vulnerable customers", with a compliance framework for business units to mitigate financial crime risk in a responsible manner. In 2022, we demonstrated our commitment by welcoming refugees from Ukraine, who came to the EU with little information and most of their money in cash. Early in the crisis, the Group's FCC area published special guidelines for branches to set up accounts for refugees in line with regulation, as smoothly as possible (More information on our support for Ukrainian refugees see section [3.4 Acting responsibly towards customers](#) and [3.9 Support to higher education and other local initiatives](#) of this chapter).

FCC for anti-bribery and corruption

The updated Corporate Framework on Financial Crime Prevention that the board approved in 2021 addresses bribery and corruption as a financial crime risk. It describes core aspects of the Group's programme to fight bribery and corruption. In

particular, it requires core processes and control to deal with the risk of bribery and corruption with third parties; and in sponsorship, charity, campaign donations, joint ventures, main investment, travel, courtesies, marketing, employment and worker relations. In 2022, we updated our policy on preventing bribery and corruption and reintroduced it to subsidiaries, with guidelines and special training to handle the risk of bribery and corruption.

FCC for training

We advanced our strategic plan and training to transform our financial crime and conduct area in 2022. In particular, our post-pandemic programme at the Corporate Centre was entirely in person, with intensive monthly courses, mini-working groups and experts from Santander and elsewhere to talk about terrorism financing, bribery, corruption, fraud, major regulation reform and other important topics. We have a yearly program to train our board of directors on this topic.



For more details on financial crime compliance, see section [7.2. 'Compliance and conduct risk management'](#) in the 'Risk management and compliance' chapter

3.2.3 Environmental, social and climate change risk management

GRI 2-23, 2-24, 2-25, 3-3, 411-1, 413-2, FS2, FS3, FS10, FS11

We embed environmental and social standards in risk management, in accordance with a sectorial prioritization, to support sustainable and inclusive growth, uphold human rights, preserve the environment and aid the transition to a low-carbon economy.

Our Environmental, Social and Climate Change (ESCC) risk management policy sets out standards for investing in, and providing financial products and services³ to, companies and customers who engage in sensitive activities in the oil and gas, power generation and transmission, mining and metals, and soft commodities industries (especially retail customers involved in farming and ranching in the Amazon). We analyse customers subject to the policy with a detailed questionnaire that their assigned banker completes before a team of analysts conducts an overall assessment of their ESCC risks (which we update every year). We also analyse one-off, project-related transactions in accordance with the Equator Principles and such international regulations as the International Finance Corporation Performance Standards. Following our environmental and social (including human rights) due diligence of projects, we set out corrective measures based on their risk rating.

We apply our ESCC risk management policy in conjunction with our Responsible banking and sustainability policy. In addition, the ESCC risk and compliance departments carry out extra due diligence on cases with red flags. The findings, which provide further input for decision-making, are submitted to risk approval committees.

In 2022, we developed a methodology to analyze client's climate transition plans. During the annual analysis of environmental, social and climate change risks in selected sectors (Oil&Gas; Power Generation; Automakers; Steel; Cement and Airlines) clients were tiered according to current GHG emissions, governance of climate transition risks and future emissions targets.

The Group follows the precautionary principle, analysing and managing key environmental and social risks throughout the value chain as well as considering the direct impact on the assets where we operate and the indirect impact stemming from our activity.

In 2022, the ESCC Risk and Compliance departments (in coordination with the Business) have also worked on strengthening the ESCC risk governance and the management of ESCC risks in sustainable finance transactions, and continue enhancing the integration of environmental, social and climate change risk factors in market and operational risk management.



For more details on environmental, social and climate change risk management, see ['Risk management and compliance'](#) chapter of this report.



Our Environmental, Social and Climate Change risk management, and sustainability policies are available on our corporate website www.santander.com.

³ Defined as transactions giving rise to credit risk, insurance, asset management, equity and advisory services

Equator Principles

We have applied the Equator Principles to project-related transactions (especially project finance) since 2009.

In 2022, we analysed 45 projects that fall within the scope of the Equator Principles (see table 35. Equator Principles in '[4. Our progress in figure](#)' section of this chapter).

Tackling environmental crime

The principle of nature conservation extends to all the Group's units. The Financial crime compliance function understands the importance of recognizing that "behind every environmental crime there is a financial network", not only because of the large sources of revenue that organized crime draw from these activities, but because crimes like illegal deforestation have a significant impact on carbon sequestration. Industries we consider "restricted" due to exposure to environmental crime risk include (but are not limited to) logging, pulp and paper mills, palm plantations, commercial fishing, trapping and transport of live animals and waste management. Given their "restricted" status, Santander entities that provide services to companies in those industries must respond to their elevated financial crime risk by implementing enhanced controls. Furthermore, our customer screening tools include specific terms on environmental crimes to help us flag issues and conduct assessments, and our global and in-person senior management training also includes environmental crime case studies and trends.

We **engage in various public-private partnerships** as part of our commitment to detect, disrupt and deter environmental crime. In 2022, our Head of Financial Crime Compliance Framework & Policies remained the chair of the quarterly United Nations Office on Drugs and Crime's (UNODC) Private Sector Dialogue on the Disruption of Financial Crimes Related to Forestry Crimes, which continued to bring together financial institutions, authorities, investigative law enforcement units and supranational governmental bodies to discuss intelligence sharing, typologies and policy strategies on disrupting the financial crime networks behind illegal deforestation. Santander also remains an active member of the United for Wildlife's Financial Taskforce against illegal wildlife trade.

Protection of human rights

Our board-approved Responsible banking and sustainability policy illustrates ESG Santander's commitments including human rights protection of our employees, customers, suppliers and the communities we serve.

- We run initiatives to combat discrimination, forced labour, child exploitation and other affronts to people's dignity, as well as to preserve freedom of association and collective bargaining, our employees' health, and decent employment (see the contents relating to Diversity, equity and inclusion; Employees' health and well-being; and Social dialogue at [3.3 A talented and motivated team](#) section in this chapter).
- We protect our customers' human rights through responsible business practices, and grating their data protection (see [3.4 Acting responsibly towards customers](#) section in this chapter).
- We improved our vendors questionnaires to ensure respect for human rights along our supply chain (see section '[3.5 Responsible procurement](#)' in this chapter).
- We're also enhancing human rights questionnaires including risks in the supply chain to clients under Environmental, Social and Climate Change Risk Management policy. As a result, a strengthened analysis of client's exposure to social risks was achieved.
- We assess Human Rights impacts over transactions under the scope of Equator Principles

In 2022, we included awareness on human rights into Global Mandatory Training. We also added human rights into Environmental, social and climate change risk management in our refreshed material topics for greater focus (see section '[5.2 Materiality assessment](#)' in this chapter).

> Complaints

In 2022 none attributed human rights violations to any Group entities has been reported on our whistleblowing channel, (see section on Ethical channels in next page).

3.2.4 Principles of action in tax matters

GRI 207-1, 207-2, 207-3

The board of directors approves Santander's tax strategy and revises it regularly. This strategy sets tax principles that the entire Group must follow. In October, the board updated the tax strategy, which can be found on our website (www.santander.com).

The Group's tax risk management and control, which draws on our internal control model, must be consistent with the principles in the tax strategy.

Since 2010, we've abided by Spain's Code of Good Tax Practices and the UK's Code of Practice on Taxation for Banks. Furthermore, we participate in cooperative compliance initiatives led by tax authorities. Since 2015, we've voluntarily submitted an annual tax transparency report to Spain's Tax Authority.

Total tax contribution data is available in [4. Our progress in figures](#) section.

Core principles of Santander's tax strategy

- Satisfy our tax obligations based on a reasonable interpretation of tax laws, grounded on their spirit and intention.
- Respect the rules on transfer pricing and pay taxes in each jurisdiction in accordance with our functions, assumed risks and profits.
- Not give tax advice or planning strategies when marketing and selling financial products and services. Not engage in transactions or activities that facilitate unlawful avoidance of taxes by our customers
- Communicate Santander's total tax contribution clearly, distinguishing between taxes borne by the Group and by third parties for each jurisdiction as well as any other information necessary to comply with generally accepted reporting standards on sustainability.
- Not create or acquire entities registered in offshore jurisdictions without board approval; and adequately monitor the Group's operations in such territories.^A
- Maintain a good working relationship with tax authorities based on the principles of transparency and mutual trust to avoid disputes and minimize litigation.

A. By the end of 2022, we had one subsidiary and three branches in offshore jurisdictions. See detailed information on offshore entities in note [3 c\)](#) to the consolidated financial statements.

3.2.5 Ethical channels

GRI 2-26, 205-3, 406-1

Canal Abierto is our global ethical, anonymous and confidential, channel for reporting misconduct. It protects whistleblowers by expressly prohibiting reprisals or any negative consequence against them. Every unit in the Group administers its own ethical channel in its local language according to the common standards of the corporate *Canal Abierto*.

Minimum standards include: subsidiary CEOs' endorsement of the ethical channel; employees' awareness of the importance of using the channel; reporting to the Group about management, action and improvement plans; guarantee of easy platform access and anonymity (if desired); use of external platforms to receive reports according to best practice; mechanisms in place to manage conflicts of interest in internal investigations of reported cases; and internal audits of the channel. These standards are included in our *Canal Abierto* policy, which we approved in 2020.

Canal Abierto is mainly set up to receive reports from employees; however, it's open in some subsidiaries to third parties (e.g. suppliers, customers, investors and other interest groups), who cannot use it to submit complaints or queries.

All incidents reported through *Canal Abierto* are handled appropriately, even if they are found to be unsubstantiated.

The average processing time was 34 days.

3.2.6 Relations with political parties

GRI 3-3, 415-1

Santander is committed to principles of transparency, honesty and impartiality in its interactions with political parties and other entities with public and social purposes that are also political in nature. These principles reject any act of corruption by Santander's employees and managers.

In 2016, our board executive committee-approved Santander's policy on financing political parties (available on our corporate website) that has been applied to all our subsidiaries worldwide. It prohibits making monetary or in-kind election donations and contributions. However, it allows sponsorship by subsidiaries of special events or activities, provided they have been approved by the Group's executive committee and are consistent with Santander's objectives and operations. Santander US participates in a *US Political Action Committee* compliant with US law and with full transparency.

Grupo Santander may only finance political parties on exceptional and limited terms approved by the Group's executive committee and on an arm's length basis. The policy prohibits total or partial debt forgiveness to political parties and their affiliates. While the terms of the debt may be negotiated, the interest rate charged may never be below the market rate. In addition, this policy applies to electoral candidates of political parties to the extent provided by local law.

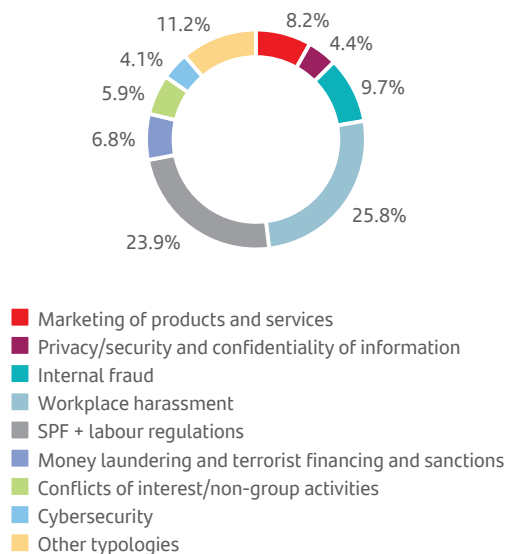
	2022	2021
Issues received	3,935	4,338
Issues deemed well-founded for investigation	3,477	3,628
Disciplinary actions	907	1,196
which led to dismissal	387	312

By category, the main concerns reported related to issues of workplace harassment, breaches of corporate behaviour (SPF) and labour regulations, as well as internal fraud and marketing of products and services.

In 2022, 93 equal opportunity and non-discrimination complaints were received in the Group, 11 of which resulted in disciplinary action, including 8 dismissals. We are not aware of any complaints initiated by any employee or their representative in relation to incidents of discrimination or violation of fundamental rights in Banco Santander, S.A.⁴.

We also received reports of 18 alleged cases of corruption in the year, resulting in 1 dismissal.

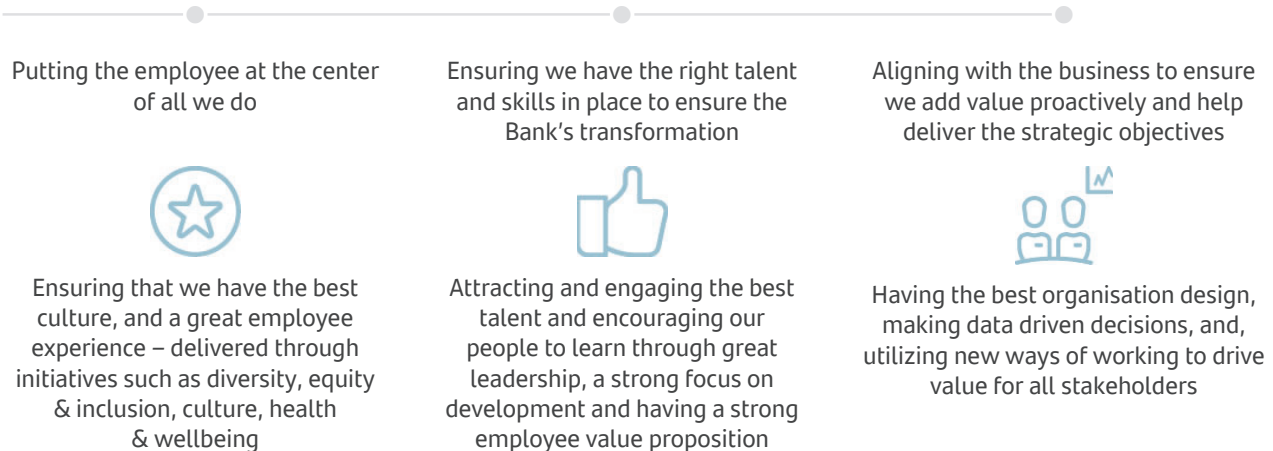
TYPES OF ISSUES RECEIVED



⁴ More details on fines and sanctions received in section 6.4 '[Global Reporting Initiative \(GRI\) content index](#)' (2-27)

3.3 A talented and motivated team

We want to be an employer of choice. Our approach strategy is based on three pillars.



3.3.1 Putting the employee at the centre

GRI 2-7, 2-30, 3-3, 401-1, 401-2, 403-2, 403-3, 403-5, 403-6, 403-9, 403-10, 405-1, 405-2

Diversity, equity and inclusion

SASB FN-AC-330a.1, FN-IB-330a.1

We continue to cultivate a workplace where our people can be themselves and reflect the diverse society we live in.

We do so via following Group networks:

- Global executive DE&I working group, which brings together senior positions from our geographies regularly to review results, propose initiatives and drive internal change.
- Global DE&I team, which draws up global initiatives, coordinates the teams involved and acts as liaison for the subsidiaries and businesses.
- Local DE&I teams in each subsidiary and business, which are responsible for implementing strategic plans and initiatives locally sharing best practice.

In 2022, important highlights were:

- Holding the first global DEI awards to recognize best inclusive behaviours within the Group.
- Mandatory training for top managers⁵, including the two e-workouts, "Cultural connection" and "Listening to everyone", to continue to raise awareness.
- Creating the role of Bias Champion across the Group to fix implicit bias in the calibration of people's potential and performance. The Bias Champions were previously trained on implicit bias.

- We included questions in our engagement survey about inclusion, to be aware and take action if any underrepresented group is not feeling equally considered and part of Santander.

38.4

Average age of the workforce, -0.2 pp vs 2021

54%

of employees are women equal vs 2021

Data at year end.

2.0%

of employees have a disability, +0,1 pp vs. 2021

8.8 (out of 10)

Employees' assessment of whether Santander supports Diversity and Inclusion (in terms of gender, ethnic diversity, disability, socio-economic status, etc.)^A

A. Workday-Peakon, aggregated results for the last 12 months.

⁵ Promontorio, Faro and Solaruco level

Gender equity

Santander fosters equal opportunity between all genders. While women make up 54% of our workforce, their presence in senior positions is less. In 2022, 29.3% of the Group's management positions are held by women, which represents an increase of 3 percentage points compared to 2021 and 5.6 compared to 2020.

We're taking action to have more women at all levels of senior positions.

- We focus on equal consideration of both genders in hiring and promotion, in learning and development programmes, and especially, in senior-level succession plans.
- We have minimum standards for parental leave of 14 weeks for primary leave and 4 for secondary leave.

Our Santander Women's Network grew year-on-year.

LGBTI+

In 2022, we prioritized spreading awareness and inclusive communication and building up our Embrace network.

We commemorate LGBTI+ Pride Day, with several events to share stories and experiences inside the Group and out.

Some highlights from the year are:

- In the UK, we increased our Evolving Minds LGBTI+ library. It includes "Pride stories" by colleagues, as well as an LGBTI+ calendar and alphabet, to better understand little known or misunderstood LGBTI+ identities. We also take part in Tent and Stonewall's mentorship programme for LGBTI+ refugees, aiming at supporting more than 50 LGBTI+ refugees by 2024.
- In Spain, we ran an anonymous survey to understand needs and expectations and take concrete measures in terms of awareness, inclusive communication and protocol to assist LGBTI+ people.

Ethnic and cultural diversity

In 2022, we promoted visibility and awareness of cultural diversity and the influence of implicit bias on people's actions and decisions. Top management undertook a mandatory training session, called "Cultural connection" to help teams look past cultural differences and get the best from all backgrounds.

Key local initiatives:

- In Brazil, we held workshops on ethnic awareness for mid-level managers. We also launched the anti-racist Black Allies initiative and saw an increase in the hiring, satisfaction and retention of black employees.
- In the UK, we participated in Solaris, an external development programme for black women executives. We held ethnicity listening circles with our Ethnicity@Work network to hear the stories of people belonging to ethnic minorities from all over the Group. We also wrapped up the first "Accelerating You: Black Talent Programme" to drive black talent.

% of women in top management and other senior positions

Women members on our board	Our target: 40-60%	Our progress: 40%
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Women in senior positions ^D	Our target: 30%	Our progress: 29.3%
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D. Senior positions are 1% of total headcount.



Grupo Santander features in the Bloomberg Gender-Equality Index and is its highest-scoring bank

Persons with disabilities

Our diversity, equality and inclusion strategy has a specific focus on the inclusion of persons with disabilities.

In Argentina, Brazil, Mexico, Spain, the UK and the US, Santander has networks for employees with disabilities to share ideas, point out needs and areas for improvement and promote active listening as the way to root out stereotypes and biases that undermine inclusion.

Access to employment and education are two major obstacles for persons with disabilities. Santander's main ally in changing that reality is Fundación Universia.

In 2022, we held local and global events to celebrate International day of persons with disabilities.

Santander is part of Valuable 500, a cause that puts disability on the agenda of business leadership, striving for full accessibility at work, in communications and in the awareness of everyone in the countries where it operates.



for more details see [3.9 Support to higher education and other local initiatives](#) section in this chapter or go to www.fundacionuniversia.net

Equal pay

Gender pay gap: 30.2%

What it measures:

The gender pay gap measures differences in compensation between women and men in an organization, business, industry or the broader economy, irrespective of the type of work. At Santander, fewer women hold senior and business management roles than men (something we are focused on addressing), while more women work in retail banking and support roles.

We calculate the gender pay gap as the difference in the median remuneration paid to male and female employees, expressed as a percentage of the male remuneration. Our remuneration schemes factor in base salary and variable pay, but not corporate benefits/in-kind compensation or local allowances.

Our progress:

Santander addresses the gender pay gap with a methodology based on best practices and common guidelines for the Group. We maintain rigorous standards for hiring, promotions, succession planning, and talent pipelines to strengthen diversity. We also promote implicit bias training, communications from executives as well as mentoring, networking and other actions aimed at achieving greater balance in the organization. Local units have action plans in place based on their own characteristics and conditions.

The pay gap has decreased significantly compared to the previous year (32.3% in 2021) showing the effect of the structural measures taken in the Group.

Equal pay gap: 1%

What it measures:

The equal pay gap measures the "equal pay for equal work" for women and men in the same job at the same level. Our comparison does not consider such factors as tenure, length of service, previous experience and background.

Our progress:

Santander set up fair pay programmes to reduce the equal pay gap (our target is 0% in 2025). They include systematic reviews tied to remuneration cycles (merit-based promotions and bonuses), work reorganization and career development plans to recruit, engage and retain diverse talent.

Gender and equal pay gap figures match 2021 trends, on the back of a firm commitment and ambitious action plans assumed throughout the Group.

We continued to make progress in standardizing the criteria of our approach in all geographies and increasing the headcount of the segment we analysed. We will continue to conduct robust reviews and analyses of pay data to detect, understand and act on any gaps.

Employees' health and well-being

Our health and well-being strategy sets out how we protect the health, safety and well-being of all employees, associates and customers; promote a healthy lifestyle; and create long-term value.

It includes a set of common guidelines to ensure a consistent, group-wide approach to mental and emotional health, digital downtime, nutrition and obesity and other matters. In 2022, we published our Global Health, Safety and Well-being policy, which can be found on our corporate website.

We regularly check our employees' satisfaction with internal surveys that ask them about general health and well-being, physical health, mental and emotional health, social care and Santander's support.

Covid-19

In 2022, we adapted our Covid-19 strategy to address the severity of the Omicron variant early in the year before the pandemic began to subside.

We continued to develop a response based on protocols and prevention measures to ensuring the health of our employees, consistent with domestic and international guidelines and recommendations on public health and safety.

We undertook a gradual process to normalize our operations and return to the office, cutting back our COVID-related measures strictly within the labour laws in each country.

8.1 (out of 10)

Average rating from employees about the statement "Employees' health and well-being is a priority at Santander" — 0.2 above the finance industry benchmark^A

A. 2022 Peakon survey

Occupational health

We have collective agreements at bank and sector level, under which employee health and occupational risk prevention are considered. We offer employees check-ups either regularly or after extended absence. We cooperate with competent local institutions on public health initiatives.

We also revise occupational risk prevention plans regularly with employees' legal counsel. We implement them through:

- regular workplace assessments of health and safety risks and preventative measures to handle or eliminate them;
- prevention measures when designing, procuring or acquiring offices, furniture, equipment, products and IT equipment;
- procedures to guarantee safe working conditions. The Occupational Risk Prevention area draws up the plans with other units, with measures to prevent or minimize the risks they detect and review;
- employee awareness and continuous training; and
- occupational risk prevention in all operations that may impact on employees' health and safety.

Our offices have achieved several security, quality and sustainability certifications, such as LEED O+M, Gold Level in the US, or ISO 14001 in Brazil. In 2022, our corporate centre, the Santander Group City, obtained ISO 45001 certification.



For more details on absenteeism data, see the ['Our progress in figures'](#) section in this chapter.



BeHealthy

We're committed to being one of the world's healthiest companies. We foster our employees' health and wellness, raising awareness through our global health and wellness benefits. We also raise awareness through our global BeHealthy programme, which celebrated its sixth year in 2022.

Its four pillars are: know your numbers; eat well; move; and be balanced. Throughout 2022, hundreds of initiatives and events have taken place around the world, involving thousands of employees. In April, we held BeHealthy Week, with daily, in-person and virtual events that covered the programme's four pillars.

At the same time, we launched an online campaign, #SantanderBeHealthy, which encouraged employees from Banco Santander's country units and divisions to share their own healthy habits, achieving 3 million impacts.

We also joined global initiatives run by the World Health Organization, including Global Mental Health Week, Women's Health Month and Men's Health Month. Pau Gasol joined us for a global event to celebrate World Nutrition Day with some 1,500 employees.

All Group employees can access health-related platforms (like "Gympass" to use gyms) and apps for nutrition, mental health, physical health, exercise, meditation and other services free of charge or at bargain rates.



BeHealthy
Live fit, reach your potential

Our listening strategy

SASB FN-AC-510a.2, FN-CB-510a.2, FN-IB-510a.2

In 2022 we set out a new strategy to listen to employees on a more frequent basis. We changed our annual employee listening survey to a more regular listening model called "Your Voice", with cutting-edge technology.

We ran Your Voice three times in the year, gaining more regular and deeper insights.

- Managers can access Your Voice results in real time and review qualitative opinions and sensitive observations to pinpoint areas with a high risk of employees leaving and the drivers to boost higher engagement. It helps managers promote dialogue, trust and transparency to raise employees' performance and reduce resignation and absenteeism.

- Employees can give feedback more often and leave comments on every question while preserving anonymity at all times. Your Voice surveys only take a few minutes to complete.

The surveys we ran in 2022 showed positive results overall.



For more details, see 'Ethical channels' in '3.2 Conduct and ethical behaviour' section in this chapter.

Santander Group - 2022 Your Voice result in a nutshell

8.3

Engagement

In line with benchmark for Finance, and all sector companies

Stable across all three rounds in 2022

Strengths

- Meaningful work
- Peer and team relationships
- Goal-alignment and feedback
- Diversity and inclusiveness

Opportunities

- Autonomy
- Simplification

54

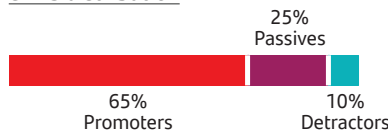
eNPS^A

14 above Finance benchmark

16 above all companies benchmark

Top 10% of the Finance sector

eNPS distribution



89%

Aggregated participation

1.9Mn

Comments provided

A. eNPS (employee Net Promoter Score) is a method of measuring employees' satisfaction levels

Volunteering

Santander has a volunteering programme in every country where we operate. We focus on:

- Promoting financial education.
- Preventing early school-leaving and boosting the job skills of young people at risk of social exclusion.
- Supporting people with disabilities, women and children in difficulty, and other vulnerable groups.

Subsidiaries' also develop programmes based on local needs.

> Programmes for children in Latin America

In Brazil, volunteers took part in financial education initiatives. The Bank also held the 20th edition of the Amigo de Valor program.

In Mexico, we supported Fideicomiso Por los Niños de México (FPNM) (employees donate part of their salary to help disadvantaged children) and Fundación QUIERA to boost young people's financial skills and to improve their emotional health.

In Chile, volunteers helped children through tutorials, school-based support, sporting and cultural activities, and camps.

> Europe and Ukrainian refugees

In Poland, numerous volunteers took part in a project relief programmes that benefited over 1,000 people.

In the UK, employees joined customers in donating money to the Red Cross and UNHCR. Some employees volunteered to fundraise and shelter refugees in their homes.

In Spain, volunteers helped Ukrainian refugees at our Corporate Centre. They taught Spanish and ran activities for children.

In Germany, volunteers collaborated to collect refugees at the border with Poland. Some employees also took refugees into their homes.

+25,000

employees participating in community activities

+77,400

hours volunteered



For more details on our social contribution to communities, see the '3.9 Support to higher education and other local initiatives' section in this chapter

3.3.2 Ensuring we have the right talent and skills

GRI 2-17, 3-3, 404-1, 404-2, 404-3, FS4

Our talent strategy focus on talent attraction and retention. Strategy Workforce Planning exercises helps us to understand our current skills base and future needs (aligned to the business strategy).

Talent attraction & acquisition

Talent attraction

Our talent attraction strategy is focused on positioning the Santander Group as one of the world's leading technology financial groups, one of the BigFinTech, ensuring a great candidate experience, and moving fast.

In 2022 we focused on digital transformation. We embedded a Acquisitions Tracking System (ATS) in all our core units for faster selection, a sound experience for candidates and managers, and efficiency, group-wide. We also began a pilot scheme to help us quickly screen applications for mass vacancies. Moving forward, we plan to roll out candidate screening technology to more areas as well as machine learning solutions to assist with candidate selection. Digitalization will also remain a priority.

Attracting and retaining

We implemented a strategy based on a strong employee value proposition (EVP) for STEM talent. It includes:

1. Global BeTech! programme, to develop Santander's image as a tech company with a market leading proposition of flexible work, meaningful projects, DE&I, agile work, etc. We reinforced our EVP with hybrid working models for tech teams and more agile ways of working, as well as running these initiatives:

- "Women in Tech", which aims to enhance the visibility and leadership of women in the tech field through roundtables and event sponsorship.
- "DiverTechies", to help people with disabilities enter the job market and build a more inclusive tech industry.
- We reinforced our EVP with hybrid working models for tech teams and more agile ways of working.

A global careers strategy we have implemented offers talented STEM professionals the option of working in the gig economy on

short-term, project-based assignments, plus swap programmes where they and a colleague switch roles for a set period.

2. The Community of digital professionals.

A key part of the Global BeTech! strategy was to create a community of digital professionals who act as Santander ambassadors online. Since our employees are the most effective champions of our culture and work environment, their role as "micro-influencers" is helping us get our message out and attract new talent.

3. The new Global landing page

A new landing page has been launched in December 2022 for digital & tech talent to apply in the different open positions in most of our units (www.betechwithsantander.com). This way we show the candidates the strength of our global presence, our many opportunities, and the international careers that could be available by joining us.

4. New Learning program to join technology and business

Under our learning and development strategy, we worked with some of the world's leading universities and with such technical schools as Ironhack, The Bridge and Immune Institute, to launch upskilling and reskilling programmes. We also implemented the new Be Tech & Business programme to help gifted STEM professionals gain a interdisciplinary knowledge in tech and business, with an emphasis on artificial intelligence, market places, DeFi and emerging technology. We also fine-tuned compensation schemes to better attract and retain our STEM talent and launched an innovative value creation plan for PagonXt based on best practice in FinTech.

Talent retention

Mobility

Our global career strategy sets out the principles to generate purpose-driven mobility, unlock the Group's talent and provide clear standards for our managers and employees.

We have simplified the internal mobility offering with four simple and transparent forms of mobility that align with business and employee needs:

1. International assignments (EXPATS)
2. Permanent movements
3. Project-based assignments (Mundo Santander)
4. SWAP programme

We promote internal mobility as the best way to meet business needs and offer real opportunities to our employees, with internal vacancies posted on our Global Job Posting site. We refreshed our first global project marketplace, Mundo Santander, to offer employees temporary mobility and development opportunities: any business or support area may propose a project, which will be posted in Job Posting, and any employee from the Group who meets the requirements may apply. We also developed the SWAP programme for professionals with similar backgrounds to change roles for a short period as a way to share best practices and new ways of working and gain global perspective.

In 2022 we reviewed the Global international mobility policy and created a separate guide for each mobility type.

Learning and development

Our Global learning and development policy sets the standards for designing, reviewing, launching, overseeing and enhancing training and development programmes. We are developing a common catalogue of learning solutions that focuses on the most critical skills our business demands, based on input from strategic workforce planning tool, the employees' skills gap assessment and the business challenges identified with subsidiaries' L&D teams and business stakeholders through the learning needs assessment.

We encourage our employees to take the lead in their own learning development and we ensure that their skills and knowledge stay relevant. We promote employee learning on our digital ecosystem for lifelong learning, with a vast array of study plans and "roadmaps" for employees to upskill and reskill and be in charge of their training and personal development.

Present and Future Leaders

Our development programmes for employees include:

- **Young Leaders**, a global programme for young, talented employees to continue developing to meet the demands of a changing world. We launched its third iteration in 2022, with a focus on cultural intelligence, "think customer" and future design.

Global training

We build skills from the ground up with on-demand and sequential learning. We use proven, easy-to-follow, self-paced learning paths so employees can form a knowledge base, build proficiencies and develop new skills — their way.

Our main focus is on :

- **Fostering innovation:** We carry out expert programmes and bootcamps focused on data analytics, programming, computational thinking, cybersecurity, futures design, hyper-personalization, innovation and service design, which are key disciplines in employee upskilling and reskilling.
- **New ways of working:** The Agile Academy umbrella provides us an extensive catalogue of contents and certifications on agile culture and roles.
- **IT skills:** Our learning plans cover different technologies, with a specific website for cloud-related issues.
- **Core banking skills:** We continue to develop core knowledge through our Global Risk and Internal Audit schools.
- **Global mandatory training:** According to our Risk culture and strategy, we deliver required pills and e-learning courses quickly to impart knowledge on regulation, risk, cyber security, code of conduct, responsible banking, and financial crime. In addition, each subsidiary has mandatory courses on the law and regulation of its jurisdiction.

- **Elevate:** our global executive learning ecosystem for senior officers to participate in a 14-week hybrid learning experience on "evolving customer", "caring leadership", "responsible banking" and "building the future of Santander".

Talent Management

Our learning and development strategy strengthens talent management across our footprint to select candidates for leadership initiatives. In 2022, our talent management included:

- **Succession planning:** We enhanced our succession planning by focusing on diversity, ensuring cross-pollination and using more data-driven analytics.
- **Skills model:** We designed and launched a skills model that helps us reskill and upskill employees (which we've already rolled out to most units).
- **Potential assessment:** We created a Common Potential Model and implemented a technology solution to assess our employees' potential. We assessed our senior officers in 2022 and will extend the model to all employees in 2023.

- **Responsible banking:** We have progressed on the 3 level training strategy we defined in 2021:

- We launched the first global mandatory training in ESG for all employees, "Sustainability for all".
- We created ESG Talks, a series of online recordings available on our learning digital ecosystem, with internal experts from SCIB, Risk, Human Resources, Consumer Finance and Retail Banking for the areas involved in our sustainability agenda.
- We provided the contents for employees to obtain Santander ESG Commitment Fundamentals, International Sustainable Finance Specialist-IASE level II and other ESG expert certifications.

Some subsidiaries and global businesses provided additional training on climate change, sustainability, sustainable finance, sustainable investment, diversity and inclusion.

In 2022, the Board of Directors completed training programmes on climate change, with modules on the Paris Agreement, net zero, portfolio alignment, climate risk management, transition plans, regulation and reporting, and biodiversity.

We also trained our employees on diversity and inclusion, health and safety, customer and supplier relations, the environment and anti-corruption.

3.3.3 Supporting to the needs of the teams

GRI 2-17, 2-19, 3-3, 404-1, 404-2, 404-3

Performance review and remuneration

Our comprehensive remuneration framework combines fixed and variable pay schemes based on targets for employees and the Group. Short- and long-term variable remuneration reflects what we have accomplished and how, according to group-wide quantitative and qualitative targets as well as individual and team targets, behaviour, leadership, sustainability, commitment, growth and risk management. It includes pension plans, banking products and services, life insurance, medical insurance and other corporate benefits our employees can choose.

Fixed remuneration schemes reflect local market conditions. To set pay, we strictly abide by the practices, regulations and collective agreements in force in each jurisdiction where we operate.

Our remuneration policy for all Group employees forbids differential treatment that is not based on a review of performance and corporate behaviours. It also promotes equal pay between men and women.

To comply with EU regulations on remuneration, we identified 1,039 employees subject to a deferred variable pay scheme because their decisions can have a material impact on equity. The policy defers a significant amount of their variable pay (40%-60% depending on remit) for four to seven years, in accordance with internal and local regulation. 50% of variable pay is delivered to them in shares and subject to potential reduction ("malus") or recovery ("clawback"). However, executive directors receive 50% in instruments (25% in shares and 25% in share options), unless they choose to receive options only.

Key initiatives in 2022

- The executive director remuneration policy for 2022 included variable, multi-year remuneration (2023-2025) based on relative total shareholder return, return on tangible equity and ESG metrics. We measure our progress in ESG against these four lines of action and their related metrics: (1) percentage of women in senior positions; (2) financial inclusion; (3) green finance and socially responsible investment; and (4) exposure to thermal coal.
- In 2022 we began developing a new variable pay platform as part of our commitment to better employee experience and best market practice.
- We made progress with gender pay gap monitoring and analysis.
- Our remuneration policy outlines our commitment to avoiding gender bias and removing inequality.



For more details on board remuneration, see [section 6 of the 'Corporate governance chapter'](#).

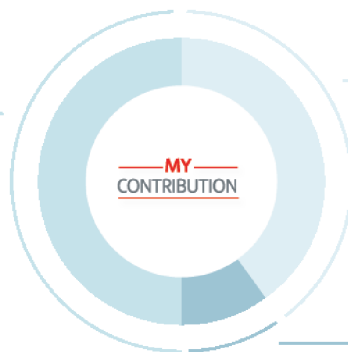
MyContribution

MyContribution is our common performance management model. We update it regularly, and it applies to all employees.

50%
What

Individual goals that link to the organisational strategy.

"What I do day to day" to achieve business results, demonstration of how I contribute to the Group's Purpose and Aim.



40%
How

Common key elements that demonstrate "how" I go about achieving my "what" – The Santander Way

10%
Risk

Common risk goal for all levels and roles, to show how I manage my risks in my day to day. **risk pro**

Corporate benefits

We offer several benefits to our employees in all geographies. Each subsidiary has programmes that adapt to local circumstances. Benefits range from free services for employees and their families to discounts on products and services.

We focus on well-being to help employees stay in sound physical and mental shape, to support their families and to adapt health cover to new circumstances and needs. In Spain, our *Santander Contigo* programme provides assistance with daily tasks, legal and computer support, and other services.

In other geographies, services and financial aid for childcare and support for elderly relatives in their charge are also substantial.

Transforming the way we work

From early 2022, with different Covid infection and vaccination rates in our markets, we had to remain responsible, vigilant and flexible to rollout a "post-pandemic" work model. We focused on two key areas:

1. Return to office, with the objective of gradually bringing everyone back as the pandemic subsided.
2. A flexible working model that is fit for the future and responds to business needs.

We also continue to promote our employee's work-life balance through flexible working, health & well-being programmes and office safety measures.

A new way of working

We implemented a global framework for managing hybrid working based on productivity, engagement and attractiveness. It enabled each subsidiary to deliver a consistent model to employees that they could adapt to local needs:

- For productivity, we created a new dashboard to measure the new ways of working across the Group and measured KPIs for contact centres and operations.
- For engagement, we asked employees to provide feedback on the new ways of working.
- For attractiveness, we followed up with job applicants to learn their views on our new ways of working.

Agile Way of Working

We have been implementing agile methodologies and organizational structures across the business to ensure a strong customer focus and promote a more collaborative and multidisciplinary way of working. To enable change, we created an Agile Transformation Blueprint and practices to help subsidiaries facilitate business agility.

And we have boosted our Agile Training Academy with several learning modules available for all levels and specializations of employees.



For more details on our initiatives promoting employees' wellbeing, see "Employee wellbeing" in this section

8.4 (out of 10)

Employees' assessment of whether they believed they had the necessary flexibility to be able to balance work and family life.^A

A. Workday-peakon survey 2022

We set out five "ways of working" principles



→ **The customer comes first.** Behind any Way of Working arrangement customer and business impact **MUST** be considered at the first place.



→ **Managers** are playing critical role in the organizing teams work. **Productivity of the teams and individuals** are key decision's factors when building the models of work.



→ **Office is our main place to work.** **Workspaces are no longer just a place of work** but a social destination bringing people business together, and supporting different working needs, with the best opportunity for collaboration, innovation and creativity. **Building critical social mass** at the premises is key for our culture.



→ **Testing and learn approach through constant listening** evolving over the time with the focus on customer, individual performance, productivity outputs, and employer branding.



→ **Flexibility, fairness, inclusion and equal opportunity** are guiding principles in decision-making.

Enabling the business

Enabling the business to take key decisions and manage human capital, was a key human strategy and objective for us in 2022 and will continue to be in the future. We want our people to make smarter, faster decisions about their teams and their needs. We are contributing value with our global technology platforms and giving the business data at their fingertips through::

- Enhance user experience through new solutions such as OneHR portal, OneHR Support, chatbots and mobile first technology.
- Maximize the potential of our platforms, having added such end-to-end processes to them in 2022 as the skill model, talent review, succession planning and time tracking.

Social dialogue

In 2022, we continued to guarantee freedom of association and the right to collective bargaining. Our Responsible Banking and Sustainability policy considers forming or joining unions and other representative bodies a basic right of workers, in accordance with Article 10 of our General code of conduct.

We also ensured respect for freedom of association, trade unions, collective bargaining and protections for employees' representatives under the laws of each country where we operate.

We continued to promote and comply with the International Labour Organization's Fundamental Conventions.

We also remained in constant dialogue with employees' legal representatives in bilateral and special committee meetings where all parties could discuss reporting, queries and negotiations about work conditions and employee benefits.

- Create global data and data quality governance and new reporting dashboards, and used analytical and predictive models to harness HR Analytics for more insightful people management.
- Simplify and automate back-end processes by moving towards more global shared service centres in Human Resources.

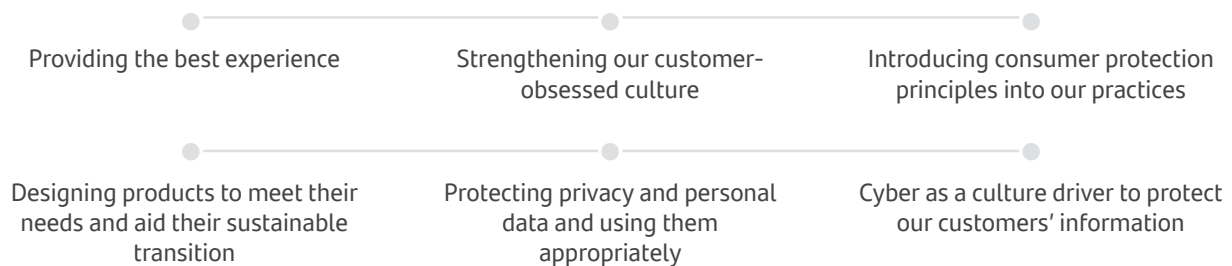
Meetings we held in 2022:

- Occupational health and safety committees
- Equality plan follow-up committee
- Santander employees pension plan control committee
- Training committee
- Other meetings
 - Employee listening
 - Banco Santander mass redundancy agreement follow-up committee
 - Registration of working hours
 - Corporate behaviors
 - Flexiworking policy
 - Capitalization of pension supplements agreement follow-up meetings
 - Meetings with subsidiaries' union committees
 - Bilateral meetings with trade union representatives

3.4 Acting responsibly towards customers



Our customers are at the centre of everything we do



3.4.1 Customer experience and satisfaction

GRI 2-29, 3-3, FS5, FS6

Transforming customer experience

Our aim is to offer customers a great service and experience that produces optimal business outcomes.

We created local and global opportunities to transform customer experience (CX), with the oversight of our management committees.

In 2022 we focused on:

- 1) CX strategy: Develop skills, processes and tools to manage CX within our Global CX management framework, which our core country units helped create.
- 2) Create a Centre of Excellence for Behavioural Economics to better understand people's choices.
- 3) Customer-centric culture: A community to share know-how and innovation to develop subsidiary-level CX plans to raise NPS. We have a monthly newsletter and hold special workshops and training sessions.

Customer satisfaction

In 2022, we conducted over five million surveys to monitor customer feedback about Santander and find out how we can improve our products and services and, ultimately, their experience.

In 2022, we ranked in the top 3 in NPS in 8 of our markets (For more detail see tables 27, 28 and 29 on [4. Our progress in figures](#) section in this chapter).

In 2022, among others, we ran these initiatives:

- “Serve from the heart” (SFTH), which brought us closer to customers' real needs and problems. It is running at branches, contact centres and central offices in the US, Brazil, Chile, Argentina, Uruguay and Portugal, and includes videos and podcasts.
- Also, in the US, we ran digital interaction initiatives and created a customer ombudsman programme to enhance claims and complaint resolution, which boosted CX.
- In the UK, we use customer voice analyses to perform quick tactical testing. Initiatives also include gamified communication, proactive apology messages for unsatisfactory service and calls to detractors.
- In Poland, the COMPASS methodology ensures that new products and solutions will prove useful to both the business and the customer, mitigating risks and boosting customer satisfaction. Also, our plain language communication policy boosts CX, our reputation for transparency, honesty, and straightforward terms of service.
- In Brazil, we developed an AI-driven “speech-to-text” (STT) program that leverages our ability to listen to our customers, bringing insights that allow us to improve our customers experience.

We also continue working on the accessibility of our products and services, including our channels as branches, App y Webs.



Top 3

in NPS in 8 countries^A

^A Santander US has a differentiated objective and does not compute.

3.4.2 Product governance and consumer protection

GRI 2-26, 3-3, 416-1, 417-1, FS15

Customer conduct risk model

Being responsible means offering our customers products and services that are Simple, Personal and Fair (SPF). Our daily operations must be brilliant, and do more than what the law requires, to give our customers an exceptional experience.

Our customer conduct risk model sets out the lines of action and standards for managing and mitigating conduct risk in service design, sales, post-sales and execution.

The Product Governance & Consumer Protection area pinpoints risk from banking regulation and good practice. It also conducts thematic reviews to avoid problems that might affect our customers and to ensure excellence. 2022 thematic reviews focused on pricing, account closure, services for elderly customers, care for victims of fraud, and payment protection insurance. We found over 100 areas of improvement.

Product governance

Santander's governance structure enables it to safeguard customers' interests.

Our product governance forum ensures the products and services we market meet the needs of specific target segments and are reasonably and clearly priced.

Transforming sales culture

Training is central to Group Santander's strategy for a strong risk culture and sound risk management. All our employees complete a mandatory course on conduct risk management. We also run special training programmes for our sales teams to learn skills to sell our products and services properly.

Those programmes, plus the practices and controls we promote, ensure we offer products and services that are consistent with customers' needs and preferences. We avoid pressure selling and other inappropriate practices, and only offer product and service bundles if they add value for customers, who always sign up to them at their own discretion.

We explain products and services to customers in a clear and thorough manner throughout the customer cycle, with quality and conduct controls for marketing and sales material, brochures and contracts according to Santander's standards.

We design customer-focused remuneration models to ensure quality sales processes and to promote sustainable business.

In 2022, we verified that at least 40% of sales units' variable pay was based on customer satisfaction and quality metrics. We drew up plans to enhance pay schemes that promote suitable fixed and variable pay ratios and linear business objectives that will help avoid conflicts of interest and ensure sales will meet customers' needs and profiles.

We continued implementing Rating de Oficina project to give branches a customer conduct and quality rating that impacts on employees' pay, with technology to review real-time metrics for greater awareness and management of conduct-related risk.

In 2022, we reviewed the pay schemes of call centre employees involved in sales and customer engagement, in addition to others working in credit approval, loan monitoring, recoveries and collections, to make sure good conduct and service quality were engrained in their objectives.

Vulnerable customers

In 2022 we made headway with the management of vulnerable customers and prevention of over-indebtedness in all our core markets. Each subsidiary has a roadmap to roll out a Group-wide model for training customer-facing employees to recognize vulnerable customers, escalate cases, and design products and services in such high-impact procedures as collections, fraud management and services for senior citizens.

We focused heavily on vulnerable customer identification through internal awareness campaigns and metrics.

In 2022:

- We implemented protocols for elderly customers to avoid exclusion and improve the experience of these customers.
- We were awarded in UK to be certificated by International Standard on Consumer Vulnerability and the Inclusive Service (ISO 22458).

Conduct in collections and recoveries

In 2022, we used customer conduct metrics to monitor recoveries in all our markets every month. We also checked employee training and quality control.

Customer complaints regarding recoveries fell 26% against the previous year (despite the Covid crisis and the war in Ukraine) on the back of the ethical standards we continued to implement and oversee since 2021.

Conduct in fraud management

Santander invests in advanced systems to protect itself and its customers from the devastating effects of fraud.

In 2022, we conducted a Group-wide analysis of how we manage fraud with customers. We reviewed regulatory trends, as well as our end-to-end processes, product and service design, claims handled, customer communications and control. Our findings helped us draw up action plans to boost our fraud management in 2023.

Complaints management

Handling customer issues and complaints proactively and effectively, analysing disgruntlement and applying lessons learned are vital to continuous improvement, innovation, and to strong customer satisfaction and loyalty.

Our complaints analysis and management are consistent with the Group's Simple, Personal and Fair strategy, with standards for all units to properly handle complaints and offer the best customer service. We use analyses to enhance products and services, with an early warning system to identify risks.

In 2022 we reviewed complaints management and root-cause analysis in all our core markets to identify common workstreams, good practice and areas of improvement. In 2023 we will run initiatives on customer service excellence.

We continued our holistic analysis of customer surveys and consumer protection, with artificial intelligence to report root cause, maximize oversight (e.g. pilot schemes in Brazil and Mexico with over 27 million sets of data), avoid issues reoccurring and follow best practice.

Our methodology harnesses the benefits of customer survey algorithms to get the most out of structured and unstructured data on our systems.

In 2022 we received few complaints from senior citizens and new customers in our core markets relative to our total customer base.

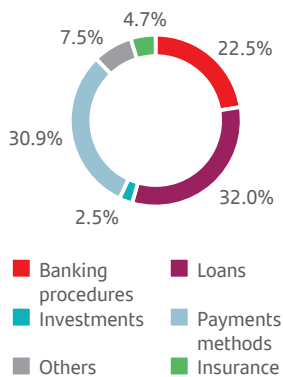
We also use special taxonomies to track fraud-related complaints in all geographies. In Mexico, cases of fraud, which account for c.50% complaints there, have been falling significantly, thanks to a new task force and the measures we're taking.

In 2022, the average time taken to resolve complaints was 10.5 days.

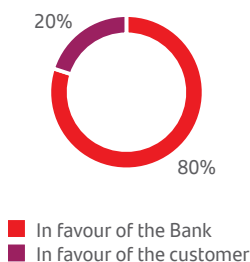


For more details on complaints management, see section 7.2, 'Compliance and conduct risk management' in the 'Risk management and compliance' chapter and our Culture report in our corporate website.

Type of complaints^{A,B} (%)



Resolution^{A,B} (%)



A. Personal Protection Insurance (PPI) Complaints excluded from the volume, distribution by product and resolution term figures. Regarding the uphold ratio, the UK has been fully excluded.

B. Complaints metric follows the criteria established by the Group (homogeneous in all geographies).

3.4.3 Privacy, data protection and cybersecurity

GRI 418-1

Privacy and data protection

Our standards afford people greater control over their data, ensuring we only use their data strictly necessary and for the specific and duly informed purposes for which it is collected. That's why we only process personal data that are appropriate, relevant and necessary to the purpose for which they've been collected, throughout the data's entire life cycle and in accordance with the law. We apply all reasonable measures to erase or rectify data that are impertinent, inaccurate or incomplete. We only store personal data for as long as strictly necessary for their legitimate use. Our security measures ensure the unwavering confidentiality, integrity, availability and resilience of our data processing systems and services.

Our compliance programme guarantees robust management of data protection risks. It includes:

- corporate-based **criteria as general lines of action** to meet regulatory requirements.
- **local subsidiaries' responsibility** to abide by the General Data Protection Regulation (GDPR) and local regulation on data protection.
- **a solid governance model** consisting of:
 - corporate and local policies;
 - a data protection officer (DPO) and managers in each unit. We formally disclosed appointees to local authorities;
 - a corporate oversight programme based on management KPIs; annual reviews; and an annual monitoring forum chaired by the Group Chief Compliance Officer, where subsidiaries report on compliance status and other key data protection matters.

Other items that bolster our commitment to personal data protection are:

- a homogeneous monitoring and reporting model among units that includes performance indicators;
- work with third-party service providers that must comply with data protection regulation;
- data protection compliance embedded in the annual internal audit programme;
- data protection management tools to maintain a group-wide register of processing activities (some 6,000), regular KPI reports and security incidents management;
- promotion of corporate initiatives and the exchange of best practices among units, including workshops and online training courses;
- special training on data protection for DPOs and data controllers;
- constant monitoring of regulatory developments to update and consolidate criteria, methodologies and documents; and
- employee training and awareness

Cybersecurity

Our culture promotes behaviours to protect customers' information and the Group. We help our customers and broader society stay safe and prosper online. We're working with public- and private-sector organizations to combat cyber crime through knowledge sharing on cyber security.

At Santander cybersecurity is embedded in our culture. It is a part of our employee performance reviews.

In 2022, we made our teams more aware of cybersecurity, with:

- an update to our mandatory cybersecurity course;
- special or extra cybersecurity training for payment agents, IT professionals and developers, board members and executives;
- awareness campaigns about new hacking techniques; and
- regular phishing testing that helps us become more resilient to threats and encourages employees to report incidents or suspicious messages through the relevant channels.

We ran initiatives to help our customers and society stay safe online:

- "Cyber Heroes" interactive training, where our employees and the general public can test their knowledge of online safety. Available in Argentina, Brazil, Portugal, Spain and the UK, it has a rating of 9 out of 10.
- Awareness workshops for retail and corporate customers at our branches to explain online threats and how they can reduce them.
- Por una vida online y corriente ("An ordinary life online"), a new global cybersecurity awareness campaign about healthy online habits and protection against fraud. As part of our corporate sponsorship of Rafael Nadal, it consists of special websites, social media content, targeted announcements and online workshops to reach the widest possible audience.

We also cooperated on cybersecurity matters with public and private organizations, helping combat cyber crime:

- Santander played a pivotal role in creating the Financial Services Information Sharing and Analysis Center (FS-ISAC) for intelligence sharing in Europe. Headquartered in The Hague, it has over 1,000 members from 174 entities that include leading banks, Swift and Europol.
- Santander is part of the leadership team of the US Ransomware Task Force, whose aim is to bolster the prevention of, and response to, ransomware attacks at all stages of the supply chain.
- Santander supports the World Economic Forum's (WEF) Cybercrime Atlas initiative to clamp down on cyber criminal networks.



For more details on our cybersecurity initiatives in 2022, see 'Cybersecurity' in section 5 'Research, development and innovation (R+D+i)'.

3.5 Responsible procurement

GRI 3-3, 204-1, 308-1, 308-2, 414-1, 414-2

Being responsible also involves our suppliers

- ◆ Third-party certification policy
- ◆ Responsible behaviour principles for suppliers
- ◆ Risk control

Our **corporate third-party certification policy** provides a methodology for all subsidiaries to select, approve and evaluate vendors. In addition to traditional criteria such as price and quality of service, it includes sustainability criteria as human rights or diversity and inclusion, for suppliers providing risk services to the Group. Risk services refer to those that manage very sensitive data or disruption in their services could severely damage the business.

ESG standards in procurement

We continued to review the adoption of ESG standards along our supply chain.

- During 2022, 3,222 vendors which represent 52% of those providing risk services were approved under ESG standards. These standards assess the adherence to the UN Global Compact, codes of conduct, anti-corruption policies and freedom of association.
- In addition, for those most critical suppliers providing risk services, we assessed 482 according to whether they include ESG criteria in their processes. The scope of this included Colombia, Peru and Uruguay for the first time, in addition to the core markets.

The assessment consists of a questionnaire on carbon footprint, gender and disability inclusion, flexible working, minimum wage, good corporate governance and other factors.

The response rate grew 2% year on year and we found significantly better use of whistleblowing channels, as well as more gender diversity, health and safety policies. However, there is still a significant number of suppliers with room for improvement in the integration of ESG criteria. We are jointly working with them on remediation plans and specific training on the subjects.

ESG supplier standards

We identified ESG best practices from some key vendors in product categories who have the greatest environmental and social impact to gain a better idea of ESG positioning and performance along our supply chain. Our tender questionnaires require information from vendors on their environmental, social and ethical behaviour.

We're setting sustainability standards for each product and service category to include them in the selection requirements.

As part of our support to the local economy, 60% of our vendors are based in the same location where we procure services; they account for 85%⁶ of our total turnover procurement.

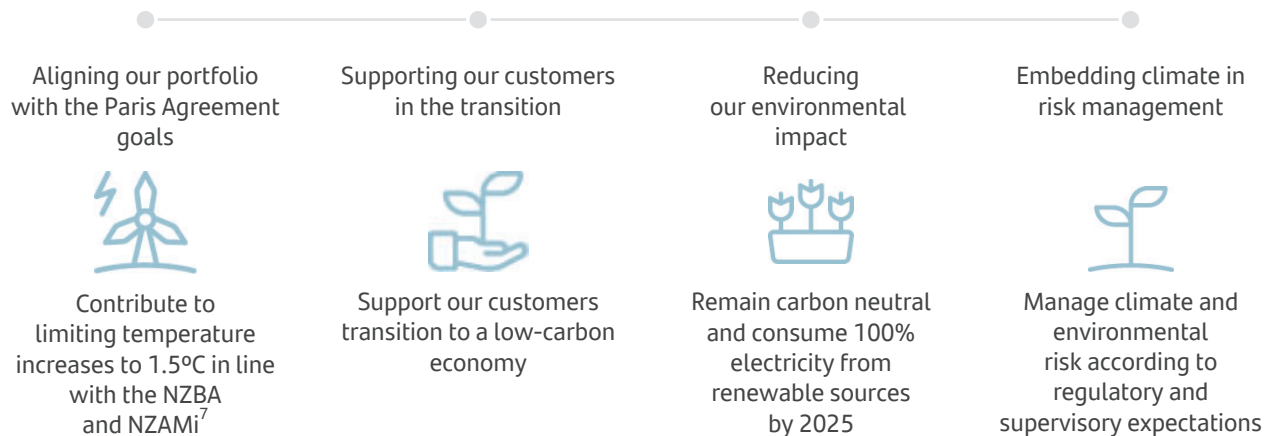
Risk control

- In 2022, we finished rolling out our supplier risk management platform in our core markets. Designed to rationalize vendor management and critical reporting, it enables us to consolidate certification information for all vendors.
- We implemented a new corporate tool to homogenize risk services vendor certification in all our core markets as well as to review such key risks as cybersecurity, business continuity, physical security, facilities and data protection. We also included Anti-Bribery and Corruption, data integrity and other additional risks.
- We created specialized regional teams to issue ESG certification to our selected vendors for providing the most critical services for the Group.
- We work on roll out our ethical channels for vendors to the rest of our core markets next year.

⁶ The reduction in turnover at local suppliers (-11 p.p.) is due to a reduction in the number of local suppliers (-34 p.p.) because of the inclusion of new suppliers in the reporting scope.




3.6 Supporting the green transition

Tackling climate change is a key priority at Santander. We support the Paris Agreement goals. Our ambition is to achieve net zero carbon emissions by 2050. We will do this, and support the green transition, in four ways:



Our targets:

	2018	2019	2020	2021	2022	2025/2030 target
Electricity from renewable sources	43%	50%	57%	75%	88%	100%
Carbon neutral in our own operations			✓	✓	✓	Every year
Green finance raised and facilitated (EUR) ⁸		19 bn	33.8 bn	65.7 bn	94.5 bn	120 bn by 2025 220 bn by 2030
AuMs in Socially Responsible Investments (EUR)				27.1 bn	53.2 bn	100 bn by 2025
Thermal coal -related power & mining phase out (EUR)				7 bn	5.9 bn	0 by 2030
Emissions intensity of power generation portfolio ⁹		0.21	0.17			0.11 tCO ₂ e / MWh in 2030
Absolute emissions of energy (oil & gas) portfolio ⁹		23.84				16.98 mtCO ₂ e in 2030
Emissions intensity of aviation portfolio ⁹		92.47				61.71 grCO ₂ e / RPK in 2030
Emissions intensity of steel portfolio ⁹		1.58				1.07 tCO ₂ e / tS in 2030

 From...To
  Cumulative target
  Commitment Achieved

⁷ NZBA: Net Zero Banking Alliance. NZAMI: Net Zero Asset Managers initiative.

⁸ In 2022, SCIB contributed EUR 28.8 billion to the green finance target, including EUR 4.8 bn in Project Finance (MLA); EUR 7.2 bn in financial advice; EUR 5 bn in green bonds (DCM); EUR 21 mn in project bonds; EUR 1.5 bn in export finance (ECAs); EUR 8.5 bn in M&A; and EUR 1.8 bn from equity capital markets, according to Dealogic, Inframation news, TXF and Mergermarket league tables. This refers to all roles undertaken by Banco Santander in the same project. It does not include financial inclusion and entrepreneurship. Green Finance raised and facilitated is not a synonym of EU Taxonomy. Please refer to specific section on EU taxonomy-related requirements for further details in this regard.

⁹ Given limited data availability from customers to assess financed emission, we plan to provide target progress update in the "June 2023 – Climate Finance Report"

3.6.1 Our ambition and strategy

GRI 2-24, 2-25, 3-3

Santander aims to be net zero in carbon emissions by 2050. This applies to the Group's operations (which have been carbon neutral since 2020) and emissions from our lending, advisory and investment services.

We are a founding member of the **Net Zero Banking Alliance** (NZBA, under the United Nations Environment Programme Finance Initiative), committing the Group to:

- transition operational and attributable greenhouse gas (GHG) emissions from lending and investment portfolios towards pathways to net zero by mid-century;
- set intermediate targets for priority GHG emitting sectors for 2030 (or sooner); and
- prioritize client engagement with products and services that facilitate the necessary transition in the real economy.

Santander Asset Management (SAM) aims to achieve net zero greenhouse gas emissions with its assets under management by 2050. SAM joined the global Net Zero Asset Managers initiative (NZAMi) as part of its commitment to fighting climate change, and set an interim target to halve net emissions for 50% of its AUM in scope by 2030.

Our approach

Our approach to decarbonization is to focus on the most material, high-emitting sectors portfolios. The methodologies we have developed inform our plans to decarbonize our credit portfolios, especially ones directly related to fossil fuels.

The Group's climate risk management performs a climate transition assessment for wholesale corporate customers in the oil and gas, power generation, metals and mining, auto manufacturing, aviation and cement sectors, which are highly prone to transition risk.

We have a four-pronged climate strategy to support the green transitions and achieve net zero carbon emissions by 2050:

- 1) align our portfolio with the Paris Agreement goals and set sector- portfolio alignment targets in line with the NZBA and with NZAMi to help limit warming to a 1.5°C rise above pre-industrial levels.
- 2) help customers transition to a low-carbon economy, with the target to raise or facilitate EUR 120 bn in green finance between 2019 and 2025 and EUR 220 bn by 2030; offer our customers guidance, advice and specific business solutions; and enable them to invest in a wide-range of products according to their sustainability preferences, with the target of reaching EUR 100 bn AuM ESG Socially Responsible Investment by 2025.
- 3) reduce our impact on the environment, implementing efficiency measures, sourcing all our electricity from renewable energy by 2025¹⁰ and remaining carbon neutral in our operational footprint.
- 4) embed climate in risk management; understand and manage the sources of climate change risks in our portfolios.



More details on our Climate Report 2021-June 2022 and the net zero announcement press release, available on our corporate website



See more details of the SAM strategy under 'Our net zero strategy' in the [Sustainable Investment](#) section.

Progress in our three climate-related projects (portfolio alignment, sustainable finance classification system and climate risk management) is reviewed regularly at key governance bodies as detailed below.

Disclosing our approach is key to helping markets and other stakeholders assess how we embed climate in our processes and policies. We use the TCFD as reference. See our latest update on the TCFD's four-pillar framework (Strategy, Governance, Risk management and Metrics & Targets) below.

¹⁰ In countries where we can verify electricity from renewable sources at Banco Santander properties

2022 highlights

- We raised or facilitated EUR 28.8 bn (EUR 94.5bn since 2019) and took advantage of climate finance opportunities to progress on our green finance target (See 'Supporting our customers in the transition').
 - The greenfield renewable energy projects we financed or advised on will have enough installed capacity to power 10.1 million homes a year and avoid 152 million tons of CO₂ emissions^A during their useful life.
- We're expanding our range of ESG products in Wealth Management. As of December 2022, we had over EUR 53.2bn Socially Responsible Investment (SRI) AuM: EUR 37.5bn in Santander Asset Management and EUR 15.5bn from third party funds in Private Banking.
- We set decarbonization targets for 2030 against 2019, for energy - oil & gas (-29% absolute emissions), aviation (-33% emissions intensity) and steel (-32% emissions intensity). In 2021 we set a target for 2030 against 2019, for power generation (-46% emissions intensity).
- We disclosed the financed emissions (absolute and emissions intensity) for the power generation, energy (oil and gas), aviation and steel sectors.
- We have put in place our climate customer engagement framework to facilitate the achievement of our emissions target for the power generation sector. This is based on our customers' greenhouse gas emissions profile alignment and a quality assessment of their transition plans.
- We began to implement action plans to decarbonize power generation and thermal coal credit portfolios. They include special risk appetite limits and customer engagement on climate goals and planning.
- Climate change risk and opportunity assessments, which inform our three-year financial planning and five-year strategizing, enable us to measure three-year projections including the decarbonization targets, green finance and AuM from sustainable funds.
- Santander's employee pension funds managers took action needed to align funds with the net zero target.
- Santander launched key strategic initiatives on nature-based solutions in the Amazon in Brazil. Biomass aims to protect and restore 4 million hectares; and IFACC Alliance aims to accelerate financing for sustainable production and bring together complementary capabilities to design and scale up such mechanisms.
- We continued to implement our plan to curb deforestation and protect biodiversity (especially in the Amazon), which is critical to tackle climate change (See our webpage on 'Santander and the Brazilian Amazon').
- Santander joined the Taskforce for Nature-related Financial Disclosures (TNFD) forum and is assessing the impacts and dependencies on our portfolio for nature-related impacts.

A. Emissions to be avoided over the estimated lifetime of projects that we financed or advised on in 2022. Emission factors and household consumption data from the International Energy Agency (source updated in 2022 with 2020 data) have been used. The estimated share attributed to Santander is 51.6 million tons of CO₂.

3.6.2 Governance

201-2, FS1, FS2, FS3

Climate change and green transition oversight bodies:

- The Board of directors, the Board risk committee and the executive committee discuss and oversee climate change and green transition. In 2022 these topics were discussed by the Board in four of its meetings, and discussed by the Board risk committee in six of its meetings, including disclosure reports, new alignment targets, or the Climate Risk Stress Test Update. Additionally, business units and global businesses report annually to the Board including their main ESG initiatives.
- The Responsible Banking, Sustainability and Culture Committee (RBSCC) discussed climate change at the five meetings it held in 2022. It reviewed the climate change projects: progress on power generation and thermal coal portfolio alignment targets; latest targets for disclosure of energy (oil & gas), steel and aviation and progress on other sectors; the organizational model, key priorities, and next steps of the Green Finance unit and its progress; main results, lessons learnt and expected developments from the supervisory activity (including the ECB 2022 Climate Stress Test and Thematic Review); data disclosure on the Green bond report; and future developments and ideas on better climate reporting.

- The Responsible Banking Forum (RBF) discussed climate change and green finance in five of its six meetings in 2022. As this body ensures alignment on key issues, it reviewed and escalated the above-mentioned topics, among other such as, the environmental risk policy revision, and carbon footprint and offsetting process.
- The management meeting, chaired by the CEO, received four status reports on the responsible banking agenda regarding climate change and green finance.
- These bodies, along with the audit, risk, and other Board committees discuss climate-related matters which arise from the work carried out by the different areas, detailed below



For more details on the RBSCC and RBF discussed topics and actions taken, see section 4.9 '[Responsible banking, sustainability and culture committee](#)' in the Corporate governance chapter.



For more details on climate Governance bodies, and its composition, see our Climate Report 2021-June 2022 available on our corporate website.



For additional information on ESG training, see the Global Training section on 3.3 '[A talented and motivated team](#)'

Main areas involved in the implementation of the climate change strategy

				
Pillar of the climate change strategy	Aligning our portfolio with the Paris Agreement goals	Supporting our customers in the transition	Reducing our environmental impact	Embedding climate in risk management
Main areas	Responsible banking, global businesses and local units set alignment targets	SCIB (Green finance and ESG solutions), Santander Consumer Finance and Wealth management.	Facilities, General services and Responsible banking	Global and local teams across all areas of Risk and Compliance

- In 2022 we continued to embed climate management in business-as-usual across SCIB, Risk and Responsible Banking. We created two new positions: Risks Head of ESG & New Business (who reports directly to the CRO), and Global Head of Green finance (who reports directly to the CEO). For detail, please see Global Green Finance unit in Retail and Commercial Banking.
- Other corporate-level initiatives and groups, which support governance, meet regularly to implement or advise on our climate change agenda. For example, our public policy sustainability working group advises on regulation, the environmental footprint working group measures our footprint and reviews ways to reduce it. The sustainable bonds working group oversees sustainable bonds issues.
- Annual risk assessment and internal audit planning touch on climate risk. In 2022, our Internal Audit area audited climate risk management, verifying that the Group's initiatives are progressing according to plan. It also suggested some improvements to strengthen governance and controls, and to roll out initiatives in subsidiaries. It will continue to monitor this in 2023.
- A board resolution to add ESG metrics covering green finance, decarbonization and other ESG targets to senior executives' long-term incentives passed at the 2022 AGM. This is consistent with our targets (see section 6.4 'Directors' remuneration policy').



For more details on ESG in remuneration schemes, see section 6.4 '[Directors' remuneration policy](#)'.

3.6.3 Risk management

GRI 2-25, 201-2

- In 2022, we made progress in embedding climate and environmental risk in our core risk management. We designed an additional quantitative metric related to the power generation sector that complements our metric for thermal coal, which will be included in our risk appetite statement in 2023.
- The Risk area developed a target operating model (TOM), which aligns our credit approval processes with our strategy and regulatory requirements regarding climate and environmental risk.
- In 2022, the European Central Bank tightened its supervision with a thematic review, stress testing and on-site inspections. We expect the regulatory and supervisory agenda to continue to get bigger.
- Grupo Santander has completed satisfactorily the European Central Bank's climate stress test for the banking industry. The climate stress test was a valuable lesson to the sector, having prompted banks to adopt more advanced management models.
- We evolved our control environment questionnaire (Risk Profile Assessment) related to climate risk bearing in mind the latest regulatory and management developments. Results helped us identify gaps and areas for improvement.
- We conducted materiality assessments every quarter to identify the most climate material portfolios. They cover more than 80% of our balance sheet. Advances in the level of granularity, covering most segments of our portfolio.
- We also identified credit portfolios with major biodiversity risk in our preliminary materiality assessment of environmental risk (going beyond climate).
- Our first ESG Pillar III disclosures covered the new sustainability requirements for greater transparency between financial institutions.

The tools for assessing climate risks and their impact on our portfolio are the following:

- **KLIMA:** Tool for climate and environmental risk detection and assessment, featuring our risk taxonomy and heat maps to review and manage transition and physical risk exposures uniformly in the short, mid and long term. Additionally, it includes scenario analysis to visualize portfolio evolution.
- **Advanced models:** We performed internal climate scenario analysis and stress testing through internal models and a platform acquired from an external vendor, which is based on the UNEP FI methodology, incorporating external and internal information to complete models. This platform has been embedded into the credit risk management of our portfolios prospectively through sensitivity analysis and quantitative materiality assessment bearing in mind sectors and geographies.

MATERIALITY ASSESSMENT - CLIMATE RISK ANALYSIS AND HEAT MAPPING OF PORTFOLIOS

September 2022 - EUR billion

	TR	PR	SCIB	Other segments
Power (conventional)			27	2
of which power generation clients with > 10% of revenues coming from coal			4	0
Power (Renewables - Project Finance)			11	0
Oil & gas			25	1
Mining & metals			15	8
of which clients with thermal coal mining			3	0
Transport			30	105
Real estate			8	398
Agriculture			3	8
Construction			18	14
Manufacturing			50	29
Water supply			3	1
Climate sectors			190	566
Other sectors			55	224
Total portfolio			245	790

Low Moderately low Medium High Very high

TR: Transition Risk. PR: Physical Risk

SCIB : REC (on and off-balance sheet lending + guarantees + derivatives PFE),

Other segments : Drawn amount

Other sectors= SCIB and Corporate NACES outside of risk taxonomy perimeter //

Individuals and SCF: Cards and Other Consumer

Other segments include Individuals, SCF, Corporates and Institutions and, since 2022, some SMEs.

0 exposure amounts to exposures below EUR 500 mn.



For more details on our risk management approach and progress, see section 10: 'Climate and Environmental risk' of the Risk management and compliance chapter.



For more details on our Climate Report 2021-June2022, see our corporate website.

3.6.4 Metrics and targets

GRI 2-24, 3-3, 201-2

Santander aims to be net zero in carbon emissions by 2050. Our initial focus is on the most material sectors and on lending, which is our most material financial activity.

We disclose scope 1, 2 and 3 emissions performance data (see 'Environmental footprint') and other climate relevant metrics (e.g. energy consumption). We report on our renewable energy and carbon neutrality targets. We also began to disclose financed scope 3 emissions (category 15) in 2021, following the standard of the Partnership for Carbon Accounting Financials (PCAF, of which we are a member).

We're setting alignment strategies and decarbonization targets based on customer emissions data, which are accurate to monitor real progress. We're improving data with external databases and models.

We're also working to gauge financed emissions for our balance sheet, but with lower-quality emissions data to meet certain disclosure requirements.

Portfolio alignment

Santander publicly supports the Paris Agreement on climate change. We joined the UN Collective Commitment to Climate Action (CCCA) when it was launched in September 2019. We announced our ambition to be net zero in carbon emissions by 2050 in our 2020 Annual Report. We're a founding member of the UNEP FI Net Zero Banking Alliance (NZBA) as a key initiative to help us drive progress with our net zero ambition.

We fulfilled the first round of target-setting as part of our UNEP FI NZBA commitments. We addressed most of the material and high-emitting sectors we financed, provided data and methodologies were available.

We base our work on NZBA guidelines and recommendations, the PCAF standard, GFANZ (Glasgow Financial Alliance for Net Zero) publications, SBTi (Science Based Targets initiative) recommendations and other standards that enrich our internal methodologies.

We rely on financial information from our customers (total equity, total debt, total assets, company valuation, etc.), as well as emissions and production data. Where no public emissions data exist, we estimate them based on a proxy (average emissions by industry, country, etc.). Once we have an idea of our customers' total emissions, we can apply our attribution factor in line with the PCAF approach to determine the emissions Santander finances.

> Roadmap for delivery on net zero

- Our materiality assessment of physical and transition risks enabled us to focus on high GHG emission intensity sectors and start developing specific decarbonization strategies for sectors defined within NZBA.
- We aim to set decarbonization targets for mortgages, auto-loans, auto-manufacturing, cement, commercial real estate, agriculture and other NZBA sub-sectors by March 2024 or before. Action plans will be published 12 months after target disclosure.
- We'll also update set targets as needed, as new methodologies and more precise and timely information become available in the market.

The decarbonization of portfolios (especially retail) will require advanced scenarios, Nationally Determined Contributions (NDCs) that will limit warming to 1.5°C, and effective policy for an orderly transition.

Decarbonization targets

We have decarbonization targets for five climate material sectors, according to the internal roadmap in our Climate Finance Report from 2021. The targets were presented to our key climate governance bodies and approved by our board of directors.






Emissions accounting and science-based decarbonization target methodologies are new areas that are advancing quickly to meet climate ambitions. We will update and reinforce our methodologies and processes to include these future enhancements.

Santander's activities covered by our targets: According to the PCAF's global GHG accounting and reporting standard, we assess the financed emissions of the sectors our targets cover based on on-balance credit exposure.

Sector boundaries: We focus on where the significant share of emissions come from along each sector's value chain, which are the upstream/generation business in power generation; upstream companies and integrated companies producing their own upstream oil and gas in energy; steel producers; and commercial airlines.

Given financial institutions with strong climate commitments can help industries decarbonize, we find emissions intensity to be the best metric for every sector but energy (for which we use absolute emissions). Our climate strategy to help customers transition to a low-carbon economy prioritizes engagement over divestment.

As published in our "June 2022 Climate finance report", the estimated exposure to power generation, thermal coal, energy (oil & gas), aviation and steel sectors is 3.5% of on-balance-sheet credit and 74% of SCIB's credit risk from climate-material sectors.¹¹

	Sector	Scenario	Emissions	Metric	2019 baseline	2030 targets
	Power generation	IEA Net Zero 2050	Scope 1	tCO ₂ e/MWh	0.21*	0.11 (-46%)
	Energy (Oil & Gas)	IEA Net Zero 2050	Scope 1 + 2 + 3**	mtCO ₂ e	23.84	16.98 (-29%)
	Aviation	IEA Net Zero 2050	Scope 1 + 2	grCO ₂ e/RPK	92.47	61.71 (-33%)
	Steel	IEA Net Zero 2050	Scope 1 + 2	tCO ₂ e/tS	1.58	1.07 (-32%)
	Thermal coal	Phase-out targets to eliminate exposure by 2030 to: • Power generation customers with a revenue dependency on coal of over 10% • coal mining				

* In 2021 Annual report and Climate Finance report, we assessed the 2019 financed emissions of our power generation portfolio, including guarantees and other types of off-balance exposure to our customers that do not entail current funding. Because, according to the PCAF standard, such exposure should not be calculated if its attribution factor is "outstanding", we were over-attributed with our corporate customers' emissions. Therefore, the 2019 baseline emissions intensity has been updated from 0.23 to 0.21. The target and climate ambition remains for this sector.

** Use of sold products.

2019 financed emissions*:

Sector	Absolute emissions (mtCO ₂ e)	Physical emissions intensity	Financial emissions intensity (mtCO ₂ e/EUR bn lent)	Overall PCAF score**
Power generation	5.41	0.21 tCO ₂ e/MWh	0.51	2.67
Energy (Oil & Gas)	23.84	73.80 tCO ₂ e/TJ	3.1	3.4
Aviation	1.81	92.47 grCO ₂ e/RPK	1.17	3.3
Steel	2.62	1.58 tCO ₂ e/tS	1.74	3

* In the case of corporate business loans, Banco Santander calculates the Total Value of the Company (used to obtain the emission attribution factor) by adding the total equity and debt of the company (PCAF exception scenario), in order to avoid the high volatility in market capitalization.

**Obtaining emissions data from our customers is a challenge. As they disclose more non-financial information worldwide, the quality of our reporting on financed emissions will improve. The PCAF scores illustrate the data quality used to calculate the financed emissions (with 1 being the best). Financed emissions information comes from a wide range of sources on emissions, physical intensity and production data. Trucost is the main source for fossil fuels emission and production. We used Asset Resolution and annual report fillings as secondary sources to cover information gaps. As well as the Transition Pathway as a third option to measure physical emission intensity for certain sectors, including O&G and Steel.

¹¹ "Exposure to sectors with decarbonization targets" metric measured in terms of drawn amounts as of June 2021. "Concerning sectors exposure in the SCIB segment" measured in credit risk exposure, in line with the Climate materiality assessment, as of June 2021. As it was published in our June 2022 Climate Finance Report.

Energy

The world needs to ramp up renewable energy capacity and act now to decarbonize the economy. But for the global energy sector to decarbonize, all energy-intensive sectors and activities must be transformed. Our role is to support our customers' transition and, as one of the world's top lenders in renewable energy, we're increasing the volume of green finance to support this transformation.

Energy security is key to an orderly transition. While we increase renewable capacity, energy prices must be affordable and reliable. As the IEA states, oil and gas will continue to play a role in powering the world's economy during the transition.

Across the Group's footprint, economies are at different stages on the path to net zero. We aim to ensure the transition is fair for all communities.

During 2022 we have temporarily increased our overall exposure to the energy sector (oil and gas) due to the liquidity needs arising from the volatility of energy commodities prices; exchange rates; and the energy crisis. Our long-term climate ambition remains and a significant part of our lending exposure has a short-term maturity.



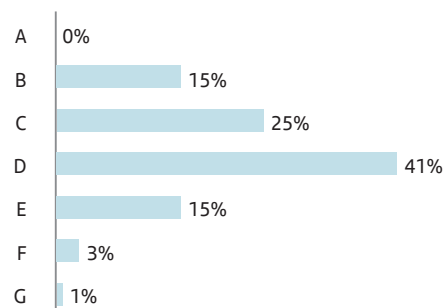
To know more about our position regarding the energy sector see our Climate Report 2021 - June 2022, in our corporate website.

Mortgages

We're working with our most material mortgage portfolios in the Group, which are in the UK and Spain and respectively make up over 60% and 17% of the Group's mortgage exposure.

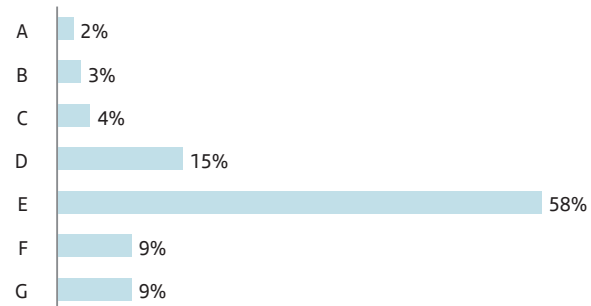
To obtain the best possible measurement of financed emissions from residential properties, we need specific data on each type of collateral. In some countries, where it is required by regulation, it is possible to have the energy performance certifications (EPCs). When data is not available for specific properties, there are models that allow for an EPC to be assigned to the remaining assets in our portfolio based on existing data. EPCs are not comparable across geographies as measurement scales are defined locally, depending on local policy, weather conditions and other variables.

On the UK EPC scale of A ("best performing") to G ("worst performing"), the estimate 2022 energy efficiency labels (EPCs) for our mortgage collateral in the UK as a percentage of the total number of mortgages are:



Source: Landmark

For Santander España, the estimate of the 2022 portfolio EPC distribution weighted by energy consumption, according to Spain's EPCs local scale, is:



Our mortgage portfolios in the UK and Spain are broadly consistent with each country's general EPC profile.

Based on EPC data models for the UK and Spain, we're assessing financed emissions and decarbonization strategies for mortgage portfolios to achieve net zero. We can already affirm that if banks are to achieve the net zero ambition stronger national regulation is needed to ensure countries meet their climate targets, such as the greening of the grid and the availability of EPCs.

Agriculture

In 2022, we contributed with other banks to the "Introductory Guide for Net Zero Target Setting for Farm-Based Agricultural Emissions", as part of the Banking for Impact on Climate in Agriculture initiative launched by WBCSD, UNEP FI and PCAF. Agriculture in Brazil is vital to the national economy and central to Santander's net zero plan. Our first challenge was collecting tangible data on farms to establish a baseline. Other challenges included finding realistic paths to decarbonization, getting producers willing to decarbonize, adopting better, less costly practices and finding additionality.

Customer engagement in SCIB

Our customer engagement approach aims to facilitate the achievement of our emissions targets while enabling us to develop a deep understanding of our customers' transition strategies and support their transition to low carbon business models.

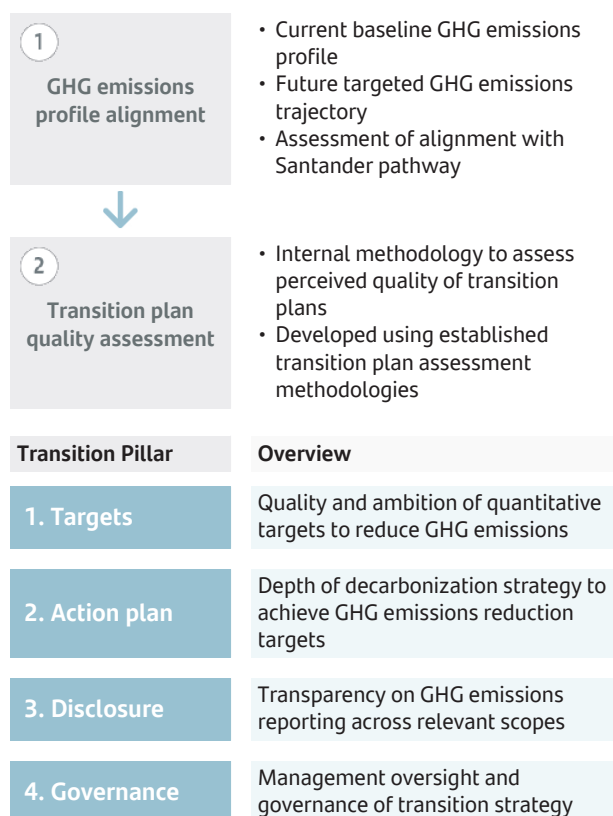
For our power generation portfolio we have defined a customer engagement approach, which will form the basis for subsequent engagement plans for sectors where we set decarbonization targets. For our power generation portfolio we have established a two-step approach to categorize our customers according to both their emissions pathway and perceived quality of their transition plans.

Our first step assesses how our customers' emissions trajectory aligns with our current and future alignment targets for each sector. The second step to assess transition plan quality focuses on four pillars: Targets, Action Plan, Disclosure and Governance. Our methodology draws on established transition plan assessment frameworks¹². How strong we perceive each customer's transition plan to be across each pillar will influence how we ultimately tier them.

The output tiering system has four categories (Leader, Strong, Moderate and Weak) that will inform how we prioritize engagement topics and enrich dialogue with our customers, while contributing to meeting our own portfolio emissions targets.

Tiering will allow for tailored, meaningful transition dialogue and support to help our clients navigate the low carbon transition, with the expectation that initially lower-tiered customers will migrate to higher tiers and therefore alignment with net zero over time.

Tiering system based on two factors



Tier Categories		Description
Tier 1	Leader	<ul style="list-style-type: none"> Emissions profile fully aligned with Santander pathway Strong transition plan
Tier 2	Strong	<ul style="list-style-type: none"> Emissions profile fully aligned with Santander pathway but improvement needed in transition plan; or Strong transition plan but emissions profile partially aligned with Santander pathway
Tier 3	Moderate	<ul style="list-style-type: none"> Emissions profile partially aligned with Santander pathway, but improvement needed in transition plan; or Emissions profile not aligned with Santander pathway, but strong transition plan
Tier 4	Weak	<ul style="list-style-type: none"> Emissions profile not aligned with Santander pathway Weak transition plan

¹² Such as TPI (Transition Pathway Initiative), CDP, ACT (Assessing Low Carbon Transition), Climate Action 100+, as well as other climate risk disclosure frameworks such as the TCFD

3.6.5 Supporting our customers in the transition

GRI 3-3, 306-1, 306-2, FS8, SASB FN-IB-410a.2, FN-IB-410a.3

As one of the world's largest banks, we have a responsibility and an opportunity to encourage more people and businesses to go green. Enhancing our sustainable finance and advisory proposition in all our divisions and regions is critical to meeting our climate and green transition.

Corporate and Investment Banking (SCIB)

In 2022, SCIB continued building its ESG platform and embedding ESG in the organization. We integrated ESG experts within business, risk, portfolio management and compliance areas.

We implemented the sustainable finance classification system (SFCS), as well as governance to check that our sustainable finance activity was consistent with our core integrity principles.

We trained 300 senior employees on ESG and client engagement.

A global leader in renewable energy finance

Santander has been a leader in renewable energy finance for more than past 10 years. We're among the top 2 banks in number of deals and deal value globally.

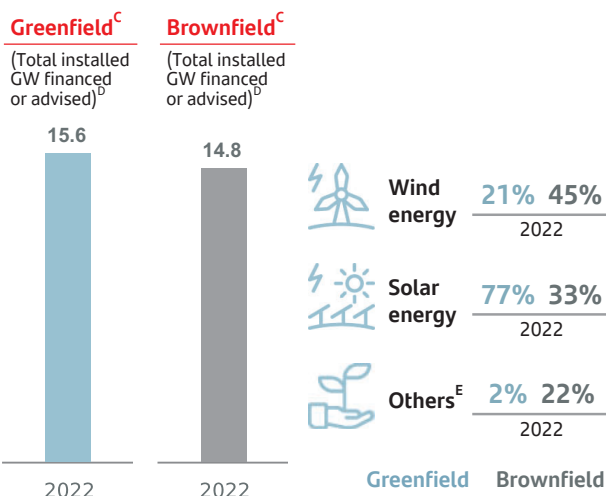
The greenfield renewable energy projects we financed or advised on in 2022 have a total installed capacity of 15.6 GW and prevent the emission of 152 million tons of CO₂.^A We also helped expand, enhance and sustain renewable energy brownfield projects with a total installed capacity of 14.8 GW.

GLOBAL RENEWABLE ENERGY PROJECT FINANCE VOLUME BY MLA - FY 2022^A

Rank	Mandated Arranger	Vol. (EURm)	Nº.	%share
1	Bank 1	5,868	81	4.87%
2	Banco Santander	5,161	78	4.38%
3	Bank 2	4,797	58	3.97%
4	Bank 3	3,171	56	2.63%
5	Bank 4	3,078	37	2.57%
6	Peer 1 ^B	2,947	41	2.49%
7	Bank 5	2,719	28	2.26%
8	Bank 6	2,712	45	2.24%
9	Bank 7	2,634	33	2.18%
10	Bank 8	2,457	34	2.06%

A. In the lead arranger category of Infralogic league tables for project finance

B. Peers are BBVA, BNP Paribas, Citi, HSBC, ING, Itaú, Scotia Bank and UniCredit, which are similar in size to Santander.



The renewable energy projects we financed or advised on in 2022 could power 10.1 million households per year.^B

A. Emissions prevented during the projects' estimated useful lifespans, based on emissions factors figures from the International Energy Agency (updated in 2022 with data from 2020). The estimated allocation to the amount financed by Santander is 51.6 million tons of CO₂.

B. Based on final electricity consumption data published by the International Energy Agency (updated in 2022 with data from 2020).

C. Greenfield = new projects to be built. Brownfield = projects already existing and producing electricity at the financing date. Installed capacity based on Infralogic and complemented by internal data.

D. Of the megawatts attributable to Banco Santander in 2022, 70% were from Greenfield finance and 30% were from Brownfield finance.

E. Includes, among others, hydropower, battery energy storage, mix solar-biomass and energy from waste

Partnerships and inorganic initiatives that add unique ESG capabilities

- Partnership with InnoEnergy to accelerate the energy transition.
- Collaboration with Enel to support its clean energy transition.
- Acquisition of 80% of WayCarbon, a leading ESG consultancy firm from Brazil.
- Santander signed a partnership with Ecovadis as an alternative to structure Sustainability-linked Supply Chain Finance transactions for our SCIB Clients.
- Santander is an active member of the Core Working Group that has produced the new "Standards for Sustainable Trade and Trade Finance" published by the ICC (International Chamber of Commerce).

SCIB highlights

>Project Finance (PF)

Santander acted as mandated lead arranger, financial model coordinator and insurance bank for Eoliennes Flottantes du Golf de Lyon (EFG), a 30 MW pilot offshore floating wind project, supporting project sponsors OceanWinds and Caisse des Dépôts et Consignations.

Santander was coordinating lead arranger in the USD 2.3-billion construction financing of energy storage projects for Intersect Power, a clean energy company that offers innovative and scalable low-carbon solutions.

Santander recently acted as Exclusive Financial Advisor, as well as Bookrunner, Mandated Lead Arranger and Hedge Provider in the financing of Project Gauss, the 2.3 bn EUR refinancing of the c. 1,600 MW wind portfolio in Iberia of Finerge, a renewables platform owned by funds managed by Igneo Infrastructure. The first-of-a-kind innovative financial structure includes a variable amortization feature which modulates debt repayment as a function of the electricity produced – which is primarily linked to wind variation.

>Debt Capital Markets (DCM)

Santander has continued to be active in helping clients develop their sustainable financing capacity in 2022, executing 122 ESG-labelled bond issuances totalling over EUR 72bn equivalent, and assisting issuers to structure their ESG funding frameworks. Amongst these are a number of landmark transactions, in particular our bookrunner and ESG Structuring roles for the USD 1.5bn 12-year sustainability-linked bond from the Oriental Republic of Uruguay, who issued the first of this type with a coupon step-up and step-down structure seen in international USD, EUR or GBP markets; the USD 1.75bn dual-tranche sustainability bonds from Comisión Federal de Electricidad (CFE), the largest ESG transaction to date by a non-sovereign Latin American issuer, followed by their local currency four-tranche green and social bonds deal; and the inaugural ESG transaction out of the new 'Santander Group Green, Social & Sustainability Funding Global Framework', that aligns to best practices in the sustainable capital markets and facilitates issuance of a wider scope of instruments for all Santander entities globally: the USD 500m 4NC3 sustainability bond from Santander Holdings USA (SHUSA).

Retail and commercial banking

Building on the Green and Social Book offering of ESG-oriented products we launched in 2019, we continue to enhance dedicated purpose lending and sustainability-linked loans in our sustainable finance proposition.

Playing our part in supporting the global economy to be net zero by 2050, as a bank we must take advantage of our global presence and provide the right advice, services and products to help our customers go green, from individuals to bigger enterprises, covering the entire value chain.

The global Green Finance team we formed in April 2022 aims at embedding green finance and implementing complete value proposition for our Retail and Commercial banking customers, leveraging on the Group's best practices, transferring intra-Group synergies and scale. The major focus of the unit is the implementation of complete value Green Finance proposition

>Global Transaction Banking (GTB)

Santander continued to embed sustainability in its Global Transaction Banking products. In Export Finance, we issued Iberdrola's largest green loan worth EUR 1 billion (backed by a European Export Credit Agency). Iberdrola will use the proceeds to finance turbines for offshore and onshore wind farm projects in Germany, Greece, Poland, Spain and the UK.

Our innovative solution for supply chain finance for Sonae Portugal, based on Ecovadis's supplier assessment, won two awards in 2022 from the Supply Chain Finance (SCF) Community, including Best ESG Supply Chain Finance transaction of the Year.

We also structured a novel, sustainability-linked pre-delivery payment facility for Mexican airline Volaris's fleet renewal programme to develop its sustainability strategy with more fuel-efficient aircrafts.

>Mergers & Acquisitions (M&A)

In 2022 Santander was adviser to 15 M&A deals in the renewable energy sector. This cemented our leadership on the Iberian Peninsula and in Poland in offshore wind as an asset class.

We were sell side advisor to Hornsea One, the largest offshore M&A to date; and to Wikingier, the largest offshore M&A in the Baltic Sea.

We advised Global Infrastructure Partners on the acquisition of New Suez, a carved-out water and waste management company in France.

The ESG Sustainable Tech team advised BioTech Foods in the sale of a majority stake to Brazilian group JBS. This key deal was the first one in the cultured meat sector whereby an industrial group acquired a majority stake, positioning Santander as a key advisor in the alternative protein sector. BioTech Foods is southern Europe's only dedicated cultured meat producer. Its technology to generate meat protein from animal cells produces an ecological and sustainable product without intensive livestock farming. JBS's investment will enable BioTech Foods to build an industrial plant that will bring its products to the final consumer.

for our clients and Retail and Commercial banking customers, leveraging on the Group's best practices, transferring intra-Group synergies and scale. It keeps our green finance proposition under the same umbrella, making sure it stays consistent and thriving upon the Group's scale.

As well, we have set up a direct line of reporting of the Global Head of Green Finance to the Group CEO to promote green finance objectives.

Global Green Finance unit in Retail and Commercial Banking and its priorities:

1. Green finance value proposition

Growing green finance, with a group-wide strategy of end-to-end solutions and well-trained retail and commercial banking teams to meet customers' and client's needs.

→ Several strategic projects with focus on business, data and infrastructure have been launched and business enablers required to operationalize the commercial strategy have been articulated.

2. Infrastructure

Building common infrastructure that will support green finance across the Group, with the sustainable finance classification system (SFCS) enhanced value proposition, reporting capabilities and stronger controls against greenwashing risk.

→ The Group is developing a common layer to manage Green Finance necessities in a unique IT infrastructure ensuring efficiency, homogeneous criterion and data quality. Both business and regulatory reporting needs will be contemplated in the IT solution.











3. Data and control

Developing an exhaustive control policy as we strive to be a high-integrity provider. The Green Finance unit assists subsidiary-level panels with highly green finance transactions of diverse structure. We continuously work on data strategy development to measure and track performance.

→ As part of a transversal initiative, the Green finance team along with other corporate areas, has launched Green Dashboard and ESG Data Hub, allowing us to track the evolution of the business and the integrity of the data measured.

We will help our customers' — big and small — in their transition to a low-carbon economy, with solutions, capital and advice.

Green solutions for our individual, SME and corporate customers

	What do we finance?	What do our customers need?	Key geographies
Green buildings 	Purchase, construction and renovation of energy-efficient buildings. Renewable power system installation and refurbishments that use 30% less energy.	Developer loans, private solar panel installation, smart meters, energy-efficient lighting, mortgages with an A or B energy rating.	
Clean mobility 	Clean transport and infrastructure.	Leasing of electric and hybrid vehicles (<50 g CO ₂ per passenger-km) and financing of charging stations and bicycle lanes.	
Renewables 	Renewable energy production and transportation. Energy storage.	Financing of solar panels, wind farms and battery and storage battery production.	
Sustainable agro 	Sustainable and protected agriculture. Land and forest conservation. Sustainable farming.	Financing of greenhouses, reduced irrigation systems, efficient machinery, reforestation and reduced fertilizer use.	
Circular economy 	Activities to adapt to, or mitigate, climate change, preserve biodiversity, boost the circular economy and waste & water management.	Financing of water, waste and soil treatment, greater energy efficiency, lower emissions and conservation.	

Other global initiatives

>Carbon footprint calculator

We are pledging to support our customers' transition to a low-carbon economy a step further. A new feature launched in May on our website and app enables retail customers in Spain to measure the carbon footprint of their direct debits and purchases with Santander cards and offers practical guidance on how to reduce it. This in-house developed service is also available in Santander Chile since 2019 and will go live as well in Poland, Portugal and the UK.

>Strategic partnerships to drive transition

Santander continues to actively collaborate with Multilateral Development Banks to finance the investment and liquidity needs of the Group's clients in Latin America and Europe.

12 out of 19 new financing agreements signed in 2022 will contribute to provide competitive financing for an amount up to €1.535 million to projects that target low-carbon economy and environmental sustainability, including among others, renewable energy generation, water and energy efficiency investments, green mortgages, or clean mobility.

3.6.6 Our approach to nature and biodiversity

GRI 3-3, 304-2

Biodiversity underpins the provision of food and raw materials, water, air quality and climate regulation, pollination, and genetic resources for food security, medicines and virus prevention.

Biodiversity is vulnerable to significant damage from climate change but key to mitigating it.

The financial sector influences the sustainable use, protection and restoration of nature. Santander must understand and assess how our financing impacts on nature and how our business depends on it.

We follow various initiatives and frameworks closely and consider them for future implementation and mapping tools

and approaches to continue acting responsibly. We are also part of the Task force on Nature-related Financial Disclosures (TNFD) Forum and other working groups.

Aligned with the target 15 from recent Global Biodiversity Framework adopted in COP15 we're conducting a biodiversity and nature impact and dependencies assessment to identify interactions between business and nature forms, enabling us to understand how the drivers of biodiversity loss relate to our lending portfolio. This will help us pinpoint the regions and sectors we should focus on, and eventually perform more detailed analysis. It will also help us respond to the growing awareness that nature must form an integral part of corporate decision making.

Santander and the Amazon in Brazil

Santander is committed to protecting the Amazon rainforest and promoting sustainable development, which is critical to tackling climate change and conserving biodiversity. While we need economic growth, it must be green.

For decades, deforestation has been destroying the Amazon in Brazil. Property speculation, lack of clear land titles, cattle ranching, agriculture, logging, mining, and large infrastructure projects have all played a role.

Given the growing concerns about climate change and biodiversity conservation, in addition to our global policy on environmental, social and climate change risk management and our commitment to the Equator Principles, are examples of how we take extra care when lending to customers in Brazil with operations in the Amazon:

- All loan requests by farmers and ranchers (not just those in the Amazon) are checked for embargoes issued by the government because of illegal deforestation, not only on the property financed but also on nearby properties. Since Q1 2022, we've been running daily checks for recent deforestation on farms and ranches we have lent to (throughout the entire loan term), even before the government has imposed fines. We also screen properties to make sure they don't encroach on officially recognized indigenous land.
- We review clients' practices in Brazil regularly. We conduct annual ESG reviews of more than 2,000 customers, including beef processors, soy traders and logging companies.
- In addition to the Plano Amazônia coalition, we are collaborating with Brazil's banking federation, Febraban, in setting best practices for the financing of the meat sector so that it does not contribute to deforestation.



For more details on "Santander and the Brazilian Amazon", visit www.santander.com; and the Climate Finance Report 2021-June 2022

IFACC Alliance

In December 2022, Santander became the first bank to join the Innovative Finance for the Amazon, Cerrado and Chaco (IFACC) initiative. IFACC is supported by The Nature Conservancy, the Tropical Forest Alliance, the World Economic Forum, and the United Nations Environment Programme. Launched in Glasgow in November 2021, it seeks to accelerate financing for sustainable production and bring together complementary capabilities to design and scale up such mechanisms as farm loans, farmland investment funds, corporate debt instruments and capital market offerings. IFACC also shares lessons learned among members, who have committed USD 3 billion in disbursements so far.

Amazon Journey Platform

The forest bioeconomy has great potential for changing the tide of deforestation, increasing the value of standing forests and creating jobs, sources of income and development. Nevertheless, very few businesses can realize that potential at speed and at scale. Alongside the Amazon Plan coalition, the Certi Foundation and the Vale Fund, Santander launched the Amazon Journey Platform in November 2022 to strengthen the innovation ecosystem associated with the forest bioeconomy. It poised to mobilize 20,000 skilled professionals from the region, with training on entrepreneurship, innovation and the bioeconomy. We expect at least 3,000 people will complete the training. We will select the 200 most promising professionals for financial, mentoring, and technical support to create start-ups. From that ecosystem, we will identify 100 to help strengthen their business models and products and reach market actors and investors. We will also create a micro-corporate venture structure to assist companies interested in investing in and scaling up the start-ups. Finally, we will enhance ten entities, including venture builders, accelerators, and incubators, so they will be able support a growing number of bioeconomy start-ups from the region. The Certi Foundation, the implementing partner, was named "Top Innovator" in the Amazon Bioeconomy Challenge 2022 at the World Economic Forum.

3.6.7 Reducing our environmental footprint

GRI 3-3, 301-1, 302-1, 302-2, 302-3, 302-4, 303-5, 305-1, 305-2, 305-3, 305-5, 306-1, 306-2, 306-3

Santander's group-wide strategy to lessen the environmental impact of our operations involves: reducing and offsetting CO₂e emissions; reducing and handling waste responsibly; and raising employees' and other stakeholders' awareness of environmental issues.

We've been measuring our environmental footprint (energy consumption, paper and water consumption, waste generation and emissions) since 2001. Since 2011, our energy efficiency and sustainability initiatives have helped to reduce significantly our impact on the environment, cutting down:

- electricity by 33%;
- CO₂e emissions by 71%; and
- paper by 80%.

Our 2022-2025 Energy efficiency and sustainability plan includes more than 100 measures that will enable us to reduce our electricity consumption by 2.6% and our absolute CO₂e emissions by 35.4%. Some of them are:

- installing 8 MW solar panels in our buildings in Spain to generate our own renewable energy for self-consumption;
- purchasing renewable electricity in every country where it's possible to certify its origin;
- using new technologies and implementing more practices to reduce paper consumption and waste;
- obtaining ISO14001, ISO 50001, LEED, BREEAM and WEALTH certifications for our buildings;

- installing 1,250 free EV charging stations in our buildings in various countries and shifting to hybrid and electric vehicles and making them more available to employees to reduce our emissions from business travel and commuting;
- and raising awareness among employees.

Our measures are consistent with Santander's public target to remain carbon neutral: sourcing all our electricity from renewable energy sources¹³ in addition to other measures to reduce emissions, which remains being our main goal, and remaining carbon neutral offsetting whatever emissions we're unable to reduce.

We follow a strict selection process that includes due diligence on compliance and consistency with our environmental policies. The offset projects we chose are certified under some of the industry's most well-known standards, like Gold Standard for the Global Goals (GS), Verified Carbon Standard (VCS) or Kyoto Protocol's Clean Development Mechanism (CDM). Country standards, such as MITECO in Spain, are also considered.

We're monitoring the voluntary carbon credit market closely to adapt our offset strategy to best practices.

Using energy from renewable sources

88% of the energy our buildings consume comes from renewable sources; in Germany, Mexico, Portugal, Spain and the UK, that figure is 100%. We continue to work on reaching 100% group-wide by 2025¹³.

Buying renewable energy reduced our emissions from electricity consumption by 83% and total emissions by 58% compared to pre-pandemic levels.

2022 Environmental footprint¹⁴

Diff. 2021-2022 (%)		Comparative with pre-Covid: 2019-2022 (%) ¹⁵	
1,887,857 m ³	4.4%	134,419 t CO ₂ e	-58.1%
water consumed from the supply system		total emissions (market based)	
843 million kWh	88%	Scope 1	21,967 t CO ₂ e
total electricity		direct emissions	
5,849 t	83%	Scope 2	30,917 t CO ₂ e
total paper consumption		indirect emissions from electricity (market based)	
4,124 t	-34.8%	Scope 3	81,535 t CO ₂ e
paper and card waste		indirect emissions from employee travel	
3,431,272 GJ	-6.5%		
total internal energy consumption			

¹³ In countries where we can verify electricity from renewable sources at Banco Santander properties

¹⁴ A two-year environmental footprint table, showing employee consumption and emissions is available under [Our progress in figures](#) section in this chapter. Scope 3 - Category 15 Investments (Financed emissions) is also disclosed in this section.

¹⁵ Group's total emissions increased in 2022 by 18%, due to the employee travel emissions. In the last two years the Covid-19 pandemic caused these emissions to plummet. Comparing these emissions with 2019 annual report data, prior to this exceptional situation, employee travel emissions have been reduced by 33%, and total emissions have been reduced by 58%. A 2021-2022 comparative is available under the [Our progress in figures](#) section in this chapter.

Implementation and certification of environmental management systems

The Group aims to have ISO 14001¹⁶ certification for all the primary buildings it occupies. Over 30% of our employees already work in ISO 14001 or ISO 50001-certified buildings. Under our 2022-2025 Energy efficiency and sustainability plan, we aim to increase this percentage to 36%.

Some buildings in Brazil, Germany, Poland and Spain are LEED Gold or Platinum-certified, while the Santander Group City and Santander España's central services buildings have 'Zero waste' certification.

Single-use plastics

Since 2021, our offices and buildings in our core markets have been free of single-use plastics in fulfilment of our public target.

Climate awareness

Santander runs local and global employee awareness campaigns on the importance of reducing consumption and waste. Each subsidiary posts news and feature articles on the environment and the Group's ESG initiatives on its internal portal. In 2022, for the thirteenth consecutive year, we have observed Earth Hour, switching off the lights at the Group's most emblematic buildings.

Other Santander initiatives to mitigate climate change

Apart from those offsets we use to compensate our own carbon footprint, we're also running several other offsetting initiatives:

- At the COP 27 in Egypt, Santander announced the creation of Biomás, a new forest company with shareholders Vale, Marfrig, Suzano, Itaú and Rabobank. With the planting of 2 billion native trees, Biomás aims to protect and restore 4 million hectares in Brazil over the next 20 years and to reduce around 900 million tonnes of CO₂e from the atmosphere. It will generate high-quality carbon credits and employment in the regions most in need. The first stage of the project will be to prospect areas, scale up native tree nurseries, engage local communities, discuss the use of public concessions as project development sites, and implement pilot projects. Each shareholder is initially providing BRL 20 million in equity to set up operations.
- Santander España through Motor Verde initiative will finance three new Santander forests stretching over 300 hectares, offsetting 82,000 tons of CO₂e. This work will receive the highest standard certification of the Spanish Climate Change Office (OECC), the certifying body of Spain's Ministry for the Ecological Transition and Demographic Challenge.
- Santander UK is a founder member of the National Parks UK 'Net Zero With Nature' initiative to attract private financing for restoring peatland to prevent carbon emissions. The bank will be financing a pilot restoration project in the Cairngorms National Park in Scotland.

¹⁶ We have ISO 14001 certification on our buildings in Argentina, Brazil, Chile, Mexico, Spain and the UK.

3.7 Socially responsible investment

SASB FN-CB-240a.1, FN-CB-240a.3, FN-CB-240a.4,

3.7.1 Sustainability in investments

GRI FS8, FS11

We redoubled efforts to reach our goal of EUR 100 billion of AUM in socially responsible investments (SRI) by 2025.

Our SRI AUM¹⁷ grew +96% YoY to EUR 53.2 billion¹⁸ at YE2022 on the back of our successful product strategy, which drew on the Sustainable Finance Disclosure Regulation (SFDR) and Green MiFID regulation in the European Union. We also launched innovative investment solutions in different asset classes; continued work on Net Zero Asset Managers (NZAMi) initiative and Climate Action 100+; and more than doubled our dedicated ESG teams.

3.7.2 Santander Asset Management

GRI FS8, FS11

We widened our SRI product offering and services, enhanced our ESG strategy and methodologies, designed net zero plans, and strengthened our leadership in the ESG investment community. We transformed and launched products and bolstered our voting policies and reporting on stewardship. Also, we were leading sponsors of the Principles for Responsible Investment event in Barcelona in November, where over 2,500 asset owners, asset managers and sustainable data providers from all over the world gathered to hear some 150 speakers.



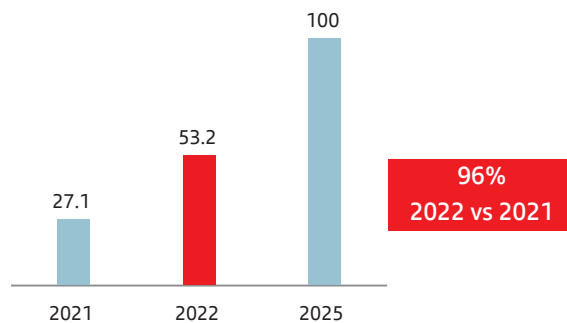
Innovating and transforming SRI products

We have EUR 37,5 billion in SRI AUM (+232% YoY) in 76 products and 85 mandates in seven countries. During the year, we raised our SFDR-compliant product offering (Article 8 and 9 funds) mostly through fund transformation and embedded ESG in our pension plans in Spain.

We launched the Prosperity Fund with the (RED) foundation, a global multisector equity fund with a social objective, investing in companies that create financial value while contribute to society's well-being. It will also donate money for healthcare projects for vulnerable communities in Latin America and adds to our solidarity funds, which have given over EUR 24 million since inception to more than 25 NGOs working in the social economy, employment training, health and financial education. In 2022, these funds made special donations to support Ukrainian refugees as part of Grupo Santander's cooperation with the Red Cross and UNHCR.

We also launched a venture capital climate tech fund with EIT Innoenergy, which invests in start ups accelerating the energy transition.

WMI SRI AUM (€ bn)¹⁸



SAM's SRI products

Core SRI products in our geographies



San Sostenible RF 1-3
San Sostenible Bonos
3 Pension Funds

San Respons Solidario
Inveractivo Confianza
San Sostenible 1
San Sostenible 2
6 Pension Funds

San Sost. Acciones
San Equality Acciones
San Indice Euro ESG
4 Pension Funds
San Iberia renewable energy

85 Mandates



San Ethical Ações
Go Global Equity ESG



San Sustentável



SAM RV Global ESG
SAM ESG



San Sostenible RF 1-3
Go Global Equity ESG



Acciones Global
Desarrollado



Go Global Equity ESG

■ Fixed income ■ Balanced ■ Equity ■ Portfolios

¹⁷ Funds registered under article 8 and 9 (SFDR) in the EU, including third-party funds and SAM's Latin American funds that meet equivalent criteria.

¹⁸ AUM exclude SAM funds distributed by Private Banking to avoid double counting.

Team, methodology and policies

We've more than doubled the size of our global, fully dedicated ESG team. We're enhancing our ESG methodology (shared with our Private Banking and Insurance businesses) and tools to integrate ESG factors in our processes and optimize the impact of our investment products, covering +25,000 companies and 190 governments.

We strengthened our engagement and voting strategies. We promoted global bilateral actions to increase transparency through Climate Action 100+ as a lead investor and published our first stewardship report. We designed a plan to engage with companies that represent 70% of our portfolio emissions to deliver on our NZAMi commitment¹⁹.



For more details on our ESG approach, see www.santanderassetmanagement.com/sustainability



For more details see our stewardship activities report: www.santanderassetmanagement.com/content/view/8573/file/2021_Stewardship_Report_010926_vFin.pdf

3.7.3 Private Banking

GRI FS8, FS11

Our SAM and third-party funds SRI AUM amounted to EUR 24.9 billion by the end of 2022 (+42% YoY). We steered our global list of funds under advisory towards a mix of mostly article 8 and 9 funds (c.80% of the total). We also increased Art 8 and 9 alternative investment options on our platform.

We held sustainability conferences with clients at our Wealth Talks. In 2023, we will introduce client reports with key metrics of environmental and social outcomes and outputs from their portfolios in the first countries. By 2025, we aim to offer ESG reporting in portfolio management and advisory services in eight geographies.

In 2022 we were named Best Private Bank in ESG & Sustainable Investing by Euromoney in Latam and also at local level in Spain, Portugal, Poland, Mexico and Chile. Also Global finance named us Best Private Bank for Sustainable Investing in Latin America.



For more details, see www.santanderprivatebanking.com

3.7.4 Insurance

At the end of 2022, we offered protection for sustainable assets, activities and vulnerable individuals in 6 countries, based on the Group's sustainable finance classification system (SFCS)²⁰.

In 2023, we're working to extend that offer to all our countries. We are also collaborating with partners to develop products that adapt to sustainability trends, meet clients' needs and cover risks associated with:

- assets and activities that the Group classifies as sustainable;
- new and existing social challenges;
- clients' well-being; and
- insurance-based investment products that comply with SFDR.

Insurance products aligned with SFCS^c

Core insurance products in our geographies



Personal accident insurance for Seniors
ECO Auto Insurance
Dependency Insurance
Senior Home Insurance



Life Insurance for low income
Health Insurance for self employed or low income



Life Insurance for low income
Personal accident insurance for low income



Life Insurance for low income women
Life Insurance for micro-entrepreneurs



Micro mobility Insurance



Life Insurance for low income

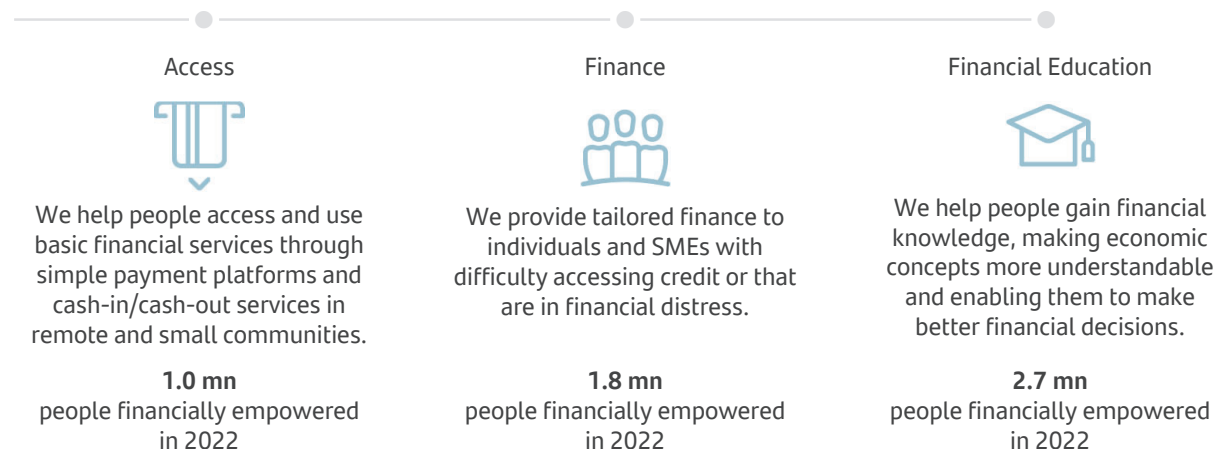
¹⁹ We are committed to halve emissions from 50% of our in scope AUM that have a net-zero methodology by 2030. This target could be scaled up based on increased data availability. More detailed information see www.santanderassetmanagement.com/sustainability

²⁰ C. For more details on our SFCS see section [5.5 Sustainable Finance Classification System \(SFCS\)](#) of this chapter

3.8 Financial inclusion and empowerment

GRI 3-3, 203-1, 203-2, 413-1, FS7, FS13, FS14, FS16

Santander Finance for All is our initiative to support financial inclusion and empowerment. We financially empower people in three ways:



Our goal

Financially empowered people^A



Since 2019, we have financially empowered: 3.1 mn people through access initiatives; 3.6 mn people through finance initiatives; and 5.1 mn people through financial education initiatives.

A. Calculated with customer data about our products and services; with certified data from third parties that we work with on access and financial education initiatives; and with conservative estimates based on recognized conversion factors, according to the Group Responsible Banking area's internal methodology. This methodology considers international best practice, has been ratified by an independent third party, and includes the Group's common principles, definitions and standards to count the number of people that our initiatives, products and services have empowered financially.

B. Cumulative since 2019.

We aim to address the financial inclusion challenges of the markets where we have a presence. In Latin America, we focus on giving people access to the financial system. In mature markets, we seek to ensure that no one needs to leave it.

In 2022 our efforts were recognized by:

- Euromoney, who named Santander **"Best Bank for Financial Inclusion"** for second year in a row.
- The Banker, who awarded Santander **"Bank of the Year in financial inclusion"** in 2022.



3.8.1 Access

GRI FS7, FS13, FS14

Promoting access to cash & transactions

We aim to ensure underserved communities can get cash anywhere, through our remote branches and agreements with private and state-run entities that widen our footprint.

Branches in underbanked and remote regions^A



Partnerships to reach underserved communities^B



Promoting digital access

We help people access the banking system so they can make payments; use basic, tailored financial services; take greater control of their finances; and make faster and more secure transactions.

Digital wallets and points of sales^C



Basic bank accounts^D



Financial support to special groups

We offer financial support to special groups so customers will not only have access to basic products, but will also know how to use them.

Support to our senior customers^E



We also have global initiatives such as GetNet to support merchants. It provides payment services improving the simplicity, speed, and safety.

3.8.2 Finance

GRI 203-1, 203-2, 413-1, FS7, FS13. SASB FN-CB-240a.1, FN-CB-240a.3, FN-CB-240a.4,

Microfinance

We aim to foster social mobility by helping low-income and underbanked entrepreneurs set up and grow their businesses.

Microfinance programmes



Supporting customers in financial distress

We have debt relief programmes that include payment deferrals and LOC extensions.

Supporting customers in financial distress^F



Financing low-income households' basic needs

We offer products and services that enable low-income households to access housing and meet other basic financial needs.

Affordable housing programmes^G



Credit support for low income/ people with difficulties accessing credit^H



A. In Spain, branches in sparsely populated regions to provide access to finance and fight social exclusion in communities with under 10k inhabitants. In Portugal, branches in low income, small or isolated regions such as Azores and Madeira. In Argentina we have financial inclusion branches and remote agents

B. Agreements with Correos Cash in Spain and partnerships with retailers such as Oxxo/ 7Eleven in Mexico

C. Digital wallets such as Superdigital. Only Superdigital customers with a reported income below the country's minimum wage are considered financially empowered. In Poland we include the Cashless Poland program to promote the usage of points of sales in locations where usage of digital means is low

D. In some countries, we have in place basic bank accounts that go beyond regulation aiming to serve the base of the pyramid. EG: Cuenta Life in Chile or in Spain the account with no fees for vulnerable customers

E. In several countries we have in place value propositions targeting the seniors. Eg: tailored products for retirees in Mexico, services such as "Here & Now" in Portugal to support elderly with low digital capabilities.

F. We have programs in place across many countries to give support to people with debt stress. In Portugal, we have the program Iris, to help customers manage impairments. In the UK, we help vulnerable customers get out of arrears with self-service tools and direct financially and lend them a hand.

G. Banco Santander participates in "Fondo Social de Viviendas", in Spain to rent to low-income individuals. In addition, Banco Santander has homes to rent at affordable rate. In the US, as part of its Inclusive Communities plan, Santander supports people through low interest mortgages and paid mortgage insurance for low-income homebuyers

H. We have initiatives to help collectives with difficulties in accessing credit, including: in Spain, loans to SMEs at their risk limit, in the US, we grant loans to small businesses operating in low- to moderate income communities, or in Argentina we give loans to entrepreneurs with low credit history.

Our micro-finance programmes in Latin America

Our microfinance programmes provide services to help unbanked and underbanked micro-entrepreneurs set up and grow their businesses.

The programmes include tailor-made micro-loans to finance working capital needs, as well as saving products, accounts, cards and micro-insurance. A large part of our lending goes to women. The programmes' Net Promoter Score of around 80 shows how highly regarded they are.

1.6 million

micro-entrepreneurs supported in 2022

EUR 950 million

total credit disbursed to micro-entrepreneurs in 2022
(EUR 517 million in outstanding credit at the end of 2022)

70.7%

of micro-entrepreneurs supported in 2022 are women



3.8.3 Promoting financial education

GRI FS7 y FS16

Financial education is fundamental to the financial inclusion and empowerment of society's most vulnerable. We aim to help people better understand finance, banking products and risks and make the right decisions for their financial health, while promoting market stability.

In 2022, we ran financial literacy programmes and initiatives across our markets. We apply our financial education guideline with:

- the Group's common action principles on financial education, which are consistent with OCDE principles.
- Criteria for identifying and classifying initiatives based on:
 - content, i.e., basic concepts, better use of banking products and services; better personal finance management; use of digital banking; responsible consumption and fraud prevention; entrepreneurship/advice for SMEs; sustainable finance; and behavioural economics; and
 - target audience, i.e., the general public; children (aged 13 years and under); adolescents and young adults (aged 14 to 20 years); university students; elderly people (aged 65 years and up); unbanked people; SMEs; and self-employed workers.
- The methodology for counting digital non-digital users whom we financially empower through financial education initiatives.

We use applications and digital channels to ensure greater access and impact. Our website provides a space with:

- articles on five topics, basic concepts, financial management, digital banking, behavioural economics and sustainable finance;
- news and highlights about Santander's financial education initiatives; and
- links to all the Group's initiatives by unit.

For more details on financial education, visit <https://www.santander.com/en/our-approach/inclusive-and-sustainable-growth/financial-education>

3.9 Support for higher education and other local initiatives

2022 progress

GRI 3-3, 203-1, 203-2, 413-1

More than **163** million euros
in total community investment in 2022²¹

Support for higher education, employability
and entrepreneurship



100 million
euros invested

Other community support
programmes



63 million
euros invested²¹

Santander remains firmly committed to building an inclusive, equitable and sustainable society. Santander Universities, Universia and Fundación Universia represent Santander's unique global initiative to support education, entrepreneurship and employability. For over 25 years, **Santander has invested over 2.2 billion euros** in partnerships with nearly 1,000 universities in 11 countries. Through Santander Universities alone, the bank has awarded **more than 1 million scholarships and grants** to students, professionals, entrepreneurs and SMEs.

We also support several local initiatives and programmes that improve people's well-being within our communities. We focus on childhood education, social welfare, and the arts and science.

Our response to the war in Ukraine

Since the war in Ukraine began, Santander has been promoting initiatives to support Ukrainian refugees.

- **On the ground.** Santander Polska has been supporting refugee centres with technical assistance and transport. We worked with the UN Refugee Agency (UNHCR) to develop a technological solution to enable the fast and safe distribution of financial aid.
- **Refugees corridor.** We relocated 360 refugees from Warsaw to Madrid and Lisbon.
- **Hosting.** With the support of CEAR (Spanish Commission for Refugees), Fundación Aladina and the Red Cross, the El Solaruco hotel in the Santander Group City hosted 188

Ukrainian refugees (90 minors) from March to June. Among them, 30 children with cancer or other illnesses were able to resume treatment at hospitals in Madrid.

- **Integration.** We promoted social integration through Spanish lessons, a new employability hub for refugees (6,400 job vacancies) and other initiatives.
- **Banking services.** We removed fees, set up telephone helplines and launched a current account for refugees.

We helped raise EUR 20 million in donations for NGOs^{22 23}

- EUR 17.6 million from customers
- EUR 2.9 million from Santander
- Over EUR 550,000 from employees

Euromoney has assessed our efforts and has named Santander *Central & Eastern Europe's Best Bank for Corporate Responsibility* in 2022



²¹ Includes social contributions of foundations. In addition, Banco Santander made two extraordinary donations in 2022 to Fundación Banco Santander of 36,700,000 Banco Santander shares as financial support for it to bear (at least partially) the costs of fulfilling its founding purposes with the return on the shares. For more details, see note '34. Other equity instruments and own shares' of the Consolidated financial statements.

²² EUR 1.8 additional millions in management costs (e.g. refugee accommodation, corridor, scholarships, cost of app development. ...).

²³ The funds were channelled mainly through the UNHCR and the Red Cross

3.9.1 Support for higher education, employability and entrepreneurship

GRI 3-3, 203-1, 203-2, 413-1

100

million of euros

1,306

partner universities and institutions in 25 countries²⁴

266,027

beneficiaries of scholarships, internships and entrepreneurship programmes²⁵

Santander Universities, Universia and Fundación Universia represent Santander's unique global initiative to support education, entrepreneurship and employability with the aim of helping people achieve brighter career prospects.

Education & Employability



We provide unparalleled support for adult learning through a wide variety of scholarships for students and free upskilling and reskilling programmes for professionals.



Entrepreneurship



We support emerging ventures through specialized training and connections to the resources they need to grow and prosper.

Santander Universities

Santander Scholarships

In 2022, Santander Scholarships continued to offer a comprehensive selection of learning programmes to meet the employability needs of our communities. Includes scholarships to access higher education, mobility and academic research grants, upskilling and reskilling trainings for professionals, among many others programmes. With the aim to further meet the varying needs of our communities, **Learning Room** was launched to give our beneficiaries free access to learning content at scale.

Santander Scholarships focuses on eight areas of high relevance for employability:

- Santander Tech.
- Santander Skills.
- Santander Women.
- Santander Studies.
- Santander Language.
- Santander Internship.
- Santander Research.
- Santander Sustainability.

Below is a selection of some of the top programmes offered by Santander Scholarships in 2022. The 2nd edition of **Santander Scholarships Languages | Online English Courses**, a global programme to award 5,000 scholarships to study English and

improve employability, and **Santander Scholarships Languages | UK English Summer Experience** to allow 100 beneficiaries to study English in the UK. Both programmes launched in collaboration with British Council.

Santander Scholarships Sustainability | Skills for the Green Transition, a programme launched jointly with Cambridge Judge Business School, aimed at providing 1,000 beneficiaries with the knowledge and tools to grow and reorient their careers towards the field of Sustainability.

The 12th edition of **Santander Scholarships Women | SW50 Leadership - LSE**, a programme developed, in collaboration with London School of Economics, to provide high performance training and networking opportunities for women in senior management positions. Additionally, in 2022 we held the first Santander SW50 Summit in London, bringing together more than 200 women and SW50 alumni from all over the world.

For more details visit www.becas-santander.com

²⁴ This figure includes universities that have an agreement with Santander Universities, Universia and Fundación Universia. Taking Santander Universities alone, the figure is 835 universities and academic institutions in 11 countries.

²⁵ Seeking to maximise the reach of the programmes, in 2022 the number of beneficiaries has increased, especially in programmes aimed at improving employability, with the greatest increase in Brazil and Mexico.

Santander X

In 2022, Santander X continued to grow to support entrepreneurship in all its phases, from pre-incubation to scale-ups, by providing entrepreneurs with specialized training and by connecting them with the resources their ideas and companies need to scale.

We launched new editions of 'Santander X Explorer', 'Santander X Prepare to Launch' in collaboration with Babson College, and 8 local and global awards to find, support and help accelerate the best pre-incubation and early stage companies.

In partnership with Oxentia Foundation, we launched three global challenges for startups and scaleups to support the companies with the most innovative and scalable solutions to address problems relevant to society.

→ **Santander X Global Challenge | Blockchain and Beyond** seeks to find companies with the most innovative blockchain solutions.

→ **Santander X Global Challenge | Countdown to Zero**, in collaboration with Formula 1 and Ferrari, to support companies with the best solutions to combat climate change.

→ **Santander X Global Challenge | Food for the future** to seek projects that address the global food crisis.

Additionally, in 2022 we launched Santander X 100, a prime community to support the most promising startups and scaleups of Santander X, promoting the network among its members and connecting them with capital, clients, talent and other valuable resources for them to keep prospering.

For more details, visit www.santanderx.com.

Other programmes to support the employability of talented young people and the inclusion of people with disabilities

Universia

In 2022, we maintain its goal of improving the employability of junior talent, connecting them with professional opportunities and networking events with companies, through guidance to enhance their employability and connection with professional opportunities.

Through our employment platform, we created networking opportunities with events such as Metaworking, Top Talent and Novo Nordisk's ESG Challenge. Those events brought together bright minds and fresh ideas from young professionals along with HR leaders from top companies in the world.

For more details, visit www.universia.net

827 partner
universities
in 22 countries

Fundación Universia

In 2022, we consolidate our position as a worldwide reference entity in the field of diversity, equity and inclusion, with active participation in international forums of the United Nations, the International Labour Organization and UNESCO.

With the guarantee of the European Investment Fund, Fundación Universia promotes Plan Circular, a socially responsible income-share agreement program and the support of Santander Universities, with the aim of providing access to digital specialization training with high employability ratios.

We continued working with universities through **MetaRed TiC** (more than 900 universities), the largest network of university CIOs in Ibero-America; **MetaRed X** (more than 480 universities), which promotes the growth of entrepreneurship, and **MetaRed ESG**, to accelerate the adoption of 2030 Agenda.

For more details, visit www.fundacionuniversia.net

6,352 people
benefiting from Fundación
Universia's support

→ **431** scholarships for university
students with disabilities

→ **111** people with disabilities
hired in companies

145 people
supported by Plan Circular

3.9.2 Other community support programmes

GRI 3-3, 203-1, 203-2, 413-1

**63**million euros in social investment²⁶**2.3**million people helped²⁷

We aim to improve people's access to education, culture and support well-being in three ways:



We channel our investment through partnerships with NGOs and humanitarian organizations. Some partnerships are with the bank's foundations in Argentina, Spain, the US, Portugal, Poland and the UK.

In Spain, **Fundación Banco Santander** works to build a fair, inclusive and sustainable society by financing and developing various cultural, educational, social and environmental projects. In 2022, Santander made two donations to Fundación Banco Santander for a total of 36,700,000 Banco Santander shares²⁸. Those donations are intended as financial support for the Foundation, so that the return on the shares allows it to bear (at least partially) the costs of fulfilling its founding purposes. These include the management of the Bank's art collection and the financing of various literary, educational, social, cultural and environmental productions and activities, in which the new reconfiguration of the Bank's headquarters on Paseo de Pereda in Santander will play an important role, as well as relations

with Spanish universities. For more details see www.fundacionbancosantander.com/en/home

The Bank plans to continue contributing to the Foundation within the agreements adopted by the General Meeting of Shareholders and the Board of Directors in order to support the important work of the Foundation.

We also encourage employees and customers to get involved in our initiatives and programmes. Volunteering is a core element of our corporate culture and community investment strategy. For more details, see the section on volunteering under section [3.3 'A talented and motivated team'](#) in this chapter.

Links and descriptions of our main initiatives are available on our corporate website and in our local responsible banking reports (also available at www.santander.com).

²⁶ Includes social contributions of foundations.

²⁷ Calculated with partners' certified data or with conservative estimates based on recognized conversion factors, according to the Group Responsible Banking area's internal methodology. This methodology considers international best practice and has been ratified by an independent third party.

²⁸ For more details, see note ['34. Other equity instruments and own shares'](#) of the Consolidated financial statements

4. Our progress in figures

GRI 2-4

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The information on the number of employees and branches for the year ended 31 December 2021 has been restated for comparative purposes in accordance with the Group's homogenisation criteria.

4.1 Employees

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SASB FN-AC-330a.1, FN-IB-330a.1, FN0102-06

1. EMPLOYEES BY REGION AND GENDER^A

Region	No employees		% men		% women		% graduates	
	2022	2021	2022	2021	2022	2021	2022	2021
Spain	27,078	26,249	51	50	49	50	70	67
Brazil	54,904	52,041	44	43	56	57	60	62
Chile	9,345	9,950	44	45	56	55	70	42
Poland	10,261	10,050	32	32	68	68	75	76
Argentina	8,073	8,525	52	52	48	48	31	39
Mexico	26,845	25,957	46	46	54	54	58	38
Portugal	4,717	4,818	53	53	47	47	65	63
UK	19,566	19,153	43	43	57	57	14	7
USA	13,677	15,024	42	42	58	58	20	12
SCF	14,500	14,270	49	47	51	53	30	27
Others ^B	17,496	13,140	57	57	43	43	59	47
Total	206,462	199,177	46	46	54	54	52	45

A. At year end. Employee data is broken down according to the criteria of legal entities and cannot be compared to the figures in the 'Economic and financial review' chapter, which follow management criteria.

B. The increase in the number of employees is due to increased hiring in geographies such as Peru and Colombia and in companies such as PagoNxt.

2.1 FUNCTIONAL DISTRIBUTION BY GENDER 2022^A

	Senior managers ^B					Other managers					Other employees				
	Men		Women		Total	Men		Women		Total	Men		Women		Total
Europe	1,093	69.6%	478	30.4%	1,571	6,779	63.5%	3,893	36.5%	10,672	33,041	44.7%	40,919	55.3%	73,960
North America	221	77.0%	66	23.0%	287	1,334	68.2%	621	31.8%	1,955	18,300	44.3%	23,055	55.7%	41,355
South America	320	70.5%	134	29.5%	454	3,147	60.0%	2,096	40.0%	5,243	31,108	43.8%	39,857	56.2%	70,965
Group total	1,634	70.7%	678	29.3%	2,312	11,260	63.0%	6,610	37.0%	17,870	82,449	44.3%	103,831	55.7%	186,280

A. At year end.

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

2.2 FUNCTIONAL DISTRIBUTION BY GENDER 2021^A

	Senior managers ^B					Other managers					Other employees				
	Men		Women		Total	Men		Women		Total	Men		Women		Total
Europe	1,039	72.7%	390	27.3%	1,429	6,865	63.6%	3,926	36.4%	10,791	30,702	44.0%	39,112	56.0%	69,814
North America	223	78.8%	60	21.2%	283	1,181	67.0%	583	33.0%	1,764	18,299	44.1%	23,226	55.9%	41,525
South America	318	73.4%	115	26.6%	433	2,955	60.4%	1,934	39.6%	4,889	29,137	42.7%	39,112	57.3%	68,249
Group total	1,580	73.7%	565	26.3%	2,145	11,001	63.1%	6,443	36.9%	17,444	78,138	43.5%	101,450	56.5%	179,588

A. At year end.

B. The higher number of women senior managers is due to the progress made on the public Responsible Banking commitment regarding women in senior positions, which aims to have women in 30% of senior management roles by 2025.

3.1. WORKFORCE BY AGE BRACKET 2022^A

Number and % of total

	aged <= 25		aged 26 - 35		aged 36 - 45		aged 46 - 50		age over 50	
Europe	4,875	5.66%	19,393	22.49%	29,500	34.22%	13,775	15.98%	18,660	21.65%
North America	5,114	11.73%	17,634	40.45%	11,430	26.22%	3,448	7.91%	5,971	13.70%
South America	12,306	16.05%	29,663	38.69%	23,034	30.05%	5,863	7.65%	5,796	7.56%
Group total	22,295	10.80%	66,690	32.30%	63,964	30.98%	23,086	11.18%	30,427	14.74%

A. At year end.

3.2. WORKFORCE BY AGE BRACKET 2021^{AB}

Number and % of total

	aged <= 25		aged 26 - 35		aged 36 - 45		aged 46 - 50		age over 50	
Europe	3,764	4.59%	17,766	21.66%	29,730	36.24%	13,316	16.23%	17,458	21.28%
North America	4,996	12.21%	22,140	40.89%	9,095	25.11%	2,739	8.04%	4,602	13.74%
South America	10,867	14.94%	29,381	39.56%	22,272	30.42%	5,591	7.63%	5,460	7.45%
Group total	19,627	9.85%	69,287	34.79%	61,097	30.67%	21,646	10.87%	27,520	13.82%

A. At year end.

4.1. TYPE OF EMPLOYMENT CONTRACT IN 2022^A

	Permanent/Full-time					Permanent/Part-time				
	Men		Women		Total	Men		Women		Total
Europe	38,361	50.7%	37,371	49.3%	75,732	783	12.8%	5,332	87.2%	6,115
North America	19,408	45.7%	23,054	54.3%	42,462	104	23.2%	345	76.8%	449
South America	33,232	46.4%	38,409	53.6%	71,641	1,074	23.5%	3,499	76.5%	4,573
Group total	91,001	47.9%	98,834	52.1%	189,835	1,961	17.6%	9,176	82.4%	11,137

	Temporary/Full-time					Temporary/Part-time				
	Men		Women		Total	Men		Women		Total
Europe	1,608	40.4%	2,372	59.6%	3,980	161	42.8%	215	57.2%	376
United Kingdom	339	49.8%	342	50.2%	681	3	60%	2	40%	5
South America	245	61.7%	152	38.3%	397	24	47%	27	53%	51
Group total	2,192	43.3%	2,866	56.7%	5,058	188	43.5%	244	56.5%	432

A. At year end.

4.2. TYPE OF EMPLOYMENT CONTRACT IN 2021^A

	Permanent/Full-time					Permanent/Part-time				
	Men		Women		Total	Men		Women		Total
Europe	36,233	50.5%	35,458	49.5%	71,691	826	12.6%	5,706	87.4%	6,532
North America	19,222	45.5%	23,031	54.5%	42,253	119	21.0%	448	79.0%	567
South America	31,510	45.1%	38,398	54.9%	69,908	853	23.8%	2,725	76.2%	3,578
Group total	86,965	47.3%	96,887	52.7%	183,852	1,798	16.8%	8,879	83.2%	10,677

	Temporary/Full-time					Temporary/Part-time				
	Men		Women		Total	Men		Women		Total
Europe	1,398	42.0%	1,933	58.0%	3,331	149	31.0%	331	69.0%	480
United Kingdom	362	48.1%	390	51.9%	752	0	0.0%	0	0.0%	0
South America	47	55.3%	38	44.7%	85	0	0.0%	0	0.0%	0
Group total	1,807	43.4%	2,361	56.6%	4,168	149	31.0%	331	69.0%	480

A. At year end.

5. YEARLY AVERAGE OF CONTRACTS BY GENDER

	2022			2021		
	Men	Women	Total	Men	Women	Total
Employees with permanent/full-time contract	88,260	97,216	185,476	86,001	93,699	179,700
Employees with permanent/part-time contracts	1,924	9,199	11,123	1,803	9,645	11,448
Employees with temporary/full-time contracts	1,921	2,545	4,466	1,175	1,803	2,978
Employees with temporary/part-time contracts	176	275	451	167	296	463
Group total	92,281	109,235	201,516	89,146	105,443	194,589

6.1. YEARLY AVERAGE OF CONTRACTS BY AGE BRACKET IN 2022

	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Employees with permanent/full-time contract	16,667	59,627	60,092	21,592	27,498	185,476
Employees with permanent/part-time contracts	3,169	2,554	2,649	904	1,847	11,123
Employees with temporary/full-time contracts	1,153	1,966	893	208	246	4,466
Employees with temporary/part-time contracts	150	144	83	16	58	451
Group total	21,139	64,291	63,717	22,720	29,649	201,516

6.2. YEARLY AVERAGE OF CONTRACTS BY AGE BRACKET IN 2021

	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Employees with permanent/full-time contract	10,887	57,223	61,327	22,026	28,237	179,700
Employees with permanent/part-time contracts	2,682	2,968	2,774	938	2,086	11,448
Employees with temporary/full-time contracts	812	1,319	549	139	159	2,978
Employees with temporary/part-time contracts	152	162	83	13	53	463
Group total	14,533	61,672	64,733	23,116	30,535	194,589

7. YEARLY AVERAGE OF CONTRACTS BY ROLE

	2022				2021			
	Senior managers	Other managers	Other employees	Total	Senior managers	Other managers	Other employees	Total
Employees with permanent/full-time contract	2,194	16,304	166,978	185,476	2,150	17,453	160,097	179,700
Employees with permanent/part-time contracts	7	163	10,953	11,123	5	168	11,275	11,448
Employees with temporary/full-time contracts	20	104	4,342	4,466	16	83	2,879	2,978
Employees with temporary/part-time contracts	0	17	434	451	1	13	449	463
Group total	2,221	16,588	182,707	201,516	2,172	17,717	174,700	194,589

8. EMPLOYEES WORKING IN THEIR HOME COUNTRY^{A,B}

%	Managers		Other employees		Total	
	2022	2021	2022	2021	2022	2021
Europe	88.22	87.26	94.33	95.87	94.22	95.72
North America	91.29	91.52	99.69	99.74	99.63	99.69
South America	91.85	91.46	98.23	98.22	98.19	98.18
Group total	89.32	88.35	96.92	97.59	96.84	97.50

A. At year end.

B. Figures from US is not included due to confidentiality.

9.1 EMPLOYEES WITH DISABILITIES BY REGION^{A,B,C}

%	2022	2021
Europe	1.98	1.70
North America	0.67	0.24
South America	2.80	3.07
Group total	1.99	1.86

9.2. EMPLOYEES WITH DISABILITIES^{A,B,C}

Number of employees	2022	2021
Spain	564	408
Rest of the Group	3,550	3,295
Group total	4,114	3,703

A. At year end.

B. The increase in North America is mainly due to Mexico reporting for the first time and the US has increased hiring and identification of employees with disabilities in order to meet the bank's commitments.

C. In Argentina and Mexico the data collection process is not yet robust enough and does not reach the total workforce. Excluding these geographies, the Group's total percentage is 2.40%.

10. HEADCOUNT COVERED BY COLLECTIVE AGREEMENT^A

Countries	2022		2021	
	%	Employees	%	Employees
Spain	99.93	27,060	99.92	26,228
Brazil	97.05	53,284	98.66	51,345
Chile	100.00	9,345	100.00	9,950
Poland	0.00	0	0.00	0
Argentina	87.70	7,080	73.78	6,290
Mexico	30.04	8,065	30.94	8,031
Portugal	99.39	4,688	99.42	4,790
UK	100.00	19,566	100.00	19,153
US	0.00	0	0.00	0
SCF	53.82	7,804	51.73	7,382
Other business units	54.14	9,473	59.60	7,832
Total Group	70.89	146,365	70.79	141,001

A. At year end.

11.1. NEW HIRES BY AGE BRACKET IN 2022

% of total	aged <= 25	aged 26-35	aged 36-45	aged over 45	aged > 50
Europe	31.23	39.98	19.94	4.84	4.02
North America	34.00	40.65	16.22	4.04	5.09
South America	41.69	38.02	15.59	2.54	2.15
Group total	37.01	39.20	16.88	3.52	3.39

11.2. NEW HIRES BY AGE BRACKET IN 2021^A

% of total	aged <= 25	aged 26-35	aged 36-45	aged over 45	aged > 50
Europe	27.57	40.68	21.92	5.84	3.98
North America	30.77	41.13	17.65	4.78	5.67
South America	32.33	46.57	16.68	2.61	1.80
Group total	30.84	43.24	18.00	4.09	3.82

A. UK categorises all new employee registrations as new hires.

12. NEW HIRES BY GENDER^{A,B,C}

	2022			2021		
	Men	Women	Total	Men	Women	Total
Europe	15.10%	13.55%	14.28%	8.00%	7.12%	7.53%
North America	30.00%	26.42%	28.05%	36.95%	32.88%	34.72%
South America	28.97%	31.02%	30.10%	22.63%	17.04%	19.50%
Group total	23.23%	22.92%	23.06%	19.51%	16.55%	17.90%

A. The increase in the number of new hires in Europe and South America is due to the bank's strong performance and the return to normal activity in 2022, after two years marked by the impact of the pandemic on recruitment. In addition, the Contact Centre in Brazil, characterised by high turnover rates, reported for the first time its staff turnover data.

B. The decrease in the percentage of hiring in North America was due to the fact that in 2021 around 5,000 positions of the Bank's external workforce in Santander Mexico, mainly in operational positions, were internalised as a result of a labour reform in the country. This did not occur in 2022.

C. UK categorises all new hires as new hires.

13. DISMISSALS^{A,C}

by gender

	2022						2021					
	Men	% ^B	Women	% ^B	Total	% ^B	Men	% ^B	Women	% ^B	Total	% ^B
Senior managers	58	3.55%	17	2.51%	75	3.24%	77	4.87%	18	3.19%	95	4.43%
Other managers	378	3.36%	216	3.27%	594	3.32%	719	6.54%	341	5.29%	1,060	6.08%
Other employees	5,771	7.00%	7,837	7.55%	13,608	7.31%	7,348	9.50%	9,237	9.23%	16,585	9.34%
Total Group	6,207	6.51%	8,070	7.26%	14,277	6.92%	8,144	9.05%	9,596	8.96%	17,740	9.00%

by age

	2022			2021		
	Men	Women	Total	Men	Women	Total
aged <=25	1,002	1,546	2,548	737	1,149	1,886
aged 26-35	2,025	2,719	4,744	1,961	2,535	4,496
aged 36-45	1,539	2,229	3,768	1,828	2,770	4,598
aged 46-50	558	594	1,152	743	863	1,606
aged >50	1,083	982	2,065	2,875	2,279	5,154
Total Group	6,207	8,070	14,277	8,144	9,596	17,740

A. Dismissal: termination of permanent employment determined unilaterally by the company. It includes voluntary resignations in restructuring processes.

B. Ratio of dismissals to the total number of employees in each group.

C. The reduction in dismissal is due to the restructuring process the Bank undertook in 2021 in many of its geographies, a process that has not been repeated in 2022..

14. EXTERNAL TURNOVER RATE BY GENDER^{A,B}

% of total	2022			2021		
	Men	Women	Total	Men	Women	Total
Europe	10.36	10.30	10.33	17.62	17.32	17.46
North America	31.28	28.35	29.68	25.49	24.54	24.97
South America	24.68	30.89	28.09	21.03	18.94	19.86
Group total	19.90	21.93	20.99	20.53	19.51	19.97

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

B. The decrease in turnover in Europe is due to the restructuring process the bank undertook in 2021 in several of its geographies, mainly in Europe, a process that has not been carried out in 2022.

C. The increase in North and South America is due to the lower incidence of the 2021 restructuring processes in these geographies and the return to normal activity after two years of pandemic incidence..In addition, contact centre in Brazil, characterised by high turnover rates, reported for the first time its employee turnover data.

15.1 EXTERNAL TURNOVER RATE BY AGE BRACKET^A 2022

% of total	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Europe	31.10	16.62	6.96	4.27	8.29	10.33
North America	60.66	30.29	21.09	20.04	23.38	29.68
South America	51.78	27.80	20.06	16.65	22.76	28.09
Group total	49.29	25.21	14.20	9.77	14.00	20.99

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

15.2. EXTERNAL TURNOVER RATE BY AGE BRACKET^{A,B,C} 2021

% of total	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
Europe	38.63	18.70	11.04	8.62	29.27	17.46
North America	51.03	26.06	17.22	16.03	18.02	24.97
South America	25.73	20.87	16.90	13.51	21.36	19.86
Group total	34.87	21.67	14.18	11.00	25.45	19.97

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

B. The decrease in turnover in Europe is due to the restructuring process the bank undertook in 2021 in several of its geographies, mainly in Europe, a process that has not been carried out in 2022.

C. The increase in North and South America is due to the lower incidence of the 2021 restructuring processes in these geographies and the return to normal activity after two years of pandemic incidence..In addition, contact centre in Brazil, characterised by high turnover rates, reported for the first time its employee turnover data.

16. REMUNERATION BY ROLE, GENDER AND REGION^A

	Senior managers ^B				Other managers ^C				
	Men	Women	GPG ratio (Median) ^D	GPG-SAB ratio (Median) ^E	Men	Women	GPG ratio (Median) ^D	GPG-SAB ratio (Median) ^E	
Europe	323,602	248,978	17.9%	16.1%	92,891	65,785	26.5%	22.5%	
North America	855,521	506,966	18.3%	8.3%	257,213	219,244	7.2%	4.2%	
South America	457,220	285,388	34.1%	19.6%	118,126	96,472	7.2%	4.6%	
Group total	522,728	337,280	25.8%	20.1%	150,181	105,005	22.9%	18.2%	
2022 average remuneration	469,180				132,943				
2021 average remuneration	384,971				118,633				
Variation 2022 vs 2021 (%)	21.9%				12.1%				
	Other employees ^C				Total				Total employees
	Men	Women	Ratio GPG (Median) ^D	GPG-SAB ratio (Median) ^E	Men	Women	Ratio GPG (Median) ^D	GPG-SAB ratio (Median) ^E	
Europe	55,884	42,736	18.5%	15.9%	64,078	45,332	20.0%	17.1%	53,588
North America	49,052	36,336	19.1%	17.6%	72,070	42,263	29.4%	22.5%	55,490
South America	26,434	19,426	18.6%	21.5%	34,164	21,448	21.0%	26.0%	27,131
Group total	44,776	33,044	25.7%	26.3%	60,793	37,606	30.2%	29.8%	48,232
2022 average remuneration	38,276				60,793	37,606	30.2%	29.8%	48,232
2021 average remuneration	34,352				53,785	33,350	32.3%	30.0%	42,628
Variation 2022 vs 2021 (%)	11.4%				13.0 %	12.8 %	(6.4)%	(0.7)%	13.2 %

By age bracket

	aged <= 25	aged 26-35	aged 36-45	aged 46-50	aged over 50	Total
2022 average remuneration	14,060	27,551	48,002	65,336	74,744	48,232
2021 average remuneration	11,819	23,394	42,250	59,824	66,958	42,628
Variation 2022 vs 2021 (%)	19.0 %	17.8 %	13.6 %	9.2 %	11.6 %	13.2 %

A. Data at end of October 2022. The average total remuneration of employees includes annual base salary, pensions and variable remuneration paid in the year.

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

C. The variation includes the effect of internal reclassification between categories of employees carried out in different geographies.

D. GPG Ratio (median) includes annual base salary and variable remuneration paid in the year.

E. GPG Ratio - ABS (median) includes annual base salary paid in the year.

17.1 AVERAGE REMUNERATION OF SENIOR MANAGEMENT (with variable remuneration not linked to long-term objectives)

Thousand euros	2022			2021		
	Men	Women	Total	Men	Women	Total
Executive directors	9,086	11,001	10,044	9,160	11,435	10,298
Non-executive directors	285	304	292	363	293	334
Senior executives	4,365	1,574	3,767	4,137	1,411	3,592

17.2 AVERAGE VARIABLE REMUNERATION OF SENIOR MANAGEMENT LINKED TO LONG-TERM OBJECTIVES (fair value)

Thousand euros	2022			2021		
	Men	Women	Total	Men	Women	Total
Executive directors	1,436	2,128	1,782	1,563	2,316	1,940
Senior executives ^A	597	191	510	592	186	511

A. Additionally, in 2022, one senior executive received EUR 500 thousand of the Digital Transformation Award from PagoNxt S.L. Likewise, in 2021, one senior executive received EUR 348 thousand of the US Special Regulatory Incentive Plan.

17.3 SENIOR MANAGEMENT COMPOSITION

Number	2022			2021		
	Men	Women	Total	Men	Women	Total
Executive directors	1	1	2	1	1	2
Non-executive directors	8	5	13	7	5	12
Senior executives	11	3	14	12	3	15

18.1 RATIO OF THE BANK'S MINIMUM ANNUAL SALARY TO THE LEGAL MINIMUM ANNUAL SALARY BY COUNTRY AND GENDER, 2022

	% Legal minimum wage		
	Men	Women	% legal minimum wage
Germany	191.13%	191.13%	191.13%
Argentina	376.58%	376.58%	376.58%
Brazil	241.06%	241.06%	241.06%
Chile	159.68%	139.58%	149.63%
US	234.48%	231.86%	233.17%
Spain	153.76%	150.00%	151.88%
Mexico	145.36%	145.36%	145.36%
Poland	100.00%	100.00%	100.00%
Portugal	170.21%	170.21%	170.21%
UK	222.76%	222.76%	222.76%

18.2 RATIO OF THE BANK'S MINIMUM ANNUAL SALARY TO THE LEGAL MINIMUM ANNUAL SALARY BY COUNTRY AND GENDER, 2021

	% Legal minimum wage		
	Men	Women	% Legal minimum wage
Germany	205.45%	205.45%	205.45%
Argentina	375.62%	375.62%	375.62%
Brazil	185.62%	185.62%	185.62%
Chile	177.16%	145.36%	161.26%
US	259.78%	262.31%	261.04%
Spain	132.72%	155.44%	144.08%
Mexico	165.01%	165.01%	165.01%
Poland	100.00%	100.00%	100.00%
Portugal	181.95%	181.95%	181.95%
UK	206.58%	158.56%	182.57%

19. TRAINING

	2022	2021
Total hours of training	6,884,251	6,030,787
% employees trained ^A	100.00	98.01
Total attendees	5,748,422	5,578,255
Hours of training per employee ^A	33.34	30.28
Total investment in training ^B	71,630,151	75,138,476
Investment per employee	346.94	377.24
Cost per hour	10.40	12.46
% women participants	55.18	53.39
% of e-learning training attendees	94.71	91.42
% of e-learning hours	70.98	76.22
Employee satisfaction (up to 10)	9.81	8.46

A. Calculation based on year-end headcount.

B. The decrease in investment in training is due to Banco Santander's efforts to optimise the resources invested by increasing e-learning training.

20. HOURS OF TRAINING BY CATEGORY

	2022		2021	
	Hours	Average	Hours	Average
Senior managers	87,353	37.78	60,804	29.15
Managers	493,474	27.61	695,353	40.56
Other employees	6,303,424	33.84	5,274,630	29.31
Group total	6,884,251	33.34	6,030,787	30.28

21. HOURS OF TRAINING BY GENDER

	2022	2021
	Average	Average
Men	33.15	32.45
Women	33.51	28.46
Group total	33.34	30.28

22. ABSENTEEISM BY GENDER AND REGION^{A,B}

	2022			2021		
	Men	Women	Total	Men	Women	Total
Europe	2.68	5.36	4.11	2.50	5.12	3.90
North America	0.95	2.05	1.55	0.93	1.75	1.38
South America	1.45	3.14	2.34	1.50	2.92	2.27
Group total	1.80	3.73	2.83	1.83	3.63	2.80

A. Days missed due to occupational accidents, non-work related illness and non-work related accident for every 100 days worked.

B. Santander Brasil only considers accidents recognized as work-related and reported in a *comunicação de acidente de trabalho* (CAT, work-related accident notice) to Brazil's Instituto Nacional do Seguro Social (INSS, National Social Security Institute) following an internal expert review in 2021. This indicator only considers absences of at least 15 days due to non-work-related accidents or common illness.

23. ACCIDENT RATE^{A,B}

%	2022			2021		
	Men	Women	Total	Men	Women	Total
Europe	0.04	0.12	0.08	0.04	0.10	0.07
North America	0.01	0.04	0.02	0.00	0.02	0.01
South America	0.02	0.03	0.02	0.01	0.02	0.02
Group total	0.02	0.06	0.05	0.02	0.05	0.04

A. Ratio of hours missed due to an occupational accident involving leave to total hours worked. Hours worked are theoretical and include commute-related accidents.

B. Santander Brasil only considers accidents recognized as work-related and reported in a *comunicação de acidente de trabalho* (CAT, work-related accident notice) to Brazil's Instituto Nacional do Seguro Social (INSS, National Social Security Institute) following an internal expert review in 2021.

24. OCCUPATIONAL HEALTH AND SAFETY^{A,B}

	2022			2021		
	Men	Women	Total	Men	Women	Total
Frequency rate ^C	1	2	1	1	1	1
Severity rate ^D	0.04	0.09	0.06	0.03	0.08	0.06
No. of fatal occupational accidents	1	0	1	0	0	0
Work-related illness ^E	0	0	0	0	0	0
Total number of accidents^{F,G}	239	477	716	183	388	571

A. Occupational injuries that can be documented are reported, without exception for serious injuries.

B. Santander Brasil only considers accidents recognized as work-related and reported in a *comunicação de acidente de trabalho* (CAT, work-related accident notice) to Brazil's Instituto Nacional do Seguro Social (INSS, National Social Security Institute) following an internal expert review in 2021.

C. Number of occupational accidents with leave for every 1,000 hours worked. Hours worked are theoretical and include commute-related accidents.

D. Days not worked due to work accident with leave for every 1,000 hours worked. Hours worked are theoretical. Commute-related accidents are included.

E. No Group employee is exposed to work-related illnesses because the activity Santander professionals carry out and the industry in which they work is not recognized in Spain's Royal Decree 1299/2006.

F. Refers to occupational accidents with sick leave and includes commute-related accidents.

G. The increase in the total number of accidents is largely due to a rise in the US compared to previous years due to an improvement in the reporting of the indicator.

4.2 Customers

GRI FS6

25. GROUP CUSTOMERS^A

	2022	2021	var.
Europe	45.564.102	45.979.129	(1)%
Spain	14.319.800	13.571.008	6%
Portugal	2.922.944	3.060.473	(4)%
United Kingdom	22.402.482	23.569.326	(5)%
Poland	5.696.983	5.427.715	5%
Others ^B	221,894	350,607	(37)%
South America	69.552.757	62.876.211	11%
Brazil ^C	60.117.327	53.445.938	12%
Chile	3.577.094	4.113.853	(13)%
Argentina	4.384.558	4.155.239	6%
Others ^D	1.473.778	1.161.181	27%
North America	24.980.442	24.649.205	1%
México	20.239.134	19.664.670	3%
United States ^F	4.523.340	4.731.155	(4)%
Others ^F	217,969	253,380	(14)%
Digital Consumer Bank	19.746.178	19.438.186	2%
Santander Consumer Bank ^G	17.793.206	17.857.599	—%
Openbank	1.952.972	1.580.587	24%
Total	159.843.480	152.942.732	5%

A. Figures corresponding to total customers. 2021 data has been redefined to accommodate 2022 reporting segments

B. Rest of Europe: BP Rest, Other SCIB Europe and PagoNxt

C. Brazil: Private Banking: Decision groups; Santander Financiamiento: Finaceira's exclusive customer data.

D. Other South America: Uruguay, Peru, Colombia and PagoNxt

E. USA includes BPI Miami

F. Other North America: PagoNxt

G. SCF includes customers in all European countries, including the UK.

26. DIALOGUE BY CHANNEL

	2022	2021	Var .2022/2021 %.
Branches			
Number of branches	9,019	9,229	(2.3)%
Digital banking^A			
Digital customers ^B (millions)	51.47	47.44	8.5 %

A. Santander Consumer Finance not included.

B. Counts once for customers of both Internet and mobile banking.

27. GROUP NPS

	2022	2021	2020	2019
Argentina	1	2	3	4
Brazil	3	1	2	2
Chile	1	1	1	2
Uruguay	2	2	3	2
Spain	2	2	2	3
Poland	3	3	4	4
Portugal	2	3	1	3
UK	6	3	6	2
Mexico	3	4	4	4
USA	9	8	9	9

NPS to measure customer satisfaction, audited by Stiga/Deloitte.

Santander position vs competitors (Official Peer Group by countries). Key peers by country: Argentina:

Galicía, BBVA, ICBC, HSBC, Banco Macro, Banco de la Nación; Brazil: Itaú, CEF, Bradesco, Banco do Brasil;

Chile: BCI, Banco de Chile, Itaú, Scotiabank, Banco Estado; Uruguay: Brou, Itaú, BBVA, Scotiabank; Spain:

BBVA, Caixabank, Sabadell, Bankia, Unicaja; Poland: ING, Millenium, MBank, Bank Polski, Bank Pekao, BNP

Paribas; Portugal: BPI, Millenium BCP, CGD, Novo Banco; UK: Nationwide, Barclays, Halifax, NatWest,

Lloyds, HSBC, TSB, RBS; Mexico: Scotiabank, Banorte, HSBC, Banamex; US: JP Morgan, Bank of America,

Capital One, PNC, M&T Bank, TD Bank, Citigroup, Citizens, Wells Fargo.

28. GROUP NPS BY CHANNEL^A

	2022	2021	2020
Branch	66	64	56
Contact center	60	43	45
Internet ^B	62	58	60
Mobile	65	69	68

A. Internal NPS (last info available): Obtained from customer surveys issued within 48 hours of their contact with the bank via any channel. Weighted average of active Group customers.

B. Internet: Excluding the UK and Uruguay.

29. CUSTOMER SATISFACTION^A

	2022	2021	2020	2019
Argentina	93	91	90	86
Brazil	88	n/a	89	86
Chile	90	90	87	86
Uruguay	97	96	93	94
Spain	89	84	87	86
Poland	95	96	99	98
Portugal	90	90	86	86
UK	96	95	94	96
Mexico	94	94	95	95
USA	89	88	87	88
Group ^B	92	92	91	90

A. Net customer satisfaction: calculation of 100% of customers minus percentage of dissatisfied customers.

B. Linear average of net satisfaction across all geographies.

30. TOTAL COMPLAINTS^A

	2022	2021	2020
Spain ^B	76,272	120,953	150,298
Portugal	3,584	3,570	4,036
United Kingdom	20,624	20,069	22,625
Poland	5,169	5,179	6,057
Brazil ^C	215,906	195,340	146,067
Mexico	70,100	82,033	80,031
Chile	7,873	8,009	8,328
Argentina ^D	5,294	5,013	3,512
US	1,717	3,205	4,292
SCF	29,777	35,215	39,064

A. Compliance metrics based on group-wide criteria, which may not match the UK's Financial Conduct Authority (FCA) or standards in Brazil, among others.

B. Decrease in Spain mainly due to mortgage set up fees' complaints, which increased in 2021 following the communication from the Ministry of Consumer Affairs, and the change in Santander One's commercial policy on commissions.

C. Increase in Brazil due to claims handled independently last year and the government's enhancement of official channels.

D. Increase in Argentina mainly due to fraudulent online purchases amid growing e-commerce since the outbreak of the pandemic.

4.3 Tax contribution

GRI 201-1

In 2022, our tax contribution totalled EUR 20,476 million, including EUR 9,734 million in taxes directly paid by the Group and the rest in collected taxes originating from our business operations with third parties. We pay taxes in the jurisdictions where we earn a profit. Thus, the profits obtained, and the taxes accrued and paid, correspond to the countries where we operate.

For every EUR 100 in total income, EUR 39 are taxed, including EUR 19 in taxes paid directly by Santander and EUR 20 in taxes collected from third parties.

The taxes Santander pays directly (see table below) are included in the cash flow statement and mainly stem from the corporate income tax paid (EUR 5,498 million, which represents an effective rate of 36.1%). They also include non-recoverable value added tax (VAT), employers' social security contributions, charges levied on banks and financial transactions in Spain, the UK, Poland, Portugal, Brazil and Argentina, and other taxes. Total taxes paid directly by the Group amount to 64% of the profit before tax.

The taxes we accrue and the amounts we pay do not usually match because the laws in some countries dictate a different payment date than when income was generated or an operation was taxed. Therefore, the corporate income tax accrued during the accounting period is EUR 4,486 million, which represents an effective rate of 29.4% (see note 27 of the consolidated annual accounts).

31. Total taxes paid

EUR million

2022					
Jurisdiction	Corporate income tax ^A	Other taxes paid	Total taxes paid by the Group ^B	Third-party taxes ^C	Total contribution
Spain	1,652	1,240	2,892	1,366	4,258
UK	553	482	1,035	455	1,490
Portugal	135	187	322	235	557
Poland	182	247	429	177	606
Germany	167	94	261	134	395
Rest of Europe	454	292	746	(65)	681
Total Europe	3,143	2,542	5,685	2,302	7,987
Brazil	1,295	517	1,812	3,029	4,841
Mexico	331	381	712	620	1,332
Chile	(2)	75	73	334	407
Argentina	34	494	528	3,525	4,053
Uruguay	38	94	132	36	168
Rest of Latin America	38	11	49	12	61
Total Latin America	1,734	1,572	3,306	7,556	10,862
United States	610	118	728	874	1,602
Other	11	4	15	10	25
TOTAL	5,498	4,236	9,734	10,742	20,476

A. The Group's income tax for the year 2021 amounted to EUR 4,012 million

B. Total own taxes paid for all these concepts amounted to EUR 9,734 mn, broken down as EUR 5,498 mn in corporate income tax, EUR 992 mn in non-recoverable VAT and other sales taxes, EUR 1,647 mn in employer-paid payroll taxes, EUR 112 mn in property taxes, EUR 366 mn in bank levies and EUR 1,119 mn in other taxes.

C. Total third-party taxes amounted to EUR 10,742 mn, broken down as EUR 2,725 mn in salary withholdings and employees' social security contributions, EUR 509 mn in recoverable VAT, EUR 1,889 mn in tax deducted at source on capital, EUR 324 mn in non-resident taxes, EUR 444 mn in property taxes, EUR 300 mn in stamp taxes, EUR 2,695 mn in taxes related to the financial activity and EUR 1,856 mn in other taxes

4.4 Green transition

GRI 301-1, 302-1, 302-2, 302-3, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 306-5, FS8, FS10, FS11

32. Green finance

EUR bn	2022	2021	2020	2019
Raised and facilitated	28.8	31.9	14.8	19.0
Accumulated since 2019	94.5	65.7	33.8	19.0

33. Financing of renewables energies

MW financed	2022	2021	2020
Greenfield	15,614	13,604	13,765
Wind energy	21 %	58 %	26 %
Solar energy	77 %	39 %	64 %
Others	2 %	3 %	10 %
Brownfield^A	14,843	1,776	8,106
Wind energy	45 %	77 %	46 %
Solar energy	33 %	18 %	33 %
Others	22 %	5 %	21 %

A. Activity recovered from COVID-induced lows in 2021

34. ENVIRONMENTAL FOOTPRINT 2021-2022^A

	2022	2021	Var. 2022-2021 (%)
Consumption			
Water (m ³) ^B	1,887,857	1,808,668	4.4
Water (m ³ /employee)	9.75	9.76	-0.1
Normal electricity (millions of kwh) ^C	97.42	213.87	-54.4
Green electricity (millions of kwh)	745.82	675.78	10.4
Total electricity (millions of kwh) ^C	843.24	889.66	-5.2
Total internal energy consumption (GJ) ^C	3,431,272	3,667,872	-6.5
Total internal energy consumption (GJ/employee) ^C	17.73	18.95	-6.5
Total paper (t) ^D	5,849	7,345	-20.4
Recycled or certified paper (t) ^D	4,860	6,020	-19.3
Total paper (t/employee) ^D	0.03	0.04	-23.7
Waste			
Paper and cardboard waste (kg) ^D	4,123,740	6,323,866	-34.8
Paper and cardboard waste (kg/employee) ^D	21.30	34.11	-37.5
Greenhouse gas emissions			
Direct emissions (CO ₂ teq) ^E	21,967	25,672	-14.4
Indirect electricity emissions (CO ₂ teq)-MARKET BASED ^{C,F,G}	30,917	52,904	-41.6
Indirect electricity emissions (CO ₂ teq)-LOCATION BASED ^{C,F}	217,906	265,095	-17.8
Indirect emissions from displacement of employees (CO ₂ teq) ^{H,I}	81,535	35,420	130.2
Total emissions (CO ₂ teq)- MARKET BASED ^{C,I}	134,419	113,996	17.9
Total emissions (CO ₂ teq/employee)	0.69	0.61	12.9
Average number of employees	193,573	185,379	4.4

A. Refers to Argentina, Brazil, Chile, Germany, Mexico, Poland, Portugal, Spain, the UK and the US (minus Puerto Rico and Miami).

B. Refers to water withdrawal from public sources.

C. Energy consumption and GHG emissions data for Argentina for the year 2021 have been recalculated as a result of new changes in the calculation methodology.

D. The reduction in paper consumption and waste is due to the Group's implementation of new technologies and practices in its buildings.

E. Emissions are from the direct consumption of energy (natural gas, diesel and, in Mexico, petrol and diesel for cars, and in Poland in 2020 petrol and diesel for cars). They are deemed scope 1, as defined by the GHG Protocol standard. To calculate them, emission factors DEFRA 2022 for 2022 and DEFRA 2021 for 2021 were applied.

F. Emissions are from electricity consumption. They are considered scope 2, as defined by the GHG Protocol standard. In 2021 we used the International Energy Agency (IEA) emission factors from 2017. For 2022, we used the 2021 IEA emission factors.

- Indirect electricity emissions (market-based): no emissions were considered for green electricity consumed in Germany, Spain, Mexico, Portugal and UK; also, in Argentina, Brazil, Chile, Poland and the US, some consumed electricity was green energy. The IEA emission factor for each country applied to the remaining electrical energy consumed.

- Indirect emissions of electricity (location-based): the IEA emission factor for each country applied to renewable and non-renewable electricity consumption.





G. Indirect electricity emissions fell, mainly because we purchased more green energy in 2022, and reduce electricity consumption by 5.2%.

H. Emissions from employees travelling from central services to the workplace by personal car, mass transport and rail; and from employees' business travel by air and car. The distribution of employees by type of travel is based on surveys or other estimates. Conversion factors DEFRA 2022 for 2022 and DEFRA 2021 for 2021 were used to calculate emissions from employee travel. The number of employees travelling to work in personal vehicles was estimated only with the number of parking spaces at central service buildings and with diesel/petrol consumption by the vehicle fleet. Personal vehicle use by employees in Argentina, Poland and the UK is not reported, as such information is unavailable. Mass transport use by employees was calculated with the average distance travelled by vehicles Grupo Santander rents to transport its employees in Germany, Brazil, the US, Spain, Mexico, Poland and Portugal and at SCF, and at the Santander Group City in Spain. Business trips by car from Santander Consumer USA are not reported, as the information is unavailable. Emissions from courier services, the transport of funds, any purchase of products or services or indirectly from financial services are not reported.

I. Group's total emissions increased in 2022 by 17.9%, due to the employee travel emissions. In the last two years the Covid-19 pandemic caused these emissions to plummet, and in 2022 the employee travel was almost recuperated to pre-Covid levels. Comparing these emissions with 2019 data, prior to this exceptional situation, employee travel emissions have been reduced by 33%, and total emissions have been reduced by 58%.

4.5 Equator principles

35. Equator Principles

Number of projects				Project Related Corporate Loans			Project-Related Refinance and Project-Related Acquisition for Project Finance		
Category	Project Finance			A	B	C	A	B	C
TOTAL	5	24	7	3	3	1	0	2	0
 Sector									
Mining	0	0	0	0	0	0	0	0	0
Infrastructure	0	3	1	3	1	0	0	1	0
Oil & Gas	1	0	0	0	0	0	0	1	0
Power	3	21	6	0	1	0	0	0	0
Others	1	0	0	0	1	1	0	0	0
 Region									
Americas	2	4	2	0	0	0	0	2	0
Europe, Middle East & Africa	1	20	5	3	2	1	0	0	0
Asia pacific	2	0	0	0	1	0	0	0	0
 Type									
Designated countries ^A	5	22	6	0	0	1	0	1	0
Non-designated countries	0	2	1	3	3	0	0	1	0
 Independent review									
Yes	5	24	4	3	3	0	0	2	0
No	0	0	3	0	0	1	0	0	0

A. In accordance with the definition of designated countries included in the Equator Principles, with solid environmental and social governance, legislation and institutions to protect their inhabitants and the environment.

Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented;

Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures²; and

Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.

4.6 Financial inclusion

GRI 203-1, 203-2, 413-1

36. Financially empowered people

million people	2022	2021	2020	2019
Access	1.0	0.9	0.8	0.6
Finance	1.8	1.1	2.0	0.8
Financial education ^A	2.7	1.3	0.7	0.6
Total	5.5	3.3	3.6	2.0
Accumulated since 2019 ^B	11.8	7.5	4.9	2.0

A. The increase in the number of people empowered by financial education programmes is due, among other reasons, to the implementation of programmes and partnerships in support of refugees from the war in Ukraine.

B. Unique empowered people. Each year only new empowered people are added.

37. Microfinance^A

million euros / people	2022	2021	2020	2019
Total credit disbursed	950	571	469.3	532.4
Total micro-entrepreneurs supported	1.6	1.0	1.1	N/A

A. The increase in credit and microentrepreneurs supported is mainly due to the bank's commitment to expand its microfinance programmes in Latin America.

4.7 Community investment

GRI 203-1, 203-2, 413-1

38. Community investment

At Banco Santander, we measure our investment in community outreach according to the Business for Societal Impact (B4SI)¹ methodology, which is an international benchmark for the Global Reporting Initiative (GRI), S&P Dow Jones Sustainability Index and other standards and indices.

million euros	2022	2021	2020
Support for higher education	100	106	110
Other local initiatives	63	46	94
Total	163	152	204

39. Outputs and outcomes

We have developed internal methodologies to measure beneficiaries and people helped of our Santander Universities programme and our local community support initiatives, respectively.

39.1 Beneficiaries from Santander Universities programmes

beneficiaries	2022	2021	2020
Higher education	49,490	40,632	48,804
Employability ^A	195,798	98,480	75,237
Entrepreneurship	20,739	23,120	32,707
Total ^A	266,027	162,232	156,748

A. Seeking to maximise the reach of the programmes, in 2022 the number of beneficiaries has increased, especially in programmes aimed at improving employability, with the greatest increase in Brazil and Mexico.

39.2 People helped from local initiatives

million people	2022	2021	2020
Support for childhood education	0.4	0.8	0.5
Support for social welfare	0.9	1.3	1.8
Support for the arts and science	0.0	0.0	0.2
Others ^A	1.0	0.0	0.1
Total	2.3	2.1	2.5

A. The increase is due to support for Ukrainian refugees.

5. Further information

5.1 Stakeholder engagement

GRI 2-29, 3-3, FS5





5.1.1 Listening to our stakeholders and creating value

We run surveys and speak-up channels for employees and customers. We assess externalities to identify risks and opportunities and to appraise our impact on the community. We respond to demands from analysts, investors and ratings and NGOs; keep pace with new regulation and best practices worldwide; and take part in consultations with authorities, trade bodies and other organizations that influence policymaking on sustainable development. We're also involved in major local and international initiatives to support inclusive and sustainable growth (see 'Joint initiatives to promote our agenda' in 'Governance and priorities').



For more details, see '[Economic, Regulatory and Competitive Context](#)' in the 'Economic and Financial Review'.

Key dialogue channels for stakeholders

People 	89% aggregated participation in Your voice Survey	3,935 complaints received through ethical channels		
Customers 	+5 million customer satisfaction surveys	+40,000 banked individuals surveyed in the corporate Brand Tracker ^A	436,316 complaints received	
Shareholders 	12,656 shareholders surveyed about Santander being Simple, Personal and Fair	276,198 responses from shareholders and investors through studies and qualitative surveys	163,761 queries answered by digital channels and telephone.	201 events with shareholders and 862 engagements with institutional investors (73 on ESG)
Communities 	1,306 partner universities and institutions ^B	+2,200 partnerships with social institutions and entities	+300 social media profiles +26 million followers	

A. Study that measures the perception of Santander's image and its peers in the 10 markets in which we operate as a retail bank.

B. This figure includes universities that have an agreement with Santander Universities, Universia and Fundación Universia's in 25 countries. Taking Santander Universities alone, the figure is 835 universities and academic institutions in 11 countries.

5.1.2 Helping society tackle global challenges: 2030 agenda

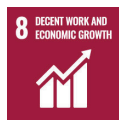
Our activity contribute to several United Nations' Sustainable Development Goals and to the Paris Agreement.

We analysed our agenda's contribution to the SDGs and determined the most relevant goals to Banco Santander's business, commitments and strategy.

For more details, see the 'Banco Santander and the SDGs' brochure on our corporate website.



The SDGs on which Banco Santander has the greatest impact



We guarantee the best employee experience and an inclusive workplace. Our financial inclusion and community support programmes help entrepreneurs create businesses and jobs; and strength local economies.



We tackle climate change with the ambition to be net zero by 2050, helping our customers transition to a sustainable economy and reducing our own carbon footprint and environmental impact.



We promote transparency, the fight against corruption and robust governance across our organization. Our policies and codes of conduct regulate our business and behaviour and steer our commitments towards a more responsible banking system.

Other SDGs on which Banco Santander also has an impact



We want to reduce poverty and boost wealth and well-being in the countries where we operate. Our financial inclusion products and services and our community investment programmes empower millions each year.



Our pioneering Santander Universities programme promotes education, entrepreneurship and employment so universities and students can prosper. Also, Santander Scholarships is one of the world's largest private education grant funds.



We promote an inclusive and diverse workplace, ensuring equal opportunity as a strategic priority. We also run initiatives to drive diversity.



We're the global leader in renewable energy financing, and finance energy efficiency projects; low-emission, electric and hybrid vehicles; and other cleaner transport solutions.



Our products and services give society's most vulnerable better access to financial services, and we teach them the concepts and skills they need to manage their finances effectively.



We finance sustainable infrastructure and promote access to affordable housing to guarantee basic services and inclusive economic growth.



We are firmly committed to reducing our environmental footprint, implementing energy efficiency plans, promoting the use of renewable energies and offsetting the consumption of our internal operations.



We participate in prominent local and international initiatives and working groups.



For more details on how Banco Santander supported the UN Sustainable Development Goals in 2022, see the '[SDGs contribution content index](#)' at the end of this chapter

5.1.3 Partnerships to promote our agenda

GRI 2-23

We drive our responsible banking agenda through a number of local and international initiatives and working groups, including:

→ UNEP Finance initiative

We are an active member of UNEP FI and a founding signatory to the United Nations Principles for Responsible Banking.

→ United Nations Global Compact

We've been part of the Global Compact network since 2002 and a member signatory of the United Nations Global Compact's gender equality programme since 2020.

→ Glasgow Financial Alliance for Net Zero, Net Zero Banking Alliance and Net Zero Asset Management

In support of our net-zero ambition, we joined the Glasgow Financial Alliance for Net Zero, Net Zero Asset Managers and were co-founders to the Net Zero Banking Alliance. Within GFANZ, we co-led the Net Zero Public Policy and their call to action launched in October.

→ World Business Council for Sustainable Development (WBCSD)

We are an active member of WBCSD. In 2022, we continued participating in the Banking for Impact on Climate in Agriculture (B4ICA) initiative.

→ Banking Environment Initiative (BEI)

We continued to participate in the Bank 2030 initiative, aimed at building a roadmap for the banking industry to help society in the transition towards a low-carbon economy.

→ CEO Partnership for Economic Inclusion

We're part of a private-sector alliance for financial inclusion, led by Queen Máxima of the Netherlands, Special Representative of the United Nations, to promote inclusive financing for development.

Other international and local initiatives that Santander supports

→ UN Women's Empowerment Principles

→ The Valuable 500

→ UN Principles for Responsible Investment

→ CDP (Carbon Disclosure Project)

→ UN Global Investors for Sustainable Development (GISD) Alliance

→ Green Recovery Alliance of the European Union

→ Equator Principles

→ Partnership for Carbon Accounting Financials (PCAF)

→ International Wildlife Trade Financial Taskforce

→ Round Table on Responsible Soy

→ Working group on Sustainable Livestock

→ Climate Leadership Council

→ The Wolfsberg Group

5.2 Materiality assessment: identifying the issues that matter

GRI 2-29, 3-1, 3-2

The matrix is a refresh of last year's Materiality assessment, incorporating reinforced trends from latest months, mainly: geopolitical tensions; inequality; the rising cost of living; stricter regulation; and other aspects that impact on our markets. It also takes inputs from subsidiaries related to the items that are relevant in their markets: digitalization; innovation; human rights; regulation.

As reflected in section [2.1 Materiality Matrix](#), there have not been relevant changes to the items or positioning in the matrix, but little adjustments in namings and definitions, to better reflect the current context (see next page).

Following the proposed Corporate Sustainability Reporting Directive (CSRD) and leading ESG reporting standards, our matrix follows the principle of double materiality: (1) financial materiality (how ESG issues impact financial performance); and (2) environmental and social materiality (how ESG action impacts society and the environment).

Our materiality assessment methodology

Last year we perform an in-depth materiality assessment which included direct stakeholder input (internal and external interviews and surveys on the bank's ESG priorities), in line with best practice.

→ Phase 1

Based on the external landscape, key trends and our own operations, we drew up a preliminary list of ESG topics and placed them into three categories: E, S and G.

→ Phase 2

We ran workshops, surveys and one-to-one interviews to set priorities; and gathered feedback from customers, employees, senior managers, investors and NGOs.

→ Phase 3

We gave topics a score and weighting to rank them by order of importance to Banco Santander.

Analysis inputs

Global and sector-based

- Regulators' and international institutions' requirements (such as EU taxonomy)
- Sustainability frameworks and standards (such as UN Sustainable Development Goals, UN Principles for Responsible Banking, Task force on Climate-related Financial Disclosures, Global Reporting Initiative, Sustainability Accounting Standards Board,...)
- ESG analysts' and indices' expectations
- Banking sector reporting trends (peer banks)

Stakeholder opinion

Customers	9,000 surveys in 9 countries
Employees	500 surveys in each country and at HQ (more than 1,800 responses)
Senior management	Specific discussions on materiality at our annual senior leadership meeting. One-to-one interviews with heads of corporate areas and representatives of businesses and regions.
Investors	Interviews with major investors
NGOs	One-to-one interviews with international NGOs

Our ESG priorities

Our materiality assessment identified 15 ESG topics we should focus on.

Crucial topics

Customer experience and satisfaction

Be the bank of choice for our customers with products, process and services that meet their needs and treat them in a simple, personal and fair way. Innovation & usage of digital technologies to maximise access to products and services and enhance customer experience.

Financial health

Financially support our stakeholders to help with any potential challenges (e.g., rising cost of living) that might emerge through tailored products and solutions, including financial education

Green Finance and Socially Responsible Investment

Facilitate and advise our customers with a product offering that integrates environmental and social factors, helping them in their transition to a sustainable economy.

Environmental and social risk management

Ensure our risk management framework incorporates environmental & social aspects regarding customers and operations (Climate, Human Rights, Greenwashing, Social washing) and is implemented across geographies.

Culture, conduct and ethical behaviour

Ensure exemplary conduct from employees & the institution, incl.: simple, personal & fair environment at work, corporate culture, conduct and ethical behaviour, whistleblowing channels, full transparency towards customers and rest of stakeholders; best-in-class policies & controls (AML FC –inc. modern slavery, illegal trade, tax, human rights)

Major topics

Privacy, data protection and cybersecurity

Managing the risks from collecting, storing and using personal information.

Net zero by 2050

Ensure that the emissions from our customer portfolio and operational footprint are aligned with the Paris Agreement and targeted towards net zero by 2050.

Diversity, Equity and inclusion

Ensuring fairness and respect among employees in an inclusive environment, with zero tolerance of harassment and discrimination in a psychological safety environment.

Business resilience (inc. digitalization & innovation)

Adapting to a changing and uncertain environment, maintaining the resilience of the business and building on strategic priorities (One Santander, Digital Consumer Bank and PagoNxt) and adapt to current trends (e.g., growing importance of digitalization and innovation).

Talent management and development

Have a talented and motivated workforce, offering development opportunities; and ensuring meritocracy.

Financial inclusion

Developing and providing products and services promoting access to basic financial services, including finance that meet their needs.

Corporate Governance

Ensuring the corporate governance system remains well established & effective, supporting shareholder value & efficient capital allocation, whilst addressing interests of all our stakeholders. Incl. Rewards and incentives and with special focus in meeting growing regulatory requirements and responding to the disclosure demands with transparency and efficiency.

Relevant topics

Responsible procurement

Assessing ESG in our supply chain to manage associated risks.

Education and support to communities

Santander Universities focus on providing education, employability and entrepreneurship opportunities, connecting startups and SMEs, clients, training and other resources. We also support community well-being and improve the lives of people at risk of exclusion through our community programs.

Nature & Biodiversity

Identifying and managing the impact and dependencies of Santander's financial activity on nature and biodiversity through those it lends to, including, but not limited to deforestation, natural resource extraction, cultivation or project development.

Environmental Social Government

After the materiality analysis, issues such as materials (GRI 301), water and effluents (GRI 303), waste (GRI 306), labor/management relations (GRI 402), occupational health and safety (GRI 403), freedom of association and collective bargaining (GRI 407), child labor (GRI 408), forced or compulsory labor (GRI 409), security practices (GRI 410), food waste, light and noise pollution have not been identified as material to the Group given its activity and geographies of operation. More details in Non-financial information Act 11/2018 content index and Global Reporting Initiative (GRI) content index.

5.3 Risk and opportunities

GRI 2-25, 3-3

Methodology analysis

Aligned to our materiality assessment, we have identified the risk and opportunities for Banco Santander and their impacts (real or potential). A two-part methodology has been applied:

1. We identified areas of social concern that relate to our most material issues, where we can have a major impact





Combining our internal analysis focused on the Group materiality assessment, along with external studies related to ESG matters in the market, such as The Global Risks Report 2022 by the World Economic Forum, we have identified four areas of social concerns — one environmental, two social and one economic/governance — where we can have a major impact due to the risk and opportunities they bring.

2. We identified the risks and opportunities each area of social concern bring, and the impacts (real or potential) associated.

We identified main risks and opportunities for each area of social concern considering guidelines such as the OECD Due Diligence Guidance for Responsible Business Conduct, or the Sector Impact Mapping of the United Nations Environment Programme Finance Initiative (UNEP FI).

This exercise has also informed our ESG agenda towards avoiding or minimizing negative impacts; and generating or maximizing positive impacts.

Below, the list of impacts associated and relevant KPIs.

	Environmental	Social		Governance
Areas	 Climate change	 Financial health and inclusion	 Quality employment	 Responsible management and business development
Materiality issue	Net zero by 2050 Green finance and SRI Nature & Biodiversity	Financial health Financial inclusion Education & support to communities	Diversity, equity and inclusion Talent management and development	Customer experience and satisfaction Culture, conduct and ethical behaviour Privacy, data protection & cyber Business Resilience (incl. digitalization & innovation) Corporate governance environmental, social and climate change risk management Responsible procurement

Key areas where Santander has or can have more impact

Environmental



Climate change

- The Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report declares global warming an unquestionable reality given the unprecedented changes witnessed since the 1950s.
- The climate emergency is one of the humankind's biggest challenges.



Social



Social stability

- Despite progress, social inequality remains an area of concern.
- According to the World Bank, some 1.4 billion people are unbanked, and most of them live in low-income households in developing countries.
- According to latest UN Sustainable Development Goals Report, access to education remains an issue.



Quality employment

- According to Cambridge University's Sustainable Development Report 2022, while unemployment has fallen in developed countries since 2020, it has increased in developing countries.
- The war in Ukraine is expected to make joblessness worse, especially among vulnerable groups, due to rising energy prices and supply chain disruption.



Governance



Responsible management and business development

- The Covid-19 crisis put a strain on the global economy, but the war in Ukraine has made matters worse since it started in early 2022. Companies must adapt and take measures to properly manage at the same time a humanitarian crisis unseen since World War II, an energy crisis rooted in dependence on fossil fuels, major regulatory reform and the need for rapid digitalization.



5.4 EU Taxonomy

Information about Article 8 of the EU Taxonomy Regulation

In 2020, the European Parliament adopted the Taxonomy Regulation. It establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable and incorporates an obligation that companies subject to the Non-Financial Reporting Directive (NFRD), including financial corporations, must disclose how operations align with the Taxonomy.

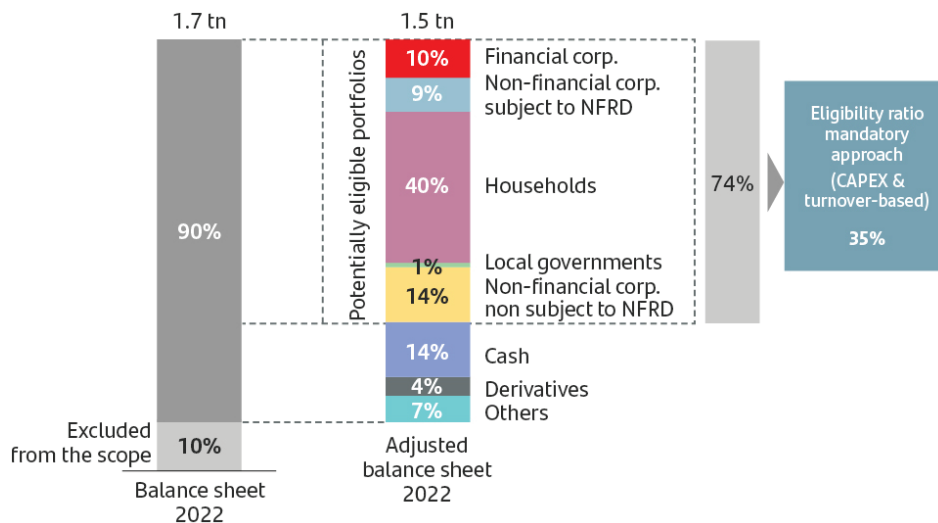
The primary indicator of alignment is the green asset ratio (GAR), which companies must publish from 2024. It shows the extent to which activities in our balance sheet meet the Taxonomy's technical standards. It's the ratio of an entity's Taxonomy-aligned assets to balance sheet assets (excluding exposure to sovereigns, central banks and the trading portfolio).

Before publishing the GAR in 2024, companies in 2022 and 2023 must make their eligibility ratio public. The eligibility ratio is calculated like the GAR. The only difference is that the eligibility ratio numerator covers activities included in the Taxonomy but doesn't determine if they meet the technical screening criteria that establishes under which conditions an activity can be considered as environmentally sustainable.

The European Commission has two approaches to calculate the eligibility ratio: mandatory reporting based on information that counterparties publicly disclose; and voluntary reporting, which is an estimate based on proxies when the information about eligibility of the counterparties is not available.

This year we have been able to include the eligibility exposure of our financial and non financial counterparties under the mandatory approach, after capturing the data published by these counterparties (both CapEx²⁹ and turnover³⁰-based eligibility) and provided by them on projects or activities aligned with the SFCS³¹.

How did we calculate our proportion of eligible activities?



Santander's eligibility ratio is 35%, while our balance sheet's potential eligibility ratio is 74%³².

²⁹ CapEx: capital expenditure.

³⁰ Turnover: ordinary revenue pursuant to IAS 1, paragraph 82(a).

³¹ SFCS: Sustainable Finance Classification System, which sets our internal criteria to consider an asset as green, social or sustainable based on the EU Taxonomy, among other industry principles and guidelines. The activities from the SFCS not included in the EU Taxonomy were not included in the eligible exposures (e.g. agriculture or biodiversity).

³² For more information, please see section 5.5 [Sustainable Finance Classification System \(SFCS\)](#).

Potential eligibility of our portfolio for both mandatory and voluntary approaches. Santander is developing only the mandatory approach across this report.

Numerator

The numerator includes:

- exposures in the following household loan portfolio: residential property loans, building renovation loans and vehicle loans.
- exposures to financial and non-financial corporations subject to NFRD³³ separated into:
 - General purpose: based on the eligibility ratio publicly disclosed by our counterparties
 - Specific purpose: based on information provided by the counterparties on projects or activities to which the proceeds were applied by using the SFCS.

Denominator

We calculated the eligibility ratio for the 88% of the balance sheet. The 12% not included comprises exposure to sovereign debt, central banks and the trading book.

Eligibility ratios

Our mandatory ratio, as required under the Disclosures Delegated Act, represents the eligible exposures to financial, non-financial corporations and household exposures divided by the denominator. The resulting mandatory eligibility ratio is 35% (both CapEx and turnover-based).

Our exposures reported under the Disclosures Delegated Act

Eligible activities under Article 10.3 (a) of the Disclosures Delegated Act

Lending	Proportion of eligible economic activities		Proportion of non-eligible economic activities		Coverage %
	%	EUR bn	%	EUR bn	
Mandatory approach (CapEx-based)	35 %	531.04	65 %	970.79	88 %
Mandatory approach (turnover-based)	35 %	530.66	65 %	971.18	

Other exposures to report under Articles 10.3 (b) and (c) of the Disclosures Delegated Act

Portfolios	Proportion of exposure to total assets	
	%	EUR bn
Exposure to central governments, central banks and supranational issuers	8 %	129.8
Exposure to derivatives	5 %	75.2
Exposure to companies exempt from disclosing non-financial information pursuant to Article 19 bis and 29 bis of Directive 2013/34/EU	14 %	214.2
Trading portfolio	5 %	89.1
Interbank lending	1 %	13.4

How do our financial strategy, product design and relations with customers and counterparties comply with Regulation (EU) 2020/852?

Our objectives are consistent with the EU Taxonomy. Our sustainable finance proposition to support our customers' transition considers the standards and enhancements of the EU Taxonomy. See 'Supporting the green transition'.



For more details on how our financial strategy, product design and relations with customers and counterparties comply with the EU Taxonomy, please see section '[Supporting the green transition](#)'.

³³ This condition has been identified: For the general-purpose volumes, companies publishing their eligible CapEx and turnover. For specific-purpose volumes, a combination of the booking criteria and exclusion of SMEs has been considered.

5.5 Sustainable Finance Classification System (SFCS)

GRI FS8

Sustainable finance is key to meeting our ambition to be net zero by 2050. We developed our Sustainable finance classification system (SFCS), which was published in February 2022 and has been recently updated. The SFCS is an internal guide that outlines harmonized criteria to consider an asset green, social or sustainable in all the Group's units and businesses. Reviewed by Sustainalytics, it draws on such international industry guidelines, standards and principles as the EU Taxonomy, ICMA, LMA Principles, UNEP FI framework and Climate Bond Standards.

It also enables us to track our sustainable activity, support product development, mitigate the risk of greenwashing and reinforce our transparency and commitment to promote and increase our green, social and sustainability-linked activity.

We updated the SFCS based on lessons learned and market trends. It now features:



An entity-based approach, which complements the activity-based approach.



Additional details on manufacturing, real estate, sustainable agriculture and other activities.



New activities, like solutions to reduce GHG emissions or that relate to energy generation.

Nevertheless, we will keep updating the SFCS when new sustainable market developments and Santander's practice will require. Beyond green activity, we are also working to identify transition activities to support our customers and contribute to our net zero objective.

International industry guidelines, standards and principles that the SFCS draws upon

EU taxonomy	ICMA Green/ Social Bond Principles	LMA Green Loan Principles	LMA Sustainability Linked Loan Principles	ICMA Sustainability Linked Bond Principles	Febraban taxonomy (Brazil)	UNEP FI framework	Climate Bond Standards
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Eligible products

Dedicated purpose

- Transaction proceeds go **towards eligible green or social projects**
- Eligibility criteria: **Specific activities and thresholds**, based on industry principles and guidelines (ICMA, LMA, Climate Bond Standards) and the EU Taxonomy

Sustainability-linked financing

- **Sustainability-linked transactions** designed to incentivize customers to set and work towards ambitious ESG targets
- Transaction structured according to pre-determined **sustainability performance targets** (KPIs and/or ESG ratings)
- Alignment with recognized **industry principles and guidelines** (ICMA and LMA)

Green, social and sustainability funding global framework published in 2022

Published in June 2022, our Green, Social and Sustainability Funding Global Framework is the reference for all green, social and sustainability labelled funding instruments traded in sustainable capital markets and allow all Santander Group entities to issue out of it. It replaces our previous Global Sustainable Bond and Green bond frameworks. Consistent with best market practices and the expectations of investors, it covers use of proceeds, process for project evaluation and selection, management of proceeds and reporting, in line with the International Capital Market

Association's (ICMA) and Loan Market Association's (LMA) guidelines. It is aligned with our Sustainable Finance Classification System (SFCS).

5.6 Country by country report

GRI 207-4

According GRI 207-4 TAX, a report of financial, economic and tax-related information is required for each country where Santander operates. Profit/loss before tax, corporate income tax paid in cash, and the calculation of the number of employees are already included in [Appendix VI](#) of the consolidated financial statements (Annual Banking Report):

EUR million				
2022				
Jurisdiction	Revenue from third-party sales ^A	Revenue from intra-group transactions with other tax jurisdictions ^A	Tangible assets other than cash and cash equivalents ^B	Corporate income tax accrued on profit/loss ^C
Germany	1,710	11	2,767	202
Argentina	1,831	-20	634	195
Austria	204	-6	13	21
Bahamas	11	-1	1	0
Belgium	58	13	2	6
Brazil ^D	12,500	-187	1,755	894
Canada	68	-9	1	4
Chile	2,408	-16	531	204
China	14	5	0	1
Colombia	68	1	2	5
United Arab Emirates	1	6	0	0
Spain ^E	6,192	1,515	11,582	171
United States	7,776	-152	14,518	433
Denmark	177	-3	0	26
Finland	31	73	40	10
France	925	-56	77	24
Greece	2	-1	0	-1
Hong Kong	156	-52	0	4
India	1	2	0	0
Ireland	110	-128	940	1
Isle of Man	-14	62	0	3
Italy	582	-35	39	80
Jersey	-11	53	0	2
Luxembourg	380	-5	48	156
Mexico	4,572	-59	1,625	606
Norway	271	-26	50	28
The Netherlands	91	-4	61	79
Peru	155	-4	4	21
Poland	2,776	-6	238	238
Portugal	1,362	-5	514	208
Puerto Rico	0	0	0	0
United Kingdom	6,906	-170	1,949	590
Singapore	20	0	0	2
Sweden	172	0	0	-8
Switzerland	155	5	63	7
Uruguay	457	-3	55	60
Consolidated group total	52,117	798	37,509	4,272

A. Revenue from intra-group transactions with other tax jurisdictions includes interest income; interest expenses; commission income and expenses for transactions between Santander companies whose residence is in different tax jurisdictions; and intra-group income, excluded from total income in the consolidated income statement because counterparty expense is recorded under another item of the consolidated income statement not included in total income.

B. Tangible assets: Composed of tangible assets, non-current assets held for sale and inventories.

C. The accrued corporate income tax is a current-year expense and does not include deferred taxes.

D. Including the information about a branch in the Cayman Islands with EUR 124 million in accrued corporate income tax.

E. Includes Corporate Centre.

Corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax are different mainly because of tax calculation standards, which establish temporary or permanent restrictions on the deduction of expenses, exemptions, deductions and other adjustments that cause the tax and accounting result to differ.

Other main adjustments to the taxable income in the Group's relevant jurisdictions are:

- the monetary correction in Chile and Mexico;
- the hyperinflation adjustments in Argentina;
- the deduction of juros and taxes on margins in Brazil;
- and permanent adjustments in Poland and other jurisdictions due to non-deductible expenses (like Bank Levy) or recognized provisions.

6. ESG reporting standards and references

6.1 Non-financial information Act 11/2018 content index	105
6.2 UN Global Compact content index	110
6.3 UNEP FI Principles for Responsible Banking reporting index	111
6.4 Global Reporting Initiative (GRI) content index	129
6.5 Sustainability Accounting Standards Board (SASB) content index	143
6.6 Stakeholder Capitalism Metrics content index	146
6.7 Task Force on Climate-related Financial Disclosure (TCFD) content index	151
6.8 SDGs contribution content index	152

6.1 Non-financial information

Act 11/2018 content index

Table of equivalences with reporting requirements under Spain's Act 11/2018

	Non-financial information to be disclosed	Chapter/section of the annual report	Correspondence with GRI indicators/Other regulations
0. General Information	Brief description of the Group's business model (including its business environment, organization and structure, markets, objectives and strategies, plus the main factors and trends that can affect its future performance).	Business model and strategy (p. 7); About this chapter (p. 18); Materiality matrix (p. 23); Materiality assessment (p. 95).	GRI 2-1 GRI 2-2 GRI 2-3 GRI 2-4 GRI 2-5 GRI 2-6 GRI 2-7 GRI 2-22
	A description of the Group's policies that includes due diligence procedures for identifying, assessing, preventing and mitigating risks and significant impacts, and for verifying and controlling, including the measures in which they have been adopted):	Policies (p. 26); Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management section).	GRI 3-3
	The results of these policies , including key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favour the comparability between companies and sectors, in accordance with national, European or international frameworks of reference used for each matter.	A talented and motivated team (p. 37); Acting responsibly towards customers (p. 47); Responsible procurement (p. 51); Supporting the green transition (p. 52); Socially responsible investment (p. 67). Our progress in figures (p. 76).	GRI 2-24 GRI 3-3 —
	The main risks related to these matters associated with the Group's activities (business relationships, products or services) that may have a negative effect in these areas, and how the Group manages these risks, explaining the procedures used to detect and assess them in accordance with national, European or international frameworks of reference for each matter. It must include information about the impacts that have been detected, offering a breakdown, in particular of the main risks in the short, medium and long term.	Risk and opportunities (p. 24); Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management section); Supporting the green transition (p. 52); Acting responsibly towards customers (p. 47); Risk management and compliance chapter (p. 419).	GRI 2-12

1. Environmental Information	Non-financial information to be disclosed	Chapter/section of the annual report	Correspondence with GRI indicators/Other regulations
	Detailed information on the current and foreseeable effects of the activities of the company in the environment and, where appropriate, health and safety, environmental evaluation or certification procedures; the resources dedicated to the prevention of environmental risks; the application of the principle of caution, the amount of provisions and guarantees for environmental risks.	Supporting the green transition (p. 52); Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management). At the end of the 2022 financial year, no significant account is presented in the Consolidated Annual Accounts of the Group that should be included in this chapter regarding environmental provisions or guarantees.	GRI 2-12 GRI 2-23 GRI 3-3
	Contamination:		
	Measures to prevent, reduce or repair CO ₂ emissions that seriously affect the environment, taking into account any form of air pollution, including noise and light pollution.	Supporting the green transition (p. 52) (Reducing our environmental footprint).	GRI 3-3 GRI 305-5
	Circular economy and waste prevention and management:		
	Waste prevention measures, waste recycling measures, waste reuse measures; other forms of waste recovery and reuse; actions against food waste.	Supporting the green transition (p. 52) (Reducing our environmental footprint).	GRI 3-3 GRI 301-1 GRI 306-2
	Sustainable use of resources:		
	Use and supply of water according to local limitations	Supporting the green transition (p. 52) (Reducing our environmental footprint); Our progress in figures (p. 76) (Environmental footprint)	GRI 303-5
	Consumption of raw materials and measures taken to improve the efficiency of its use.	Supporting the green transition (p. 52) (Reducing our environmental footprint); Our progress in figures (p. 76) (Environmental footprint)	GRI 3-3 GRI 301-1
	Energy: direct and indirect consumption, measures taken to improve energy efficiency, use of renewable energies	Supporting the green transition (p. 52) (Reducing our environmental footprint); Our progress in figures (p. 76) (Environmental footprint)	GRI 3-3 GRI 302-1 GRI 302-3 GRI 302-4
	Climate change:		
	Important elements of greenhouse gas emissions generated as a business activity (including goods and services produced)	Supporting the green transition (p. 52) (Reducing our environmental footprint); Our progress in figures (p. 76) (Environmental footprint)	GRI 3-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
	Measures taken to adapt to the consequences of climate change	Supporting the green transition (p. 52)	GRI 3-3 GRI 201-2
	Reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and means implemented for this purpose.	Supporting the green transition (p. 52)	GRI 2-23 GRI 3-3
	Protection of biodiversity:		
	Measures taken to preserve or restore biodiversity	Supporting the green transition (p. 52) (Our approach to nature and biodiversity).	GRI 3-3 GRI 304-2
	Impacts caused by the activities or operations of protected areas		

2. Social	Non-financial information to be disclosed	Chapter/section of the annual report	Correspondence with GRI indicators/Other regulations
	Employment:		
	Total number and distribution of employees by gender, age, country and professional classification	Our progress in figures (p. 76).	GRI 2-7 GRI 3-3 GRI 405-1
	Total number and distribution of contracts modes and annual average of undefined contracts, temporary contracts, and part-time contracts by: sex, age and professional classification.	Our progress in figures (p. 76).	GRI 2-7 GRI 405-1
	Number of dismissals by: gender, age and professional classification.	Our progress in figures (p. 76).	GRI 401-1
	Average remuneration and its progression broken down by gender, age and professional classification	Our progress in figures (p. 76).	GRI 405-2
	Salary gap and remuneration of equal or average jobs in society	A talented and motivated team (p. 37) (Diversity, equity and inclusion section).	GRI 3-3 GRI 405-2
	Average remuneration of directors and executives (including variable remuneration, allowances, compensation, payment to long-term savings forecast systems and any other payment broken down by gender)	Our progress in figures (p. 76).	GRI 2-19 GRI 2-20 GRI 3-3 GRI 405-2
	Implementation of work disconnection policies	A talented and motivated team (p. 37) (Transforming the way we work section).	GRI 3-3
	Employees with disabilities	Our progress in figures (p. 76).	GRI 405-1
	Organization of work:		
	Organization of work time	A talented and motivated team (p. 37) (Transforming the way we work section).	GRI 3-3
	Number of absent hours	Our progress in figures (p. 76).	GRI 403-9 GRI 403-10
	Measures designed to facilitate work-life balance and encourage a jointly responsible use of said measures by parents	A talented and motivated team (p. 37) (Gender equality section).	GRI 3-3
	Health and safety:		
	Conditions of health and safety in the workplace	A talented and motivated team (p. 37) (Employees' health and well-being section).	GRI 3-3
	Occupational accidents, in particular their frequency and severity, as well as occupational illnesses. Broken down by gender.	Our progress in figures (p. 76).	GRI 403-9 GRI 403-10
	Social relations:		
	Organization of social dialogue (including procedures to inform and consult staff and negotiate with them)	A talented and motivated team (p. 37) (Social dialogue section). Acting responsibly towards customers (p. 47); Stakeholders engagement (p. 92).	GRI 3-3
	Percentage of employees covered by collective bargaining agreements by country	Our progress in figures (p. 76).	GRI 2-30
	Balance of the collective bargaining agreements (particularly in the field of health and safety in the workplace)	A talented and motivated team (p. 37) (Employees' health and well-being section)	GRI 403-1 GRI 403-4
	Mechanisms and procedures that employers have for encouraging the involvement of workers in management of the company, in terms of information, consultation and participation	Conduct and ethical behaviours (p. 32) (Ethical channels)	
	Training:		
	The policies implemented in the field of training	A talented and motivated team (p. 37) (Ensuring we have the right talent and skills section).	GRI 3-3 GRI 404-2
	Total number of hours of training by professional categories.	Our progress in figures (p. 76).	GRI 404-1

	Non-financial information to be disclosed	Chapter/section of the annual report	Correspondence with GRI indicators/Other regulations
2. Social	Accessibility:		
	Universal accessibility of people	A talented and motivated team (p. 37) (Diversity, equity and inclusion section); Acting responsibly towards customers (p. 47); Support to higher education and other local initiatives (p. 72).	GRI 3-3
	Equality:		
3. Human Rights	Measures taken to promote equal treatment and opportunities between women and men, Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures taken to promote employment, protocols against sexual and gender-based harassment, Policy against all types of discrimination and, where appropriate, integration of protocols against sexual and gender-based harassment and protocols against all types of discrimination and, where appropriate, management of diversity	A talented and motivated team (p. 37) (Diversity, equity and inclusion section); Support to higher education and other local initiatives (p. 72).	GRI 3-3
	Application of due diligence procedures in the field of Human Rights	Policies (p. 26); Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management and Human rights protection section); Responsible Procurement (p. 51).	GRI 2-25 GRI 3-3
	Prevention of the risks of Human Rights violations and, where appropriate, measures to mitigate, manage and repair any possible abuses committed	Policies (p. 26); Conduct and ethical behaviour (p. 32) (General code of conduct, Environmental, social and climate change risk management, and Human rights protection sections); Responsible Procurement (p. 51).	GRI 2-23 GRI 2-24 GRI 2-25 GRI 2-26
	Complaints about cases of human rights violations	Conduct and ethical behaviour (p. 32) (Ethical channels section).	GRI 406-1
	Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organization regarding respect for freedom of association and the right to collective bargaining.	A talented and motivated team (p. 37)	GRI 3-3
	Elimination of discrimination in respect of employment and occupation; elimination of forced or compulsory labour; and the effective abolition of child labour.	Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management and Human rights sections)	GRI 2-23 GRI 3-3 GRI 406-1
4. Fight against corruption	Measures taken to prevent corruption and bribery	Policies (p. 26); Conduct and ethical behaviour (p. 32) (Financial crime compliance section). Risk management and compliance chapter: 7.2 Compliance and conduct risk management section (p. 477).	GRI 2-23 GRI 2-26 GRI 3-3 GRI 205-1 GRI 205-2
	Measures to combat money laundering	Policies (p. 26); Conduct and ethical behaviour (p. 32) (Financial crime compliance section). Risk management and compliance chapter: 7.2 Compliance and conduct risk management section (p. 477).	GRI 2-23 GRI 2-26 GRI 3-3 GRI 205-1 GRI 205-2
	Contributions to non-profit foundations and entities	Support to higher education and other local initiatives (p. 72).	GRI 413-1

	Non-financial information to be disclosed	Chapter/section of the annual report	Correspondence with GRI indicators/Other regulations
5. Information on the company	Commitments of the company to sustainable development:		
	The impact of the company's activity on employment and local development	Support to higher education and other local initiatives (p. 72). Financial inclusion and empowerment (p. 69). Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management).	GRI 3-3 GRI 203-1 GRI 203-2 GRI 413-1 GRI 413-2
	The impact of the company's activity on local towns and villages and in the country.	Support to higher education and other local initiatives (p. 72). Financial inclusion and empowerment (p. 69).	GRI 203-1 GRI 203-2 GRI 411-1 GRI 413-1 GRI 413-2
	Relations maintained with the representatives of local communities and the modalities of dialogue with them.	Stakeholder engagement (p. 92).	GRI 2-29
	Association or sponsorship actions	Santander participates in the sectoral associations representing financial activity in the countries in which it operates, such as the AEB in the case of Spain.	GRI 2-28
	Outsourcing and suppliers:		
	Inclusion of social, gender equality and environmental issues in the procurement policy	Responsible procurement (p. 51).	GRI 2-6 GRI 3-3
	Consideration in relations with suppliers and subcontractors of their responsibility	Responsible procurement (p. 51).	GRI 204-1 GRI 308-1 GRI 414-1
	Supervision and audit systems and resolution thereof	Responsible procurement (p. 51).	GRI 3-3
	Consumers:		
5. Information on the company	Measures for the health and safety of consumers	Acting responsibly towards customers (p. 47). Risk management and compliance chapter: 7.2 Compliance and conduct risk management section (p. 477)	GRI 3-3 GRI 416-1 GRI 417-1
	Systems for complaints received and resolution thereof	Acting responsibly towards customers. (p. 47); Risk management and compliance chapter (7.2 Compliance and conduct risk management section) (p. 477).	GRI 2-26 GRI 3-3 GRI 416-2 GRI 417-2 GRI 418-1
	Tax information:		
	The profits obtained country by country	Auditor's report and 2022 annual consolidate accounts (p. 501) (Annex VI Annual banking report) and Auditor's Report and 2021 annual consolidate accounts (Annex VI Annual banking report).	GRI 3-3 GRI 207-1
	Taxes on benefits paid	Our progress in figures (p. 76) (4.3 Tax contribution)	
	Public grants received	GRI content index (p. 129).	GRI 201-4
	EU Taxonomy	Information related to article 8 of EU Taxonomy: Socially responsible investment (p. 67); EU Taxonomy (p. 99).	EU Regulation 2020/852 and Commission Delegated Regulations 2021/2139 of 4 June and 2021/2178 of 6 July
6. Other relevant information			

In addition to the contents mentioned in the previous table, the consolidated non-financial information statement of Banco Santander includes the following contents: 1, 2-8, 2-10, 2-11, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-21, 2-27, 3-1, 3-2, 201-1, 201-3, 202-1, 202-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4, 302-2, 302-5, 304-1, 304-3, 304-4, 305-6, 305-7, 306-1, 306-3, 306-4, 306-5, 308-2, 401-2, 401-3, 403-2, 403-3, 403-5, 403-6, 403-8, 404-3, 414-2, 415-1, 417-3.

6.2 UN Global Compact content index

Banco Santander has been a member of the United Nations Global Compact since 2002. Through the Responsible Banking chapter of this 2022 Annual Report, the bank shows its support and progress in complying with the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

Principles		Reference in the 2022 Annual report	Correspondence with GRI indicators
Human rights			
Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights.	Policies (p. 26); Governance (p. 27); Conduct and ethical behaviour (p. 32) (General code of conduct, Environmental, social and climate change risk management, and Human rights protection section); Responsible Procurement (p. 51).	GRI 2-7, 2-22, 2-23, 2-30, 201-3, 205-2, 401-1, 401-2, 403-1, 403-6, 403-9, 406-1, 414-1
Principle 2:	Businesses should make sure they are not complicit in human rights abuses.	A talented and motivated team (p. 37) (Our listening section); Conduct and ethical behaviour (p. 32) (Ethical channels section)	GRI 406-1, 414-1
Labour			
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	A talented and motivated team (p. 37) (Social dialogue section).	GRI 2-30, 401-2
Principle 4:	Businesses should uphold the elimination of all forms of forced and compulsory labour.	Conduct and ethical behaviour (p. 32) (Environmental and social risk analysis and Human rights sections).	
Principle 5:	Businesses should uphold the effective abolition of child labour.	Conduct and ethical behaviour (p. 32) (Environmental and social risk analysis and Human rights sections).	
Principle 6:	Businesses should uphold the elimination of discrimination in respect to employment and occupation.	A talented and motivated team (p. 37) (Diversity, equity and inclusion section section).	GRI 2-7, 401-1, 401-2, 403-9, 404-1, 404-2, 404-3, 405-1, 406-1
Environment			
Principle 7:	Businesses should support a precautionary approach to environmental challenges.	Supporting the green transition (p. 52).	GRI 308-1
Principle 8:	Businesses should undertake initiatives to promote greater environmental responsibility.	Supporting the green transition (p. 52).	GRI 302-1, 302-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5
Principle 9:	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76).	GRI 302-4, 305-5
Anti-Corruption			
Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	Policies (p. 26); Conduct and ethical behaviour (p. 32) (Financial crime compliance section); Risk management and compliance chapter: 7.2 Compliance and conduct risk management section (p. 477).	GRI 2-23, 2-27, 205-1, 205-2

6.3 UNEP FI Principles for Responsible Banking reporting index

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Santander is a retail bank operating in 3 regions (Europe, North America and South America) and in 10 main markets. Furthermore, we have two global businesses: like Santander Corporate & Investment Banking; Wealth Management & Insurance

Our business model is based on three pillars:

- Customer focus: Deepening the relationships with our customers through a simpler value proposition, superior customer experience and our digital proposition
- Our scale: Local scale and leadership.
- Diversification. Our geographic and business diversification allow us to overcome regional challenges in our footprint and business lines.

Building on our technology to further strengthen our customers' loyalty.

-Total customers served: 160 million

-Gross loans and advances to customers by region: Europe (57%); North America (16%); South America (15%); Digital Consumer bank (12%).

-Gross loans and advances to customers by segment: individuals (62%), SMEs and corporates (24%) and SCIB (14%).

Links and references

Corporate website -
www.santander.com

- About us
- Our approach

2022 Digital Annual Review

2022 Annual Report

- [Business model and strategy](#) chapter
- [Economic and financial review](#) chapter

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☒ UN Guiding Principles on Business and Human Rights

☒ International Labour Organization fundamental convention

☒ UN Global Compact

☒ UN Declaration on the Rights of Indigenous Peoples

☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: **NFRD (Spanish Act 11/2018), Pillar III**

☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: **Modern Slavery Act 2015 UK**

☐ None of the above

At Banco Santander we are committed to inclusive and sustainable growth. Our purpose as a company is to help people and businesses prosper. Our aim is to be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities.

As a responsible bank, we focus on areas where our activity can have the greatest impact and support an inclusive and sustainable growth.

We are a member of the United Nations Global Compact since 2002. Our policies take into account the highest international standards.

Our activity and investments contribute to several United Nations' Sustainable Development Goals and to the Paris Agreement. We have identified three SDGs in which the Group has the greatest impact (8, 13 and 16) and eight more to which we also make a very significant contribution through our activity and our social programmes (1, 4, 5, 7, 10, 11, 12, 13 and 17)

We support the Paris Agreement goals and in 2021 we set our ambition to be net zero carbon emissions by 2050.

We also drive our responsible banking agenda through a number of local and international initiatives and working groups, including: UN Principles for Responsible Banking, TCFD, NZBA, Equator principles, CDP; UN Principles for Responsible Investment, UN Women's Empowerment Principles, The Valuable 500, or CEO partnership for Economic inclusion.

We comply with all regulatory requirements regarding ESG disclosure. Our Responsible banking chapter of the Annual report 2022 is the consolidated non-financial information statement of Banco Santander, S.A. and its subsidiaries. It provides detailed information in accordance with Spanish Act 11/2018, which transposes into Spanish law Directive 2014/95/EU. Our first Pillar 3 ESG risk disclosure also covered the new market requirements.

Taking all this into consideration, our three main priorities as a responsible bank are:

- Support the transition to a low carbon economy;
- Promote inclusive growth;
- Strong governance and culture across the organization.

Links and references

2022 Digital Annual Review

- About us

2022 Annual Report - Responsible banking chapter

- [2.3 Our ESG agenda](#)
- [5.1 Stakeholder engagement](#)
- [6.8 SDGs contribution content index](#)

Other references

- Santander UK Modern Slavery Statement - www.santander.co.uk/about-santander/investor-relations/modern-slavery-statement

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why

Banco Santander performs a materiality assessment, (last deep dive in 2021 and refresh in 2022) to identify the most relevant items in ESG following a double materiality approach.

Also in 2022 we conducted a first exercise to identify impacts, risks and opportunities for Banco Santander, aligned to our materiality assessment.

The scope of the exercise was Group while taking into account the Bank's main business segments (mainly retail banking and corporate and investment banking).

The identified four relevant aspects (climate change, financial health and inclusion, quality employment and responsible management and business development) also takes into account context and trends of the different geographies in which we operate.

Links and references

Annual report 2022 -
Responsible banking chapter

- [2.1 Materiality matrix](#)
- [2.2 Risk and opportunities](#)
- [5.2 Materiality assessment](#)
- [5.3 Risk and opportunities analysis](#)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

The identification of risk and opportunities takes into account key features of Santander such as our geographical footprint and our customers' profile (mostly retail).

- Credit risk distribution by region (31 dec 2022): Europe (57%), South America (16%), North America (15%) and Digital Consumer Bank (11%).
- Credit risk distribution by segment (31 dec 2022): Individuals (56%); Companies (24%); SCIB (24%).

For climate issues we developed an in-depth materiality assessment (Climate risk analysis and heat mapping of portfolios) with our exposure to different climate-material sectors also including an assessment of transition and physical risk. This materiality assessment identifies the climate most material portfolios. It covers more than 80% of our balance sheet and include assessments of residual value, strategic, market and liquidity risks.

Links and references

Annual report 2022 -
Responsible banking chapter

- [3.6 Supporting the green transition](#)

Annual report 2022 - Risk
management and compliance chapter

- [3. Credit risk](#)

1. That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

2. Further guidance can be found in the Interactive Guidance on impact analysis and target setting (<https://www.unepfi.org/wordpress/wp-content/uploads/2022/05/Impact-and-Target-Process-V-1.1-09.05.2022.pdf>).

3. 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Our materiality assessment reflects trends related to geopolitical tensions; inequality; the rising cost of living; stricter regulation; and other aspects that impact on our markets. It also takes inputs from subsidiaries on digitalization, innovation, human rights; regulation; and other issues.

We analyzed internal and external sources, including: Group local materialities, financial sector materiality, and main relevant reports published by sustainable trend setters. We also reviewed latest regulations, reporting standards and ESG ratings analysis.

This helped us to refresh previous materiality assessment, which also included an in-depth consultation with our key stakeholders (we ran workshops, surveys and one-to-one interviews and gathered feedback from customers, employees, senior managers, investors and NGOs).

Links and references

Annual report 2022 -
Responsible banking chapter

- [2.1 Materiality matrix](#)
- [2.2 Risk and opportunities](#)
- [5.2 Materiality assessment](#)
- [5.3 Risk and opportunities analysis](#)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

We have identified four areas of social concerns — one environmental, two social and one economic/governance (climate change, financial health and inclusion, quality employment and responsible management and business development) — where we can have a major impact due to the risk and opportunities they bring.

Of those, we have prioritised those two areas in which we believe we can contribute the most (minimizing negative impacts or maximizing positive ones) and which are aligned to our core business.

- Climate change
- Financial health & inclusion

Links and references

Annual report 2022 -
Responsible banking chapter

- [2.2 Risk and opportunities](#)
- [2.3 Our ESG agenda](#)
- [5.3 Risk and opportunities analysis](#)

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

As mentioned above, for the area of climate change, we developed a Climate risk analysis and heat mapping of portfolios. This analysis reflects our exposure to different climate-material sectors with an assessment of transition and physical risk, and hence, identifies the climate most material portfolios. The sectors with high and very high transition risk are the high-emitters, where we have focused to set decarbonisation targets. By year end, we have already set decarbonisation targets for five of these sectors.

Climate poses not only risks but also opportunities. We have worked to identify where are the largest opportunities to help the customers and the economies we serve in the transition to a low carbon economy. Prioritized sectors in the commercial banking portfolios are: Green buildings, Clean mobility, Sustainable Agro, Renewables and Circular Economy.

For large corporates (SCIB) main focus is in renewables and sustainable tech.

In the second area, financial inclusion and financial health, we pursue different aims depending on the context of the geographies we operate. In Latin America, we focus on giving people access to the financial system. In mature markets, we seek to ensure that no one needs to leave it.

Wherever we operate, we target unbanked and underserved individuals and SMEs that have difficulty in accessing credit; limited financial knowledge; or are in financial distress.

Links and references

Annual report 2022 - Responsible banking chapter

- [3.6 Supporting the green transition](#)
- [3.8 Financial inclusion and empowerment](#)

4. Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

5. To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope: ☒ Yes ☐ In progress ☐ No

Portfolio composition: ☒ Yes ☐ In progress ☐

Context: ☒ Yes ☐ In progress ☐ No

Performance measurement: ☐ Yes ☒ In progress ☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation and financial health & inclusion

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication

☐ Up to 12 months prior to publication

☐ Up to 18 months prior to publication

☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

6. You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Regarding Climate change we set our ambition to be net zero in carbon emissions by 2050 in February 2021 (2020 Annual Report). We're also a founding member of the UNEP FI Net Zero Banking Alliance (NZBA) as a key initiative to help us drive progress towards our net zero ambition.

We fulfilled the first round of target-setting as part of our UNEP FI Net Zero Banking Alliance (NZBA) commitments. We addressed most of the material and high-emitting sectors we financed, provided data and methodologies were available.

We base our work on NZBA guidelines and recommendations, the PCAF standard, GFANZ publications, SBTi recommendations and other standards that enrich our internal methodologies.

In financial inclusion we have developed and internal methodology to compute the number of people we provide with Access, Finance or Financial Education initiative. This methodology considers international best practice, has been ratified by an independent third party, and includes the Group's common principles, definitions and standards to count the number of people that our initiatives, products and services have empowered financially.

Links and references

Annual report 2022 -
Responsible banking chapter

- [3.6 Supporting the green transition](#)

Climate finance report

- 5. Metrics and targets

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	See response below
	...	
	...	
Impact area	Indicator code	Response
Financial health & inclusion	...	See response below
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<p>We have established baselines for our decarbonization targets.</p> <p>Choice of base year: Our customers' emissions data takes longer to become available than regular financial information. We're using 2019 as the baseline for calculating targets & financed emissions because 2020 proved a clear outlier in many sectors due to the Covid-19 pandemic. This is consistent with industry practice, as 2019 is more representative of normal production levels.</p> <p>In financial inclusion, we performed a baseline assessment during 2019 prior to set the target in this field. For this assessment, we considered the track record of financial inclusion & empowerment initiatives in previous years, the gap to address, and the context (i.e., unbanked population in LatAm). Based on this, we set the target of empowering financially 10 million people between 2019 and 2025.</p>	<p>Links and references</p> <p>Climate finance report</p> <ul style="list-style-type: none"> • 5. Metrics and targets
--	---

7. Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

8. Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Climate change. Our aim is to support the green transition and be Net zero in carbon emissions by 2050.

Portfolio alignment to Paris agreement goal

- Target / KPI 1: Thermal coal-related power & mining phase out. From 7 bn (2021) to 0 by 2030
- Target / KPI 2: Reduce emissions intensity of our power generation portfolio from 0.21 tCO₂e/MWh (2019) to 0.11 tCO₂e/MWh by 2030
- Target / KPI 3 [new 2022]: Reduce absolute emissions of energy portfolio from 23.84 mtCO₂e (2019) to 16.98 mtCO₂e in 2030
- Target / KPI 4 [new 2022]: Reduce emissions intensity of aviation portfolio from 92.47 grCO₂e / RPK (2019) to 61.71 grCO₂e / RPK in 2030
- Target / KPI 5 [new 2022]: Reduce emissions intensity of steel portfolio from 1.58 tCO₂e / tS (2019) to 1.07 tCO₂e / tS in 2030

Help customers transition to a low-carbon economy

- Target / KPI 6: To raise EUR 120bn in green finance between 2019 and 2025 and EUR 220bn by 2030

Help customers transition to a sustainable economy

- Target / KPI 7: 100 bn Socially Responsible Investment by 2025

Financial health & inclusion. Our aim is to help people access and use basic financial services; provide tailored finance to individuals and SMEs with difficulty accessing credit or that are in financial distress, and help people gain financial knowledge.

- Target 1: To financially empower 10 million people between 2019 and 2025.
 - KPI 1: # people helped to access and use basic financial services through simple payment platforms and cash-in/cash-out services in remote and small communities.
 - KPI 2: # micro entrepreneurs, customers in financial distress and low income / people with difficulties accessing credit for housing or basic financial needs supported.
 - KPI 3: # people benefited from financial education programmes.

Links and references

Annual report 2022 -

Responsible banking chapter

- [1.1 Highlights 2022](#)
- [3.6 Supporting the green transition](#)
- [3.8 Financial inclusion and empowerment](#)

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Climate change.

We have set a climate strategy, an ambition, and we are working to (1) set and operationalize decarbonization targets in the highest emitting sectors (1st round July 2022; 2nd round March 2024), reporting progress and action plans yearly; (2) supporting our customers in their transition (deploying solutions and increasing our green activity) and engaging with them as part of our action plan; (3) embedding climate in our Risk Management, revising the Risk appetite of portfolios with decarbonization targets and (4) and active managing the environmental footprint of our own operations, with multiyear plans agreed across units.

Financial health & inclusion.

Santander Finance for All is our initiative to support financial inclusion and empowerment. We financially empower people in three ways:

- Access. We help people access and use basic financial services through simple payment platforms and cash-in/cash-out services in remote and small communities.
- Finance. We provide tailored finance to individuals and SMEs with difficulty accessing credit or that are in financial distress.
- Resilience. We help people gain financial knowledge, making economic concepts more understandable and enabling them to make better financial decisions.

Links and references

Annual report 2022 -
Responsible banking chapter

- [1.1 Highlights 2022](#)
- [3.6 Supporting the green transition](#)
- [3.8 Financial inclusion and empowerment](#)

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... Climate change	... second area of most significant impact: ... Financial health and inclusion	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... N/A
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

9. Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

2.3 Target Implementation and Monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Climate change

Portfolio alignment to Paris agreement goal

- Target / KPI 1: Thermal coal-related power & mining phase out. From 7bn in 2021 to 5.9bn in 2022
- Target / KPI 2: Reduce emissions intensity of our power generation portfolio. From 0.21 tCO₂e/MWh (2019) to 0.17 tCO₂e/MWh in 2020.
- Targets / KPIs 3, 4 and 5 has been published in 2022. Progress will be reported in next Climate Finance report.

Help customers transition to a low-carbon economy

- Target / KPI 6: To raise EUR 120bn in green finance between 2019 and 2025 and EUR 220bn by 2030. 94.5bn by 2022
- Target / KPI 7: Socially Responsible Investment: 53.2 bn in 2022

Financial health & inclusion.

- Target 1: By 2022 we have reached 11.8 million of financially empowered people, fulfilling our target (10 million) three years ahead of schedule.
 - KPI 1: 3.1 million people helped to access and use basic financial services through simple payment platforms and cash-in/cash-out services in remote and small communities.
 - KPI 2: 3.6 million people that have received tailored finance for collectives with difficulties in accessing credit or in financial distress.
 - KPI 3: 5.1 million people helped to gain financial knowledge, making economic concepts more understandable and enabling them to make better financial decisions.

Links and references

Annual report 2022 -

Responsible banking chapter

- [1.1 Highlights 2022](#)

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Our Responsible Banking and Sustainability Policy sets out the general principles, commitments, objectives and strategy that should guide Group's responsible banking and sustainability progress. The objective is promoting value creation in a sustainable manner for our stakeholders, setting how we should do things.

We also have other policies that support our responsible banking strategy, such as: Conduct Risk with Customers Management Model; Code of conduct in the securities markets; Cybersecurity policy; Third party approval policy; Tax policy; Conflicts of interest policy; Political party financing policy; Policy on contributions to social purpose; Global Health and Wellbeing policy; and Global mobility policy.

In addition, our socio-environmental and climate change risk management policy, establishes the identification, assessment, monitoring and management of environmental and social risks and other activities related to climate change. Together with the Principios de Ecuador, operations are analysed in relation to investment in entities, the provision of financial products or services in the oil and gas, electricity generation and mining and metallurgy sectors, as well as those derived from 'soft commodities' businesses.

Also, our Sensitive sectors policy provides guidelines for our involvement in industries that pose a reputational risk.

Links and references

Annual report 2022 -
Responsible banking chapter
• [2.4 Policies](#)

Corporate website -
www.santander.com

• Our approach/Policies -
<https://www.santander.com/en/our-approach/policies>

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

As main growth opportunities Banco Santander identifies.:

- **Green finance:** All initiatives aiming to support our customers in their transition to a low carbon economy. For large corps focus is mainly on renewables and sustainable tech solutions. In retail banking we have identified 5 areas of priority: green buildings, Clean mobility, renewables, sustainable agro and circular economy.
- **Financial inclusion/ microfinance:** our microfinance operations aim to support microentrepreneurs to set up and grow their businesses. We have operations in several markets across LatAm, mainly Brazil, Mexico, Uruguay, Colombia and Perú.
- **Financial inclusion/ Access:** we have the opportunity to provide access through bank accounts and digital solutions/ wallets for the base of the pyramid.

Links and references

Annual report 2022 -
Responsible banking chapter

- [2.2 Risk and opportunities](#)
- [3.6 Supporting the green transition](#)

10. A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

11. Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Our materiality assessment includes inputs from customers, employees, senior managers, investors and NGOs. We also consider external context, key trends, regulatory requirements, sustainability frameworks and standards, ESG ratings and peer banks.

We follow an approach of double materiality, prioritizing the issues both in terms of financial materiality and environmental and social materiality. The matrix ranks topics by relevance to Banco Santander, after applying weightings and scores to different sources and stakeholders interviewed.

We have identified fifteen material topics, under the Environmental, Social and Governance dimension.

Beyond the annual materiality assessment, we develop a continuous active listening and engagement along the year. We run surveys and speak-up channels for employees and customers. We assess externalities to identify risks and opportunities and to appraise our impact on the community. We respond to demands from analysts, investors and ratings and NGOs; keep pace with new regulation and best practices worldwide; and take part in consultations with authorities, trade bodies and other organizations on sustainability. We're also involved in major local and international initiatives to support inclusive and sustainable growth.

Links and references

Annual report 2022 -
Responsible banking chapter
• [5.2 Materiality assessment](#)

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

ESG Governance at Santander

1) The Board of Directors approves and oversees the implementation of policies and strategies related to corporate culture and values, responsible practices and sustainability (which includes UNEP FI's Responsible Banking principles). It also ensures that all the Group's employees are aware of the codes of conduct and act ethically, and ensures compliance with the laws, customs and good practices of the sectors and countries in which we operate.

2) Responsible Banking, Sustainability and Culture Committee (RBSCC) overseeing the Group's responsible banking programme and strategy. This committee is made up of a minimum of three and a maximum of nine directors, all external or non-executive, with a majority representation of independent directors. It meets four times a year.

3) Responsible Banking Forum, which meets six times a year, executes and drives the responsible banking strategy throughout the Group, drives decision-making and ensures the execution of any mandates from the CBRSC, other board committees and the board of directors itself. It also ensures alignment on key issues, including the review and submission of reports to the RBSCC.

4) Management meeting, chaired by the CEO, discusses quarterly our progress on the responsible banking agenda, including climate change, with a focus on the implementation of the TCFD recommendations and ESG business opportunities.

Remuneration linked to sustainability targets

Responsible Banking/ sustainability is part of the reward schemes, both short term (variable remuneration) and long term incentives. In both cases, Santander has put in place scorecards which leverage on ESG targets. In the case of the LTI scorecard 2022-2024, it comprises 5 metrics, including ratio of women in senior positions, number of financially empowered people, green finance volumes, number of sectors with decarbonization targets, and percentage reduction in power generation emissions intensity.

Links and references

Annual report 2022 - Responsible banking chapter

- [2.5 Governance](#)
- [3.3 A talented and motivated team](#) (Performance review and remuneration)

Annual report 2022 - Corporate governance chapter

- [4. Board of directors](#)
- [6. Remuneration](#)

Corporate website -

www.santander.com

- Corporate governance - www.santander.com/en/shareholders-and-investors/corporate-governance
 - Rules and regulations of the Board of directors
 - Board of directors
 - Board committees

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

We have progressed on a 3 level training strategy:

- We launched the first global mandatory training in ESG for all employees, 'Sustainability for all'.
- We created ESG Talks, a series of online recordings, with internal experts from SCIB, Risk, Human Resources, Consumer Finance and Retail Banking for the areas involved in our sustainability agenda.
- We provided the contents for employees to obtain Santander ESG Commitment Fundamentals, International Sustainable Finance Specialist-IASE level II and other ESG expert certifications.

Some subsidiaries and global businesses provided additional training on climate change, sustainability, sustainable finance, sustainable investment, diversity and inclusion.

In 2022, the board of directors also completed training programmes on climate change, with modules on the Paris Agreement, net zero, portfolio alignment, climate risk management, transition plans, regulation and reporting, and biodiversity.

We also trained our employees on diversity and inclusion, health and safety, customer and supplier relations, the environment and anti-corruption.

Regarding culture of sustainability, Santander runs local and global employee awareness campaigns on the importance of reducing consumption and waste. Each subsidiary posts news and feature articles on the environment and the Group's ESG initiatives on its internal portal. In 2022, for the thirteenth consecutive year, we have observed Earth Hour, switching off the lights at the Group's most emblematic buildings.

We think it is key to lead by example: since 2021, our offices and buildings in our core markets have been free of single-use plastics in fulfilment of our public commitments on responsible banking. The Group aims to have ISO 1400111 certification for all the primary buildings it occupies. 30% of our employees already work in ISO 14001 or ISO 50001-certified buildings. Under our 2022-2025 Energy efficiency and sustainability plan, we aim to raise that by 6%.

Some buildings in Brazil, Germany, Poland and Spain are LEED Gold or Platinum-certified, while the Santander Group City and Santander España's central services buildings have 'Zero waste' certification.

Also, sustainability is part of reward schemes both short and long term as commented above.

Links and references

Annual report 2022 - Responsible banking chapter

- [3.3 A talented and motivated team](#) (Performance review and remuneration)
- [3.6 Supporting the green transition](#)

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Our Environmental, social and climate change risk management policy sets out standards for investing in, and providing financial products and services to, companies and customers who engage in sensitive activities in the oil and gas, power generation and transmission, mining and metals, and soft commodities industries (especially retail customers involved in farming and ranching in the Amazon). We analyse customers subject to the policy with a detailed questionnaire that their assigned banker completes before a team of analysts conducts an overall assessment of their environmental, social and climate change risks (which we update every year). We also analyse one-off, project-related transactions in accordance with the Equator Principles and such international regulations as the International Finance Corporation Performance Standards. Following our environmental and social due diligence of projects, we ask our customers for mitigation plans, based on their risk rating.

Links and references

Annual report 2022 - Responsible banking chapter

- [3.2 Conduct and ethical behaviour](#) (Environmental and social risk management)

Corporate website -

www.santander.com

- Our approach - Policies www.santander.com/en/our-approach/policies

13. Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes

☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes

☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes

☐ In progress

☐ No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Partially ☐

If applicable, please include the link or description of the assurance statement.

This is our fourth reporting on the Principles for Responsible Banking, and has been verified with limited assurance by PricewaterhouseCoopers Auditores, S.L. for sections 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles. . An independent firm that also audited Banco Santander, S.A.'s consolidated Non-financial and financial statements for 2022.

Links and references

Annual report 2022 - Responsible banking chapter

• [Independent verification report](#)

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☒ GRI

☒ SASB

☒ CDP

☐ IFRS Sustainability Disclosure Standards (to be published

☒ TCFD

☒ Other: **WEF Stakeholder Capitalism Metrics**

Our chapter meets the Spanish Act 11/2018, UE 2017/C215/01 Guidelines on non-financial reporting, European Taxonomy regulation (Regulation (EU) 2020/852 and Commission Delegated Regulations 2021/2139 and 2021/2178), GRI Standards, and the GRI G4 guidelines on financial services disclosures. It also takes into account the Sustainability Accounting Standards Board's (SASB) 2018-10 industry standards, and the World Economic Forum's Stakeholder Capitalism Metrics. It shows Santander's progress with respect to the UN Principles for Responsible Banking, the TCFD recommendations, the 2030 Agenda and the UN Sustainable Development Goals.

Links and references

Annual report 2022 - Responsible banking chapter

• [About this chapter](#)
• [ESG reporting standards and references](#)

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

We will continue progressing in the identification of material items, risk and opportunities analysis.

Links and references

¹⁴. For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵. For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input checked="" type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input checked="" type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

6.4 Global Reporting Initiative (GRI) content index

GRI 1

Statement of use	Grupo Santander has reported in accordance with the GRI Standards for the period between 01 January 2022 and 31 December 2022
GRI 1 used	Foundation 2021
Sectoral standard of application	Financial Services (GRI G4)

GRI Standards: GENERAL DISCLOSURES

GRI Standard	Disclosure	Page	Omission
GRI 2: GENERAL DISCLOSURES			
THE ORGANIZATION AND ITS REPORTING PRACTICES	2-1 Organizational details	Business model and strategy (p. 7); Note 1.a to the consolidated financial statements (p. 530).	-
	2-2 Entities included in the organization's sustainability reporting	2022 consolidated directors' report (Introduction)(p.4); About this chapter (p.18); Notes 3 and 52 to the consolidated financial statements; and Sections 3 and 4 of the Economic and financial review.	-
	2-3 Reporting period, frequency and contact point	2022 consolidated directors' report (Introduction)(p.4); About this chapter (p.18).	-
	2-4 Restatements of information	Our progress in figures (p. 76). Note 1.d to the consolidated financial statements (p. 530). The information on the number of employees and branches for the year ended 31 December 2021 has been restated for comparative purposes in accordance with the Group's homogenisation criteria.	-
	2-5 External assurance	About this chapter (p.18); Independent verification report (p. 154).	-
ACTIVITIES AND WORKERS	2-6 Activities, value chain and other business relationships	Business model and strategy (p.7); Section 4 of the Economic and financial review; Auditor's report and annual consolidated accounts (p. 529)(Appendix I. Subsidiaries of Banco Santander, S.A.).	-
	2-7 Employees	Our progress in figures (p. 76). Note 1.d to the consolidated financial statements (p. 530). The information on the number of employees for the year ended 31 December 2021 has been restated for comparative purposes in accordance with the Group's homogenisation criteria.	-
	2-8 Workers who are not employees	Information unavailable.	1

GRI Standard	Disclosure	Page	Omission
GOVERNANCE	2-9 Governance structure and composition	Governance (p. 27); Corporate Governance chapter of the annual report. (p. 157) (4. Board of directors).	-
	2-10 Nomination and selection of the highest governance body	Corporate Governance chapter of the annual report (p. 157)(4.2 Board composition).	-
	2-11 Chair of the highest governance body	Corporate Governance chapter of the annual report (p. 157)(4.3 Board functioning and effectiveness).	-
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance (p. 27); Corporate Governance chapter of the annual report (p. 157)(4.3 Board functioning and effectiveness; 4.9 Responsible banking, sustainability and culture committee).	-
	2-13 Delegation of responsibility for managing impacts	Governance (p. 27); Corporate Governance chapter of the annual report (p. 157)(4.3 Board functioning and effectiveness; 4.9 Responsible banking, sustainability and culture committee).	-
	2-14 Role of the highest governance body in sustainability reporting	Governance (p. 27); Corporate Governance chapter of the annual report (p. 157)(4.3 Board functioning and effectiveness; 4.9 Responsible banking, sustainability and culture committee).	-
	2-15 Conflicts of interest	Conduct and ethical behaviours (p.32); Corporate Governance chapter of the annual report (p. 157)(4.12 Related-party transactions and other conflicts of interest); Auditor's report and consolidated annual accounts (p. 501).	-
	2-16 Communication of critical concerns	Corporate Governance chapter of the annual report (p. 157)(sections 4.4 to 4.10); Auditor's report and consolidated annual accounts (p. 501).	-
	2-17 Collective knowledge of the highest governance body	A talented and motivated team (p. 37) (3.3.2 Ensuring we have the right talent and skills); Corporate Governance chapter of the annual report (p. 157) (4.3 Board functioning and effectiveness).	-
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance chapter of the annual report (p. 157) (4.3 Board functioning and effectiveness).	-
	2-19 Remuneration policies	A talented and motivated team (p. 37)(Performance review and remuneration subsection); Corporate Governance chapter of the Annual Report (p. 157)(6. Remuneration).	-
	2.20 Process to determine remuneration	Corporate Governance chapter of the Annual Report (p. 157)(4.7 Remuneration committee activities in 2022; 6. Remuneration).	-
STRATEGY, POLICIES AND PRACTICES	2-21 Annual total compensation ratio	Confidentiality constraints.	2
	2-22 Statement on sustainable development strategy	Business model and strategy (p. 7); Our ESG agenda (p. 25).	-
	2-23 Policy commitments	Highlights 2022 (p. 25)(Meeting our public targets); Our ESG agenda (p. 25); Policies (p. 26); Conduct and ethical behaviours (p.32).	-
	2-24 Embedding policy commitments	Policies (p. 26); Governance (p. 27); Conduct and ethical behaviours (p.32); A talented and motivated team (p. 37); Acting responsibly towards customers (p. 47); Responsible procurement (p. 51); Supporting the green transition (p. 52); Socially responsible investment (p. 67). Corporate Governance chapter of the annual report (p. 157) (4. Board composition); Risk management and compliance chapter (p. 419)(7. Compliance and conduct risk).	-
	2-25 Processes to remediate negative impacts	Conduct and ethical behaviours (p.32); Acting responsibly towards customers (p.47); Supporting the green transition (p. 52) (Risk management section). Risk management and compliance chapter (p. 419).	-
	2-26 Mechanisms for seeking advice and raising concerns	A strong and inclusive culture: The Santander Way (p.31); Conduct and ethical behaviour (p.32)(Ethical channels); Risk management and compliance chapter (p. 419)(7.2 Compliance and conduct risk management).	-

GRI Standard	Disclosure	Page	Omission
STRATEGY, POLICIES AND PRACTICES	2-27 Compliance with laws and regulations	<p>From 1 April 2020 to 31 January 2021, a legal payment moratorium for creditors affected by Covid took place in Austria. On 14 March 2022 Santander Consumer Bank, A.G. (SCB AG) received a cease and desist letter of the Austrian Consumer Protection Agency (Verein für Konsumenteninformation: "VKI"). VKI claimed that SCB AG charged interest on the credit accounts affected by the moratorium during the moratorium period and this was not admissible as clarified by the Supreme Court ruling on 22 December 20221. On 4 of May 2022, the Management Board of SCB AG approved to reach a settlement with VKI. The settlement was closed in July 2022 and Santander Consumer Bank, A.G. compensated 468 Accounts on request and 71 account with proactive compensation of €661,658.</p> <p>On 4 June 2021, the Massachusetts Attorney General issued a Civil Investigative Demand to Santander Consumer seeking all notices provided to Massachusetts residents from 30 March 2017 to the present regarding repossession or auction of a repossessed vehicle. The Attorney General alleged that the notices did not comply with Massachusetts law. On 18 February 2022, the Massachusetts Attorney General and SC entered into an Assurance of Discontinuance resolving the matter for payment by SC of approximately \$5.6 million.</p> <p>On 18 March 2021, a putative Pennsylvania-only class action filed in state court against Santander Consumer USA, Inc. (SC) alleging SC violated the Uniform Commercial Code and related Pennsylvania state law, and that the repossessions were not commercially reasonable and done in good faith and that SC failed to inform the consumer of a redemption and/or personal property fee that would have been required to have been paid in order to retrieve their personal affects. The parties agreed to settle this putative class action for US 14 million dollars. The court granted preliminary settlement approval on 31 December 2022, and final court approval of the settlement is currently scheduled for 17 October 2023.</p> <p>On 24 January 2020, a putative class action filed against Santander Bank, N.A. (SBNA) alleged that SBNA failed to pay 2% simple interest on insurance and tax escrow accounts as required under NY state law. The parties agreed to settle this putative class action for US 2 million dollars. On 14 November 2022, the court granted final approval of the settlement.</p> <p>On 28 September 2021, a former employee included Reduction in Force sued Santander Investment Securities Inc. (SIS) and her manager, in New York federal court alleging discrimination, failure to accommodate, and retaliation related to a current and previous pregnancy. On 27 October 2022, the plaintiff accepted SIS's offer to settle for US 900,000 dollars.</p> <p>A former branch manager terminated for failure to secure cash shipment sued SBNA for national origin and race discrimination. The Trial Court granted summary judgment in favor of SBNA. Plaintiff appealed. Matter settled for 575,000 USD prior to September 2022 trial.</p> <p>See also GRI 206-1, 416-2, 417-2, 417-3, 418-1</p>	3
	2-28 Membership associations	Santander participates in industry associations representing financial activity in the countries where it operates, as the AEB in the case of Spain	-
	2-29 Approach to stakeholder engagement	Stakeholder engagement (p. 92); Materiality matrix (p. 23); Materiality assessment (p. 95).	-
	2-30 Collective bargaining agreements	A talented and motivated team (p. 37) (Social dialogue); Our progress in figures (p. 76).	-
	GRI 3: MATERIAL TOPICS		
	3-1 Process to determine material topics	Materiality assessment: Identifying the issues that matter (p. 95); Risk and opportunities analysis (p. 97); Risk and opportunities (p. 24)	-
MATERIAL TOPICS	3-2 List of material topics	Materiality matrix (p. 23). Materiality assessment: Identifying the issues that matter (p. 95).	-
	3-3 Management of material topics	Responsible banking chapter (p. 17)	-

GRI Standards: Topic-specific disclosures

See material and non-material issues in sections 2.1 '[Materiality matrix](#)' and 5.2 '[Materiality assessment: identifying the issues that matter](#)'

GRI Standard	Disclosure	Page	Scope	Omission
ECONOMIC STANDARDS				
ECONOMIC PERFORMANCE				
GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Business model and strategy (p. 7); Policies (p. 26); Stakeholder engagement (p. 92); Economic and financial review chapter (p. 303)	Group	-
GRI 201: ECONOMIC PERFORMANCE	201-1 Direct economic value generated and distributed	<p>€ million 2022</p> <p>Economic value generated¹ 52,136</p> <p>Gross income 52,117</p> <p>Net loss on discontinued operations 0</p> <p>Gains/(losses) on disposal of assets not classified as non-current held for sale 12</p> <p>Gains/(losses) on disposal of assets not classified as discontinued operations 7</p> <p>Economic value distributed 26,546</p> <p>Dividends 979</p> <p>Other administrative expenses (except taxes) 8,371</p> <p>Personnel expenses 12,547</p> <p>Income tax and other taxes² 4,486</p> <p>CSR investment 163</p> <p>Economic value retained (economic value generated less economic value distributed) 25,590</p> <p>1. Gross income plus net gains on asset disposals. 2. Only includes income tax on profits accrued and taxes recognised during the period. Our progress in figures (p. 76) (4.3 Tax contribution) provides additional information on the taxes paid. 3. For comparative issues see Auditor's report and 2021 annual consolidate accounts.</p>	Group	-
	201-2 Financial implications and other risks and opportunities due to climate change	Supporting the green transition (p. 52) (Governance, and risk management) Risk management and compliance chapter (p. 487) (10. Climate and environmental risk).	Group	-
	201-3 Defined benefit plan obligations and other retirement plans	The liability for provisions for pensions and similar obligations at 2022 year-end amounted to EUR 2,392 million (p. 513). Endowments and contributions to the pension funds in the 2022 financial year have amounted to EUR 361 million. The detail may be consulted in Auditor's report and annual consolidated accounts (p. 529) (Note 46.a to annual consolidated accounts). For comparative purposes see Audit report and consolidated annual accounts 2021.	Group	-
	201-4 Financial assistance received from government	The Bank has not received significant subsidies or public aids during 2021 and 2022. The detail may be consulted in Annual banking report, section e) Public subsidies (p. 804).	Group	-

	GRI Standard	Disclosure	Page	Scope	Omission
MARKET PRESENCE					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	A talented and motivated team (p. 37). corporate governance chapter (p. 157).	Grupo	-
	GRI 202: MARKET PRESENCE	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Our progress in figures (p. 76).	Group	-
		202-2 Proportion of senior management hired from the local community	Our progress in figures (p. 76). The Group Corporate Human Resources Model aims to attract and retain the best professionals in the countries in which it operates.	Group excluding USA	-
INDIRECT ECONOMIC IMPACT					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Financial inclusion and empowerment (p. 69). Support to higher education and other local initiatives (p. 72); Stakeholder engagement (p. 92).	Group	-
	GRI 203: INDIRECT ECONOMIC IMPACT	203-1 Infrastructure investments and services supported	Financial inclusion and empowerment (p. 69); Support to higher education and other local initiatives (p. 72).	Group	-
		203-2 Significant indirect economic impacts	Financial inclusion and empowerment (p. 69); Support to higher education and other local initiatives (p. 72).	Group	-
PROCUREMENT PRACTICES					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Responsible procurement (p. 51); Stakeholder engagement (p. 92).	Group	-
	GRI 204: PROCUREMENT PRACTICES	204-1 Proportion of spending on local suppliers	Responsible procurement (p. 51).	Group	-
ANTI-CORRUPTION					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	2022 overview (p. 20). A strong and inclusive culture: The Santander Way (p. 31); Risk management and compliance chapter (p. 419).	Group	-
	GRI 205: ANTI-CORRUPTION	205-1 Operations assessed for risks related to corruption	Risk management and compliance chapter (p. 419).	Group	-
		205-2 Communication and training about anti-corruption policies and procedures	Conduct and ethical behaviour (p. 32) (Finance crime compliance). Risk management and compliance chapter (p. 419).	Group	-
		205-3 Confirmed incidents of corruption and actions taken	Conduct and ethical behaviour (p. 32) (Ethical channel). Risk management and compliance chapter (p. 419).	Group	4

	GRI Standard	Disclosure	Page	Scope	Omission
ANTI-COMPETITIVE BEHAVIOR					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	2022 overview (p. 20). A strong and inclusive culture: The Santander Way (p. 31). Risk management and compliance chapter (p. 419).	Group	-
	GRI 206: ANTI-COMPETITIVE BEHAVIOUR	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<p>On 23 September 2020 the UOKiK (Office of Competition and Consumer Protection in Poland) published its decision in which a clause used by Santander Bank Poland in annexes to agreements on residential mortgage loans indexed to foreign currencies, was declared abusive. The clause relates to FX exchange rate (method of its determination). Fine: EUR 5,3 million. Banco Santander Poland appealed the decision of the UOKiK before the Court of Competition and Consumer Protection, which resolved favorably for the Bank. This decision is subject to appeal.</p> <p>On 30 December 2021 the President of the UOKiK (Office of Competition and Consumer Protection in Poland) fined Santander Consumer Bank Poland (SCB Poland) with 9.8 million euros for an alleged breach of consumer regulations in respect of the proceedings regarding individual offers and insurance. SCB Poland has appealed UOKiK'S decision before SOKiK (Polish Court of Competition and Consumer Protection).</p>	Group	3
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	2022 overview (p. 20). A strong and inclusive culture: The Santander Way (p. 31). Risk management and compliance chapter (p. 419).	Group	-
	GRI 207: TAX	207-1 Approach to tax	Conduct and ethical behaviour (p. 32) (Principles of action in tax matters).	Group	-
		207-2 Tax governance, control, and risk management	Conduct and ethical behaviour (p. 32) (Principles of action in tax matters).	Group	-
		207-3 Stakeholder engagement and management of concerns related to tax	Conduct and ethical behaviour (p. 32) (Principles of action in tax matters).	Group	-
		207-4 Country-by-country reporting	Further information (p. 92) (Country-by-country report); Auditor's report and 2022 annual consolidate accounts (p. 501) (Annex VI Annual banking report); Audit report and consolidated annual accounts 2021 (Annex VI Annual banking report).	Group	-
ENVIRONMENTAL STANDARDS					
MATERIALS					
	GRI 301: MATERIALS	301-1 Materials used by weight or volume	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76)(Environmental footprint).	Group	5

Although this is not a material issue for the Bank, Banco Santander reports information on the following indicators for greater transparency.

	GRI Standard	Disclosure	Page	Scope	Omission
ENERGY					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Supporting the green transition (p. 52) (Reducing our environmental footprint).	Group	-
	GRI 302: ENERGY	302-1 Energy consumption within the organization	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76)(Environmental footprint).	Group	5
		302-2 Energy consumption outside of the organization	Our progress in figures (p. 76)(Environmental footprint).	Group	5
		302-3 Energy intensity	Our progress in figures (p. 76)(Environmental footprint).	Group	5
		302-4 Reduction of energy consumption	Supporting the green transition (p. 52) (Reducing our environmental footprint).	Group	-
		302-5 Reductions in energy requirements of products and services	Not applicable.	Group	6
WATER AND EFFLUENTS					
	GRI 303: WATER AND EFFLUENTS	303-5 Water consumption	Banco Santander manages its water consumption and supply in accordance with local limitations. In addition, the Bank collects its water from the public water supply and discharges the used water to the public network.Our progress in figures (p. 76)(Environmental footprint).	Group	5
Although this is not a material issue for the Bank, Banco Santander reports information on the following indicators for greater transparency.					
BIODIVERSITY					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Conduct and ethical behaviour (Environmental, social and climate change risk management) (p. 32). Supporting the transition to a green economy (p. 52) (Our approach to nature and biodiversity).	Group	-
	GRI 304: BIODIVERSITY	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable.	Group	6
		304-2 Significant impacts of activities, products, and services on biodiversity	Supporting the green transition (p. 52) (Our approach to nature and biodiversity)	Group	-
		304-3 Habitats protected or restored	Not applicable.	Group	6
		304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable.	Group	6

	GRI Standard	Disclosure	Page	Scope	Omission
EMISSIONS					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Supporting the green transition (p. 52) (Reducing our environmental footprint).	Group	-
	GRI 305: EMISSIONS	305-1 Direct (Scope 1) GHG emissions	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76) (Environmental footprint).	Group	5
		305-2 Energy indirect (Scope 2) GHG emissions	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76) (Environmental footprint).	Group	5
		305-3 Other indirect (Scope 3) GHG emissions	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76) (Environmental footprint).	Group	5
		305-4 GHG emissions intensity	Our progress in figures (p. 76) (Environmental footprint)	Group	5
		305-5 Reduction of GHG emissions	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76) (Environmental footprint)	Group	5
		305-6 Emissions of ozone-depleting substances (ODS)	Not applicable.	Group	6
		305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Not applicable.	Group	6
WASTE					
Although this is not a material issue for the Bank, Banco Santander reports information on the following indicators for greater transparency.	GRI 306: WASTE	306-1 Waste generation and significant waste-related impacts	Supporting the green transition (p. 52)	Group	-
		306-2 Management of significant waste-related impacts	Supporting the green transition (p. 52)	Group	-
		306-3 Waste generated	Supporting the green transition (p. 52) (Reducing our environmental footprint). Our progress in figures (p. 76) (Environmental footprint)	Group	5
		306-4 Waste diverted from disposal	Our progress in figures (p. 76) (Environmental footprint)	Group	5
		306-5 Waste directed to disposal	Our progress in figures (p. 76) (Environmental footprint)	Group	5
SUPPLIER ENVIRONMENTAL ASSESSMENT					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Responsible procurement (p. 51). Stakeholder engagement (p. 92)	-	-
	GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT	308-1 New suppliers that were screened using environmental criteria	Responsible procurement (p. 51).	Group	-
		308-2 Negative environmental impacts in the supply chain and actions taken	Responsible procurement (p. 51).	Group	7

	GRI Standard	Disclosure	Page	Scope	Omission
SOCIAL STANDARDS					
EMPLOYMENT					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	A talented and motivated team (p. 37) (Talent attraction). Our ESG strategy (p. 25).	Group	-
	GRI 401: EMPLOYMENT	401-1 New employee hires and employee turnover	A talented and motivated team (p. 37) (Talent attraction section). Our progress in figures (p. 76).	Group	-
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits detailed in 'A talented and motivated team'(p. 37) (section 'Corporate benefits') are regarding only full-time employees. Corporate Governance chapter (p. 157)	Group	-
		401-3 Parental leave	Information unavailable.	Group	9
OCCUPATIONAL HEALTH AND SAFETY					
Although this is not a material issue for the Bank, Banco Santander reports information on the following indicators for greater transparency.	GRI 403: OCCUPATIONAL HEALTH AND SAFETY	403-1 Occupational health and safety management system	Banco Santander has occupational health and safety management systems in place in all the geographies in which it operates, complying with the legal requirements of each country regarding occupational risk prevention.	Group	-
		403-2 Hazard identification, risk assessment, and incident investigation	A talented and motivated team (p. 37) (Employee wellbeing section).	Group	-
		403-3 Occupational health services	A talented and motivated team (p. 37) (Employee wellbeing section).	Group	-
		403-4 Worker participation, consultation, and communication on occupational health and safety	At Banco Santander SA, the percentage of Representation in the Security Committee is 100%.	Banco Santander S.A. and SCF	-
		403-5 Worker training on occupational health and safety	A talented and motivated team (p. 37) (Employee wellbeing section).	Group	-
		403-6 Promotion of worker health	A talented and motivated team (p. 37) (Employee wellbeing section).	Group	-
		403-8 Workers covered by an occupational health and safety management system	100% of Banco Santander own employees are covered by health and safety management systems at work.	Group	-
		403-9 Work-related injuries	A talented and motivated team (p. 37) (Employee wellbeing). Our progress in figures (p. 76).	Group	-
		403-10 Work-related ill health	Our progress in figures (p. 76).	Group	-

	GRI Standard	Disclosure	Page	Scope	Omission
TRAINING AND EDUCATION					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	A talented and motivated team (p. 37). (Ensuring we have the right talent and skills).	Group	-
		404-1 Average hours of training per year per employee	A talented and motivated team (p. 37)) (Talent attraction). Our progress in figures (p. 76)	Group	-
	GRI 404: TRAINING AND EDUCATION	404-2 Programs for upgrading employee skills and transition assistance programs	Banco Santander offers management programmes and continuous training skills that foster the employees' employability and that, sometimes, help them manage the end of their professional careers. A talented and engaged team (p. 37) (Learning and development).	Group	-
		404-3 Percentage of employees receiving regular performance and career development omissions.	A talented and motivated team (p. 37) (Performance review and remuneration section). Regular performance and career development are received by the 100% of the employees.	Group	-
DIVERSITY AND EQUAL OPPORTUNITY					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	A talented and motivated team (p. 37) (Diversity and Inclusion).	Group	-
	GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES	405-1 Diversity of governance bodies and employees	A talented and motivated team (p. 37) (Diversity and Inclusion section). Our progress in figures (p. 76). Corporate governance chapter of the Annual Report (p. 157).	Group	-
		405-2 Ratio of basic salary and remuneration of women to men	A talented and motivated team (p. 37) (Diversity and Inclusion). Our progress in figures (p. 76).	Group	-
NON-DISCRIMINATION					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	A talented and motivated team (p. 37) (Diversity and Inclusion).	Group	-
	GRI 406: NON-DISCRIMINATION	406-1 Incidents of discrimination and corrective actions taken	Conduct and ethical behaviour (p. 32). A talented and motivated team (p. 37) (Active listening). Risk management and compliance chapter (p. 419).	Group	-
RIGHTS OF INDIGENOUS PEOPLE					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Conduct and ethical behaviour (p. 32). (Environmental, social and climate change risk management).	Group	-
	GRI 411: RIGHTS OF INDIGENOUS PEOPLE	411-1 Incidents of violations involving rights of indigenous people	The Bank ensures, through social and environmental risk assessments in their financing operations under the Equator Principles, that no violations of the indigenous peoples' rights occur in such operations. In 2022, a total of 45 operations were evaluated in this respect.	Group	8
LOCAL COMMUNITIES					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Financial inclusion and empowerment (p. 69). Support to higher education and other local initiatives (p. 72)	Group	-
	GRI 413: LOCAL COMMUNITIES	413-1 Operations with local community engagement, impact assessments, and development programs	Financial inclusion and empowerment (p. 69) (Finance). Support to higher education and other local initiatives (p. 72). The Santander Group has several programmes in its ten main countries aim to encourage development and participation of local communities, in which it is carried out an assessment on people helped, scholarships given through agreement with Universities, among others. Moreover, in the last years the Group has developed different products and services offering social and/or environmental added value adapted to each country where Santander develops its activities.	Group	-
		413-2 Operations with significant actual and potential negative impacts on local communities	Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management).	Group	-

	GRI Standard	Disclosure	Page	Scope	Omission
SUPPLIER SOCIAL ASSESSMENT					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Responsible procurement (p. 51).	Group	-
	GRI 414: SUPPLIER SOCIAL ASSESSMENT	414-1 New suppliers that were screened using social criteria	Responsible procurement (p. 51).	Group	3
		414-2 Negative social impacts in the supply chain and actions taken	Responsible procurement (p. 51).	Group	7
PUBLIC POLICY					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	2022 overview (p. 20). Governance (p. 26). A strong and inclusive culture: The Santander Way (p. 31). Conduct and ethical behaviour (p. 32)(Relations with political parties).	Group	-
	GRI 415: PUBLIC POLICY	415-1 Political contributions	The ties, membership or collaboration with political parties or with other kind of entities, institutions or associations with public purposes, as well as contributions or services to them, should be done in a way that can assure the personal character and that avoids any involvement of the Group, as indicated in Santander Group General Code of Conduct. In 2022 we made a contribution of \$75,000 to the US Political Action Committee. Conduct and ethical behaviour (p. 32)(Relations with political parties)	Group	-
CUSTOMER HEALTH SAFETY					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Acting responsibly towards our customers (p. 47)(Product governance and consumer protection).	Group	-
	GRI 416: CUSTOMER HEALTH AND SAFETY	416-1 Assessment of the health and safety impacts of product and service categories	Acting responsibly towards our customers (p.47). The Commercialization Committee evaluates potential impact of all products and services, previously they are launched onto the market. These impacts include, among others, clients security and compatibility with other products.	Group	-
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	The Bank has not received final sanctions for this concept. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	3

	GRI Standard	Disclosure	Page	Scope	Omission
MARKETING AND LABELLING					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Acting responsibly towards our customers (p. 47)(Product governance and consumer protection).	Group	-
	GRI 417: MARKETING AND LABELLING	417-1 Requirements for product and service information and labelling	Acting responsibly towards our customers (p. 47)(Product governance and consumer protection). Responsible business practices. The Commercialization Committee evaluates potential impact of all products and services, previously they are launched onto the market. These impacts include, among others, clients security and compatibility with other products. In addition, the Bank is member of the Association for Commercial Self- Regulation (Autocontrol) assuming the ethical commitment to be responsible regarding the freedom of commercial communication.	Group	-
		417-2 Incidents of non-compliance concerning product and service information and labelling	The Bank has not received final sanctions for this concept. In addition, information on litigation and other Group contingencies can be found in Auditor's report and annual consolidated accounts.	Group	3
		417-3 Incidents of non-compliance concerning marketing communications	The Bank hasn't received any sanctions concerning this matter. Additional information about Group's litigation and other risks can be found at the Auditor's report and 2021 consolidated annual accounts.	Group	3
CUSTOMER PRIVACY					
	GRI 3 MATERIAL TOPICS	3-3 Management of material topics	Acting responsibly towards our customers (p. 47).	Group	-
	GRI 418: CUSTOMER PRIVACY	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	On 3 November 2022, the "Instituto Nacional de Acceso a la Información Pública y Protección de Datos Personales (INAI)" fined Santander Mexico with 163,000 and 279,000 euros for an alleged breach of data protection regulations. Santander Mexico has filed an appeal. On 13 May 2022, Bank of Spain fined Santander Consumer Finance, S.A. (as successor of Santander Consumer E.F.C.) with 540,000 euros for breach of the regulations on transparency and customer protection in the commercialization of consumer loans during the period 2014 to 2019 due to the lack of communication of settlements of unpaid debts to approximately 25% of customers. This non-compliance did not cause any detriment to customers and did not result in any benefit to the entity.	Group	-

GRI Standards - Financial services sector disclosures

G4 Standard	Disclosure	Page	Scope	Omission
FINANCIAL SERVICES SECTOR DISCLOSURES				
PRODUCT PORTFOLIO				
FS1	Policies with specific environmental and social components applied to business lines	Governance (p. 26). Supporting the green transition (p. 52) (Corporate governance). Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management).	Group	-
FS2	Procedures for assessing and screening environmental and social risks in business lines	Governance (p. 26). Supporting the green transition (p. 52) (Corporate governance). Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management).	Group	-
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements of transactions	Governance (p. 26). Supporting the green transition (p. 52). Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management).	Group	-
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	A talented and motivated team (p. 37). (Ensuring we have the right talent) and skills	Group	-
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	A strong and inclusive culture: The Santander Way (p. 31). 2022 overview (p. 20). Stakeholder engagement (p. 92) (Joint initiatives to promote our agenda). Shareholder value (p. 28). Risk management and compliance chapter (p. 419).	Group	-
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/ large) and by sector	Acting responsibly towards customers (p. 47). Stakeholder engagement (p. 92) (Helping society tackle global challenges: 2030 agenda section). Our progress in figures (p. 76).	Group	-
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Financial inclusion and empowerment (p. 69).	Group	-
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Supporting the green transition (p. 52). Socially responsible investment (p. 67).	Group	-
AUDIT				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	Every two years, the Group's Internal audit function reviews the corporate Responsible banking function's governance, materiality analyses, control, procedures and risk culture. If it spots areas for improvement, it will give recommendations to mitigate any operational risks from the Responsible banking function's procedures. The last audit in 2021 ended with an overall rating of 'acceptable'.	Group	-

	G4 Standard	Disclosure	Page	Scope	Omission
ACTIVE OWNERSHIP					
	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management).	Group	8
	FS11	Percentage of assets subject to positive and negative environmental or social screening	Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management); Socially responsible investment (p. 67).	Group	8
	FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization hold the right to vote shares or advises on voting	The Santander Group has no voting policies relating to social and/or environmental matters for entities over which acts as an advisor. The Santander Employees Pension Fund does have a policy of formal vote in relation to social and environmental aspects, for shareholder meetings of the entities over which it has voting rights.	Group	-
	FS13	Access points in low-populated or economically disadvantaged areas by type	Financial inclusion and empowerment (p. 69).	Group	-
	FS14	Initiatives to improve access to financial services for disadvantaged people	Financial inclusion and empowerment (p. 69) (Access).	Group	-
	FS15	Policies for the fair design and sale of financial products and services	Acting responsibly towards customers (p. 47) (Product governance and consumer protection).	Group	-
	FS16	Initiatives to enhance financial literacy by type of beneficiary	Financial inclusion and empowerment (p. 69) (Promoting financial education).	Group	-

1. Given the size of the organisation and the rotation of outsourced services, Banco Santander does not currently have a register of non-employees. In the medium and long term the Group will evaluate the possibility of reporting this indicator. 2. The indicator is not reported because it is confidential information. 3. The sanctions and sentences reported correspond to those for an amount greater than 60,000 euros, excluding collective and/or mass sanctions. The evolution of already reported sanctions or adverse sentences that have been appealed will not be informed, until they reach their firmness in law. 4. Information is provided on the total number of complaints related to gifts and invitations/corruption and bribery. 5. The scope and limitations of this indicator are described on Our progress in figures. 6. Not applicable due to the nature of the Group's financial business, geographies and sectors of operation. It should be noted that all of the Bank's activities are carried out in urban areas. 7. Only top-500 risk suppliers are reported. 8. Information is only provided on the number of project finance deals of Santander's Bank, which have been analysed regarding social and environmental risks in Equator Principles' frame. 9. Given the size of the organization and the turnover of outsourced services, Banco Santander does not currently have a record of employees who have requested and taken parental leave during 2022. In the medium and long term the Group will evaluate the possibility of reporting this indicator.

6.5 Sustainability Accounting Standards Board (SASB) content index

This is the second year in which Santander has decided to report in accordance with the Sustainability Accounting Standards Board (SASB), following its Industry Standards Version 2018-10 issue.

The relevant standards disclosed in this section have been selected according to a materiality-driven analysis, focusing on the industries that are most closely aligned with our businesses within the 'Financials sector': Asset Management & Custody Activities (FN-AC), Commercial Banks (FN-CB), Consumer Finance (FN-CF), Investment Banking & Brokerage (FN-IB).

Acknowledging that SASB has a US-based approach, we have done our best efforts for translating it to our European standards.

Currently, we do not disclose all metrics included in the aforementioned industry standards, but we will continue to evaluate additional metrics in the future, enhancing our reporting under SASB framework for meeting the needs of our growing base of stakeholders and investors.

Unless otherwise is noted, all data and descriptions are reported for the Santander Group, if applicable, on a consolidated basis, and not just the segments relevant to the particular industry. The information will refer to the 2021 fiscal year, unless otherwise is specified.

Sustainability Accounting Metrics

Topic	Industry	Accounting Metric	Code	Response
Data Security	Commercial Banks	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected.	FN-CB-230a.1 FN-CF-230a.1	Refer to 'Litigation and other matters' in the note 25 of the Consolidated accounts in the Auditor's report and consolidated financial statements (p. 501).
	Consumer Finance			
	Commercial Banks Consumer Finance	Description of approach to identifying and addressing data security risks.	FN-CB-230a.2 FN-CF-230a.3	Refer to 'Risk Pro' in section ' A strong and inclusive culture ' of this chapter (p. 31); and to 'Relevant mitigation actions' in section 6.2 of 'Risk management and compliance chapter' (p. 419).
Financial Inclusion & Capacity Building	Commercial Banks	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development.	FN-CB-240a.1	Refer to ' Acting responsibly towards customers ' section of this chapter (p. 47). For more detail see note 10. 'Loans and advances to customers' in the Auditor's report and consolidated financial statements (p. 501). Additionally, all the information related to microfinance programmes are available on the ' Financial inclusion and empowerment ' section of this report (p. 69).
	Commercial Banks	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development.	FN-CB-240a.2	Refer to 'Amounts past due' and 'Impairment of financial assets' in 3.3 ' Key metrics ' section of the Risk management and compliance chapter. (p. 419). Also refer to notes 2.g and 10.d of the consolidated accounts in the Auditor's report and consolidated financial statements (p. 501).
	Commercial Banks	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers.	FN-CB-240a.3	Refer to ' Financial inclusion and empowerment ' section of this chapter (p. 69).
	Commercial Banks	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.	FN-CB-240a.4	In 2022, Grupo Santander has financially empowered 5.5 million people. For further information refer to ' Financial inclusion and empowerment ' section of this chapter (p. 69).

Topic	Industry	Accounting Metric	Code	Response
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial Banks	Commercial and industrial credit exposure, by industry.	FN-CB-410a.1	Refer to 'Concentration risk' in section 3.5 'Other credit risk details' of the Risk Management and compliance chapter (p. 419).
	Commercial Banks	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis.	FN-CB-410a.2	Refer to the 'Environmental and social risk analysis' section on Conduct and ethical behaviour (p. 32), and the 'Climate and environmental risk' (p. 487).section of the Risk management and compliance chapter For further information see our 'General Sustainability Policy' and our 'Environmental, social & climate change risk management Policy', both available on our corporate website.
Incorporation of Environmental, Social, and Governance Factors in investment Banking & Brokerage Activities	Investment Banking & Brokerage	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry.	FN-IB-410a.2	Refer to 'Supporting the green transition' section of this chapter (p. 52).
	Investment Banking & Brokerage	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities.	FN-IB-410a.3	Refer to 'Supporting the green transition' section of this chapter (p. 52). For further information see our 'General Sustainability Policy', and our 'Environmental, social & climate change risk management policy', both available on our corporate website.
Business Ethics	Asset Management & Custody Activities Commercial Banks Investment Banking & Brokerage	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.	FN-AC-510a.1 FN-CB-510a.1 FN-IB-510a.1	Refer to GRI 206-1 discloses legal actions for anticompetitive behaviour, anti-trust, and monopoly practices. For further information, refer to 'Litigation and other matters' section on the Auditor's report and consolidated financial statements (p. 501).
	Asset Management & Custody Activities Commercial Banks Investment Banking & Brokerage	Description of whistleblower policies and procedures.	FN-AC-510a.2 FN-CB-510a.2 FN-IB-510a.2	Refer to 'Ethical Channels' in the section 'A talented and motivated team' of this chapter (p. 37). For further information, see our 'General Code of Conduct', available on our website.
Systemic Risk Management	Commercial Banks	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1. FN-IB-550a.1.	According to the '2022 list of global systemically important banks (G-SIBs)' released by the Financial Stability Board, Santander's G-SIB buffer is 1.0 %. (G-SIBs as of November 2021).
	Investment Banking & Brokerage			According to the G-SIB Scores Dashboard from the Basel Committee on Banking Supervision (BCBS), Santander Group's scores are (end-2021 data): • Score: 174 • Complexity: 75 • Cross-jurisdictional: 447 • Interconnectedness: 136 • Size: 170 • Substitutability: 44
	Commercial Banks Investment Banking & Brokerage	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2. FN-IB-550a.2.	Refer to 'Capital planning and stress tests' in the section 3.5 'Capital management and adequacy' (p. 340) of the Economic and Financial chapter.

Topic	Industry	Accounting Metric	Code	Response
Employee Diversity & Inclusion	Commercial Banks, Investment Banking & Brokerage	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1 FN-IB-330a.1	Refer to ‘Our progress in figures’ section of this chapter (p. 76). For further information, refer to ‘Diversity & Inclusion’ section of ‘A talented and motivated team’ this chapter (p. 37). For further information about our diversity and inclusion principles, see our ‘Corporate Culture Policy’, available on our corporate website.
	Commercial Banks	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business.	FN-CB-000.A	Refer to ‘Consolidated annual accounts’ in Auditor’s report and consolidated financial statements (p. 501).
Activity metrics	Commercial Banks	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate.	FN-CB-000.B	Refer to ‘Consolidated annual accounts’ in Auditor’s report and consolidated financial statements (p. 501).

6.6 Stakeholder Capitalism Metrics content index

Stakeholder Capitalism Metrics

Theme	Metric	Response
Principles of governance		
Governing Purpose	Setting Purpose: The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	' Business model and strategy ' (p. 7) chapter reflects how we help people and businesses prosper whilst adopting ESG practices.
	Purpose-led management: How the company's stated purpose is embedded in company strategies, policies, and goals.	Additionally, in ' Our ESG strategy ' (p. 23) section in 'Responsible banking' chapter, we detail in deep how we work to be a more sustainable bank.
Quality of Governing Body	Governing Body Composition: Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Refer to the ' Board of directors ' section in ' Corporate governance ' chapter (p. 157).
	Progress against strategic milestones: Disclosure of the material strategic economic, environmental, and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	Refer to ' 2022 Overview ' (p. 20) and ' Our ESG agenda ' (p. 25) sections in 'Responsible banking' chapter.
	Remuneration: 1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy, and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares, Sign-on bonuses or recruitment incentive payments, termination payments, clawback and retirement benefits.	1. Refer to 'Performance review and remuneration' in ' A talented and engaged team ' section (p. 37) in 'Responsible banking' chapter. 2. Refer to ' Remuneration ' section (p. 229) in 'Corporate governance' chapter.
Ethical Behavior	Anti-corruption: 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. 2. (a) Total number and nature of incidents of corruption confirmed during the current year but related to previous years and (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	1. Refer to Financial Crime Compliance on 7.2 'Compliance and conduct risk management' section (p. 477) in 'Risk management and compliance' chapter. Refer also to GCC in Conduct and 'Ethical behaviour' section in 'Responsible banking' chapter. All our employees receive mandatory training on the GCC on an annual basis. 2. Refer to 'Litigation and other matters' in the note 25.e (p. 641) of the consolidated accounts. 3. Refer to Financial Crime Compliance on 7.2 'Compliance and conduct risk management' section (p. 477) in 'Risk management and compliance' chapter.

Theme	Metric	Response
	Protected ethics advice and reporting mechanisms: A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity 2. Reporting concerns about unethical or unlawful behaviour and organizational integrity	Refer to pages 13-14 in our Code of Conduct (available in our corporate website). In addition see 7.2 'Compliance and conduct risk management' (p. 477) in 'Risk and compliance management' section on 'Risk management and compliance' chapter. And 'Ethical channels' on 'Conduct and ethical behaviour' section (p. 32) in 'Responsible banking' chapter.
	Monetary losses from unethical behaviour: Total amount of monetary losses as a result of legal proceedings associated with: fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or violations of other related industry laws or regulations.	Refer to 'Litigation and other matters' in the note 25.e (p. 641) of the consolidated accounts.
	Alignment of strategy and policies to lobbying: The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions, purpose, and any stated policies, goals, or other public positions.	Refer to 'Principles of action in our relationship with political parties' in 'Conduct and ethical behaviour' section in 'Responsible banking' chapter (p. 32). The Financing of political parties policy is available on our corporate website.
Risk and Opportunity Oversight	Integrating risk and opportunity into business process: Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship.	Refer to 'Risk and opportunities' section in 'Risk management and compliance' chapter (p. 419). In addition, we report our progress in implementing TCFD recommendations (including Risk management) in 'Responsible banking' chapter (p. 52). Our Environmental, social and climate change risk policy is available at our corporate website.
Stakeholder Engagement	Material issues impacting stakeholders: A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged.	Refer to 'Materiality matrix' (p. 23) and 'Materiality assessment' (p. 95) section in 'Responsible banking' chapter. Refer also to 'Our ESG agenda' (p. 25).
Planet		
Climate Change	Greenhouse Gas (GHG) emissions: For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Refer to Environmental footprint 2021-2022 table in 'Our progress in figures' section in 'Responsible banking' chapter (p. 76). • Total emissions (market based): 134,419 T CO ₂ e • Scope 1: 21,967 T CO ₂ e • Scope 2 – market based: 30,917 T CO ₂ e • Scope 2 – location based: 217,906 T CO ₂ e • Scope 3: 81,535 T CO ₂ e
	TCFD implementation: Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set GHG emissions targets that are in line with the goals of the Paris Agreement — to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C — and to achieve net-zero emissions before 2050.	Refer to 'Supporting the green transition' (p. 52) and 'TCFD content index' (p. 151) sections in 'Responsible banking' chapter, where we report our progress in implementing TCFD recommendations. In 2020, we became carbon neutral on our own operations. In 2021, we set our commitment to be net-zero in carbon emissions by 2050, and we set our first decarbonization targets. In addition, refer to 'Climate and environmental risk' section (p. 487) in 'Risk management and compliance' chapter.
	Paris-aligned GHG emissions targets: Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement — to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions and interim reduction targets based on the methodologies provided by the Science Based Targets initiative if applicable.	Refer to 'Supporting the green transition' section (p. 52) of the 'Responsible banking' chapter. We set our first decarbonization targets. We're committed to aligning our power generation portfolio with the Paris Agreement by 2030. We are also ending financial services to power generation clients by 2030 if over 10% of their revenue depends on thermal coal.

Theme	Metric	Response
Fresh water availability	Water consumption and withdrawal in water-stressed areas: Report for operations where material, mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Refer to Environmental footprint 2021-2022 table in ' Our progress in figures ' section (p. 76) in 'Responsible banking' chapter. In 2022, Santander consumed 1,887,857 m3 from the public network, equalling a consumption of 9.75 m3/employee. (Information is provided exclusively on water withdrawal from the public network). We do not disclose data on water stress, due to our financial activities generating negligible impacts.
Nature Loss	Land use and ecological sensitivity: Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Refer to Our approach to nature and biodiversity on ' Supporting the green transition ' section (p. 76) of the 'Responsible banking' chapter.
Single-use plastics	Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted.	Refer to Reducing our environmental footprint on ' Supporting the green transition ' section (p. 52) in 'Responsible banking' chapter. In 2021 we have met our goal of eliminating unnecessary single-use plastics from our buildings and branches. In 2022 we also continue not providing single-use plastics in our buildings and offices.
Prosperity		
Employment and wealth generation	Absolute number and rate of employment: 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Refer to ' Our progress in figures ' section (p. 76) in 'Responsible banking' chapter. 1. See: • Table 11.1. Distribution of new hires by age bracket • Table 12. Distribution of new hires by gender 2. See: • Table 14. External turnover rate by gender • Table 15. External turnover rate by age bracket
	Economic Contribution: 1. Direct economic value generated and distributed (EVG&D) — on an accrual basis, covering the basic components for the organization's global operations, ideally split out by: a. Revenue b. Operating Costs c. Employee wages and benefits d. Payments to providers of capital e. Payments to government f. Community Investment. 2. Financial assistance received from the government. Total monetary value of financial assistance received by the organization from any government during the reporting period.	1. Refer to Global Reporting Initiative (GRI) content index in 'Responsible banking' chapter, and more specifically to GRI 201.1 Direct economic value generated and distributed (p. 129). • Economic value generated in 2022: EUR 52,136 million • Economic value distributed: EUR 26,546 million • Economic value retained EUR 25,590 million 1.a Revenue: EUR 52,117 million 1.b Operating cost: EUR 23,903 million 1.c Employee wages and benefits: EUR 12,547 million 1.d Payments to providers of capital: N/A 1.e Payments to government: EUR 9,734 million (total taxes) 1.f Community investment: EUR 163 million Further detail for 1a-c refer to Group financial performance section on Economic and financial review chapter (p. 311). Further detail for 1d refer to 3.3 Dividends in Shareholders section on Corporate governance chapter (p. 175). Further detail for 1e refer to 'Total taxes paid' table on 4. ' Our progress in figures ' in 'Responsible banking' chapter (p. 76). 2. Grupo Santander did not receive public subsidies in 2022. Refer to 'Annual banking report', e) (p. 804).
Wealth creation and Employment	Financial investment contribution disclosure: 1. Total capital expenditures (CapEx) minus depreciation supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments supported by narrative to describe the company's strategy for returns of capital to shareholders.	1. Refer to note 16 Tangible assets (p. 613) – For own use section in 'Auditor's report' in the consolidated financial statements. Additionally, refer to - Operating expenses data (p. 303) in 'Economic and financial review' chapter. - Note 47. Other general administrative expenses (p. 697) of consolidated annual accounts. 2. Refer to ' Shareholder value ' section (p. 28) in 'Responsible banking' chapter. and 3. ' Shareholders. Engagement and general meeting ' section (p. 157) in 'Corporate governance' chapter.

Theme	Metric	Response
Community and social vitality	Total tax paid: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes.	Refer to 'Total taxes paid' table on 'Our progress in figures' section in 'Responsible banking' chapter (p. 76).
Additional tax remitted	The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	Refer to 'Total taxes paid' table on 'Our progress in figures' section in 'Responsible banking' chapter (p. 76).
Total tax paid by country for significant locations	Total tax paid and, if reported, additional tax remitted, by country for significant locations.	Refer to 'Total taxes paid' table on 'Our progress in figures' section in 'Responsible banking' chapter (p. 76).
Innovation in better products and services	Total R&D expenses (\$): Total costs related to research and development.	<p>Innovation and technological development are strategic pillars of Grupo Santander. We aim to respond to fresh challenges that emanate from digital transformation, focusing on operational excellence and customer experience</p> <p>As in previous years, the latest European Commission ranking (2022 EU Industrial R&D Investment Scoreboard, based on 2021 data) ranked our technological effort first among Spanish companies and we are the second global bank for investment in R&D.</p> <p>The equivalent investment in R&D&I to that considered in this ranking amounted to EUR 1,325 million.</p> <p>Refer to 'Research, development and innovation (R&D&I)' section in 'Economic and financial review' (p. 399).</p> <p>Additional information refer to note 18 in 'Audit's report and consolidated financial statements' (p. 619)</p>
People		
Dignity and equality	Diversity and inclusion (%): Percentage of employees per employee category, per age group, gender and other indicators of diversity (e.g. ethnicity).	Refer to ' Our progress in figures ' section (p. 76) of the Responsible Banking chapter.
	Pay equality: Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas.	Additional information on how we promote DEI refer to 'Diversity, equity and inclusion' in ' A talented and motivated team ' section (p. 37) in 'Responsible banking' chapter.
	Wage level (%): 1. Ratios of standard entry-level wage by gender compared to local minimum wage 2. Ratio of CEO's total annual compensation to median total annual compensation of all employees (excluding the CEO)	<p>Gender and equal pay gap figures match 2021 trends, on the back of a firm commitment and ambitious action plans assumed throughout the Group (1%).</p> <p>Refer to 'Equal pay' in 'A talented and motivated team' section (p. 37) on 'Responsible banking' chapter.</p> <p>1. Refer to 'Our progress in figures' section (p. 76) in 'Responsible banking' chapter.</p> <p>Table 18 'Ratio between the Bank's minimum annual salary and the legal minimum annual salary by country and gender 2022'. We take as a reference the Bank's minimum annual salary in each country.</p> <p>2. Refer to 6. 'Remuneration section' (p. 229) on 'Corporate governance' chapter.</p>
	Risk for incidents of child, forced or compulsory labor: An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to type of operation (such as manufacturing plant) and type of supplier; or countries or geographic areas with operations and suppliers considered at risk.	<p>Refer to 'Protecting human rights' in 'Environmental, social and climate change risk management' on 'Conduct and ethical behaviour' section (p. 32) of the 'Responsible banking' chapter.</p> <p>We have zero tolerance towards employee, customer and supplier discrimination, forced labour and child exploitation. We respect the provisions of the ILO convention and the legal minimum working aged established in countries.</p> <p>Further detail on our Responsible banking and sustainability policy, available at our corporate website.</p>
	Discrimination and Harassment Incidents (#) and the Total Amount of Monetary Losses (\$): Number of discrimination and harassment incidents, status of the incidents and actions taken and the total amount of monetary losses as a result of legal proceedings associated with (1) law violations and (2) employment discrimination.	Refer to 'Litigation and other matters' in note 25.e of the 'Auditor's report and consolidated financial statements' (p. 641).



Theme	Metric	Response
	Freedom of Association and Collective Bargaining at Risk (%): 1. Percentage of active workforce covered under collective bargaining agreements 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk including measures taken by the organization to address these risks.	1. Refer to ' Our progress in figures ' section (p. 76) in 'Responsible banking' chapter. - Table 10. Coverage of the workforce by collective agreement
Health and well being	Health and Safety (%): 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries, main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers.	1. Refer to ' Our progress in figures ' section (p. 76) on the 'Responsible banking' chapter. • Table 23. Accident rate • Table 24. Occupational health and safety 2. Refer to 'Our wellbeing' in 'A talented and motivated team' section on 'Responsible banking' chapter (p. 37).
Skills for the future	Training provided (#, \$): 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees). 2. Average training and development expenditure per full time employee.	Refer to ' Our progress in figures ' section (p. 76) in 'Responsible banking' chapter. • Table 19. Training • Table 20. Hours of training by category • Table 21. Hours of training by gender • 33.34 hours per employee • EUR 346.94 of investment per employee.

6.7 Task Force on Climate related Financial Disclosure (TCFD) content index

		TCFD Recommendations	Reference in this Annual Report	Reference in Climate Finance Report 2021 - June 2022	Pages in this Annual Report
Governance	a	Describe the board's oversight of climate-related risks and opportunities.	3.6 Supporting the green transition - Governance	3. Governance; 5. Metrics and targets - Action plan - Power generation sector alignment	55
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	3.6 Supporting the green transition - Governance; Risk Management; Supporting our customers in the transition	3. Governance; 6. Financing the green transition - ESG governance in Santander Asset Management	55 , 56 , 61
Strategy	a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.			
	b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	3.6 Supporting the green transition - Our ambition and strategy	2. Strategy - Climate risks and opportunities; Resilience of Santander's strategy. Scenario analysis	53
	c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.			
Risk Management	a	Describe the organization's processes for identifying and assessing climate-related risks.			
	b	Describe the organization's processes for managing climate-related risks.	3.6 Supporting the green transition - Risk management	4. Risk management - I. Identification; II. Planning; III. Assessment; IV. Monitoring; V. Mitigation; VI. Reporting	56
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.			
Metrics and Targets	a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	3.6 Supporting the green transition - Metrics and targets	5. Metrics and targets - Aligning our portfolio to the Paris agreement	57
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	3.6 Supporting the green transition - Reducing our environmental footprint; 4.4. Green Transition - Environmental Footprint 2021-2022	5. Metrics and targets - Decarbonization targets - Financed emissions; Our environmental footprint	65 , 89
	c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	3.6 Supporting the green transition - Metrics and targets	5. Metrics and targets - Decarbonization targets	57

References in this report are included in the Responsible banking chapter.

For more details TCFD recommendations, see our Climate Report 2021-June 2022 available on our corporate website. Progress has been made on some of these recommendations since the publication of the Climate Finance Report in July 2022

6.8 SDGs contribution content index

We have identified eleven SDGs and associated targets on which we have the greatest impact.

Summary of SDG target	Reference in the 2022 Annual report
SDG 1	
1.2 Reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions	• Support for higher education and other local initiatives (p. 72) (Other community support programmes).
1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services	• Acting responsibly towards customers. Product Governance and consumer protection (p. 47) (Transforming sales culture - Vulnerable customers). • Financial inclusion and empowerment (p. 69)
1.5 Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	• Financial inclusion and empowerment (p. 69)
SDG 4	
4.3 Ensure equal access for all to affordable and quality technical, vocational and tertiary education, including university.	• Support for higher education and other local initiatives (p. 72) (Support for higher education, employability and entrepreneurship).
4.4 Substantially increase the number of young people and adults with technical and vocational skills to access quality employment and entrepreneurial opportunities.	• Support for higher education and other local initiatives (p. 72) (Support for higher education, employability and entrepreneurship).
4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for persons with disabilities, indigenous populations and vulnerable children, among others.	• Support for higher education and other local initiatives (p. 72) (Support for higher education, employability and entrepreneurship section; Other community support programmes sections).
4.6 Substantially increase the scholarships available to developing countries for enrolment in higher education, including vocational training and ICT, technical, engineering and scientific programmes	• Support for higher education and other local initiatives (p. 72) (Support for higher education, employability and entrepreneurship section; Other community support programmes sections). • Financial inclusion and empowerment (p. 69)
SDG 5	
5.1. End all forms of discrimination against all women and girls everywhere.	• A talented and engaged team (p. 37) (Diversity, equity and inclusion - Gender equality section)
5.5 Ensure women's full and effective participation in, and equal opportunities for, leadership at all levels of decision making	• A talented and engaged team (p. 37) (Diversity, equity and inclusion - Gender equality section)
SDG 7	
7.1 Ensure universal access to affordable, reliable and modern energy services	• Supporting the green transition (p. 52) (Supporting our customers in the transition: Corporate and Investment Banking; Retail and commercial banking).
7.b Expand infrastructure and improve technology to provide modern and sustainable energy services	• Supporting the green transition (p. 52) (Supporting our customers in the transition: Corporate and Investment Banking).

SDG 8

8.3 Promote development-orientated policies that support production, job creation, entrepreneurship, creativity and innovation, and promote the start-up and growth of micro, small and medium-sized enterprises through access to financial services and other means.

- Financial inclusion and empowerment (p. 69)
- Support for higher education and other local initiatives (p. 72) (Support for higher education - Entrepreneurship).

8.5 Secure wholesome and productive employment and decent work for all - most notably young people and persons with disabilities - and equal pay for work of equal value.

- Supporting the green transition (p. 52) (Reducing our environmental footprint).

8.6 Substantially reduce the proportion of youth not in employment, education or training

- A talented and engaged team (p. 37) (Diversity, equity and inclusion: Gender equality; People with disabilities).
- Support for higher education and other local initiatives (p. 72) (Support for higher education - Fundación universia).

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

- Support for higher education and other local initiatives (p. 72) (Support for higher education).
- Conduct and ethical behaviour. Ethical channel (p. 32)
- A talented and motivated team. A diverse and inclusive workplace. Employees' health and well-being (p. 37)
- A talented and motivated team. Transforming the way we work. Social dialogue (p. 37)

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

- Financial inclusion and empowerment (p. 69)

SDG 10

10.2 Strengthen and promote social, economic and political inclusion for all

- Financial inclusion and empowerment (p. 69)
- Support for higher education and other local initiatives. Other community support programmes (p. 72)

SDG 11

11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

- Financial inclusion and empowerment (p. 69)

11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage

- Conduct and ethical behaviour (p. 32) (Environmental, social and climate change risk management)
- Support for higher education and other local initiatives (p. 72) (Other community support programmes).

11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

- Supporting the green transition (p. 52) (Reducing our environmental footprint)

SDG 12

12.2 Achieve the sustainable management and efficient use of natural resources

- Supporting the green transition (p. 52) (Reducing our environmental footprint)

12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse

- Supporting the green transition (p. 52) (Reducing our environmental footprint)

12.6 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

- See Responsible Banking chapter (p. 17)

SDG 13

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

- Supporting the green transition (p. 52) (Our approach; Risk management)

SDG 16

16.5 Considerably reduce corruption and bribery in all their forms.

- Conduct and ethical behaviour (p. 32) (General code of conduct; Financial Crime Compliance)

16.6 Develop effective, accountable and transparent institutions at all levels

- About this report (p. 18)
- Shareholder value (p. 28) (Communication with shareholder, investors and analysts; ESG ratings)
- Stakeholders engagement (p. 92)

16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels

- Stakeholders engagement (p. 92)

SDG 17

- Stakeholders engagement (p. 92) (Partnerships to promote our agenda)

7. Independent verification report

GRI 2-5



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Banco Santander, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, "Responsible banking" chapter, which corresponds to the attached Consolidated non-financial information statement ("NFIS") for the year ended 31 December 2022 of Banco Santander, S.A. (Parent company) and subsidiaries (hereinafter "Grupo Santander") which forms part of the Grupo Santander's consolidated management report.

The content of the NFIS includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in the sections included in the accompanying NFIS:

- "6.1 Non-financial information Act 11/2018 content index",
- "6.4 Global Reporting Initiative (GRI) content index",
- "6.3 UNEP FI Principles for Responsible Banking reporting index" subsections:
 - 2.1 Impact Analysis (Key Step 1),
 - 2.2 Target Setting (Key Step 2),
 - 2.3 Target Implementation and Monitoring (Key Step 2) and
 - 5.1 Governance Structure for Implementation of the Principles.

Responsibility of the directors of the Parent company

The preparation of the NFIS included in Grupo Santander's consolidated management report and the content thereof, are the responsibility of the directors of Banco Santander, S.A. The NFIS has been drawn up in accordance with the provisions of:

- Current mercantile legislation and in accordance with the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") and the Financial Services Sector Disclosures of the GRI G4 Guidelines Industry Supplement as per the details provided for each matter included in the section "6.1 Non-financial information Act 11/2018 content index" and in the section "6.4 Global Reporting Initiative (GRI) content index" of the aforementioned Statement.
- The criteria described in the Reporting and Self-Assessment Template for the Principles for Responsible Banking (PRB) promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) in the subsections 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles from the section "6.3 UNEP FI Principles for Responsible Banking reporting index".

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of material misstatement due to fraud or error.

The directors of Banco Santander, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Grupo Santander that were involved in the preparation of the NFIS, of the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Grupo Santander personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the NFIS for the year 2022, based on the materiality analysis carried out by Grupo Santander and described in the section "5.1 Stakeholder engagement" and the section "5.2 Materiality assessment: identifying the issues that matter", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for the year 2022.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the NFIS for the year 2022.



- Verification, by means of sample testing, of the information relating to the content of the NFIS for the year 2022 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the "Responsible banking" chapter, which corresponds to the attached NFIS of Banco Santander, S.A. and its subsidiaries, for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the provisions of:

- Current mercantile legislation and in accordance with the criteria of the GRI Standards and the Financial Services Sector Disclosures of the GRI G4 Guidelines Industry Supplement as per the details provided for each matter included in the section "6.1 Non-financial information Act 11/2018 content index" and in the section "6.3 Global Reporting Initiative (GRI) content index" of the aforementioned Statement.
- The criteria described in the Reporting and Self-Assessment Template for the Principles for Responsible Banking (PRB) promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) in the subsections 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring and 5.1 Governance Structure for Implementation of the Principles from the section "6.4 UNEP FI Principles for Responsible Banking reporting index".

Emphasis of matter

The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments establishes the obligation to disclose information on the manner and extent to which the company's investments are associated with eligible economic activities according to the Taxonomy. For such purposes, Grupo Santander's directors have incorporated information on the criteria that, in their opinion, best allow compliance with the aforementioned obligation and that are defined in the section "5.4 EU Taxonomy" of the accompanying NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.



Pablo Bascones Ilundáin

27 February 2023

Corporate governance



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Structure of our corporate governance report

Since 2018, Banco Santander's annual reports on corporate governance and remuneration have followed an open format, as permitted by the Spanish stock market authority (CNMV), and are included in this chapter. It includes:

- Content legally required for the annual corporate governance report.
- Reports on board committees' operations. See sections [4.4](#) to [4.10](#).
- Annual report on directors' remuneration, which we are required to prepare and submit to a non-binding vote at our 2023 annual general meeting. See section [6](#). '[Remuneration](#)'.
- Directors' remuneration policy. See section [6.4](#) '[Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote](#)'.
- Cross references for each section of the corporate governance and remuneration reports in the CNMV's required format in this and other chapters. See sections [9.1](#) '[Reconciliation with the CNMV's corporate governance report model](#)' and [9.4](#) '[Reconciliation with the CNMV's remuneration report model](#)'.
- Cross references for each response to all recommendations in the CNMV'S Good Governance Code for Listed Companies (Spanish Corporate Governance Code) in this corporate governance report and other chapters of this annual report. See section [9.3](#) '[Table on compliance with and explanations of recommendations on corporate governance](#)'.



Banco Santander has the highest score in the Spanish Association for Standardisation and Certification's (AENOR) Good Corporate Governance Index, which verifies aspects such as board structure and dynamics, shareholders' general meeting operation and participation, transparency, and ESG governance.

1. 2022 Overview



'The 2022 geopolitical environment has been even more challenging than 2021, primarily driven by the continuing impact of the covid pandemic and the war in Ukraine which have significantly disrupted supply chains, increased energy and food costs and generated global inflation. In these challenging times, strong and effective governance overseen by the board is essential and in 2022 we made a number of improvements to ensure that this remained the case.

During the year, we strengthened our board composition with the addition of both Germán de la Fuente and Glenn Hutchins who both bring highly relevant skills and experience. We also continued to focus on succession planning and developing the quality of our internal pipeline of talent. Of particular note was the process we ran to appoint a new Group CEO which resulted in the appointment of Héctor Grisi to the role from 1 January 2023. I am delighted that José Antonio Álvarez will stay on the board as a non-executive director, retaining his Vice Chair position. We have significantly benefited from José Antonio's exceptional dedication and professionalism whilst in an executive role and will continue to do so in a non-executive capacity. In turn, and following their departure from the board of directors, I would like to thank R. Martín Chávez and Sergio Rial for their contribution and commitment to the Group.

We also remained focused on delivering against the agreed actions arising from the governance review we conducted in 2021, which delivered a number of governance enhancements, notably introducing a direct reporting line for the CEO to the board of directors. Most recently, we completed our internal board effectiveness review in 2022, the details of which can be found in ['Board effectiveness review in 2022'](#), in section 4.3.

The board has also continued to embrace its commitment to a green economy and to supporting our customers in their own transition to a Net Zero situation. To ensure maximum progress in this regard, we have factored responsible banking and ESG criteria into both our long and short-term incentives schemes for executive directors and top management; details can be found in section [6. 'Remuneration'](#).

For 2023, the rapidly evolving macro-economic environment will continue to be volatile and unpredictable. This will crystalise challenges that the board will need to navigate. I am confident that our ongoing commitment to best-in-class governance will ensure that we continue to be well placed to deal with such challenges.'

Bruce Carnegie-Brown, Lead independent director

1.1 Board skills and diversity

Appointments in 2022

Throughout 2022, we continued to renew and strengthen the board, reflecting our strong commitment to ensuring balance of expertise and skills and diversity. 40% of board members are women (in line with our representation target of 40-60% of both genders); and two thirds are independent directors.

The changes have reinforced the board's banking, financial, technological and digital prowess, and to make it more diverse in terms of regional origin; and, overall, giving it the right composition to lead the Group in pursuit of its strategy now and in the future.

The main board changes in 2022 were as follows:

- Héctor Grisi was co-opted on 20 December 2022 as executive director and Group CEO with effect from 1 January 2023, succeeding Jose Antonio Álvarez who remains on the board of directors as non-executive Vice Chair. Mr Grisi filled the vacancy left by Sergio Rial, who stepped down with effect 1 January 2023. He brings a relentless focus on the customer, proven leadership in driving transformation and greater connectivity across the Group, and a strong track record of delivering growth and business profitability. See section [4.1 'Our directors'](#) for further details.
- Glenn Hutchins was co-opted as independent director on 20 December 2022 to fill the vacancy left by R. Martín Chávez, who stepped down with effect from 1 July 2022. Glenn Hutchins has a solid background in the financial sector, including experience in the private sector and supervisory activities, tech saviness and business transformation. See section [4.1 'Our directors'](#) for further details.

The board of directors has submitted the referred nominations to our annual general meeting called for 30 or 31 March 2023 at first or second call, respectively, (2023 AGM) for ratification. See section [3.5 'Our next AGM in 2023'](#) for further details.

Board committees

The board made the following changes to the composition of its committees to ensure that they remained well equipped to discharge their responsibilities:

- Executive committee: Héctor Grisi joined the committee with effect from 1 January 2023.
- Audit committee: Germán de la Fuente became member on 21 April 2022.
- Nomination committee: Glenn Hutchins joined the committee on 20 December 2022 and R. Martín Chávez stepped down on 1 July 2022.
- Remuneration committee: Glenn Hutchins joined the committee on 20 December 2022 and R. Martín Chávez stepped down on 19 April 2022.
- Risk supervision, regulation and compliance committee: Germán de la Fuente became member on 1 January 2023 and R. Martín Chávez stepped down on 7 April 2022.
- Responsible banking, sustainability and culture committee: Álvaro Cardoso stepped down on 1 April 2022 and Gina Díez Barroso was appointed to the committee on 31 January 2023.

- Innovation and technology committee: Ana Botín was appointed chair on 18 April 2022 replacing R. Martín Chávez who stepped down on the same date. Glenn Hutchins also joined the committee on 20 December 2022 and Héctor Grisi joined with effect from 1 January 2023.

1.2 Board effectiveness

Group and subsidiary board relations

Strengthening the ties between the Group's and its subsidiaries' boards of directors is key to effective oversight of policies, controls and corporate culture. In the last years, the global pandemic together with the rapidly evolving macro-economic environment heightened the need for effective cross-border cooperation, which our proven Group Subsidiary Governance Model (GSGM) facilitates.

Governance is strengthened by the presence of a number of Group non-executive directors on our subsidiary boards: José Antonio Álvarez at Banco Santander (Brasil) S.A. and PagoNxt, S.L.; Homaira Akbari at Santander Consumer USA Holdings Inc. and PagoNxt, S.L.; Henrique de Castro at PagoNxt, S.L.; Gina Díez Barroso at Universia México, S.A. de C.V.; Pamela Walkden at Santander UK PLC and Santander UK Group Holdings PLC; and Luis Isasi at Santander España. See section [7. 'Group structure and internal governance'](#).

Group audit and risk supervision, regulation and compliance committees' chairs attended specific subsidiary committee meetings during 2022. In turn, they invited local audit and risk supervision, regulation and compliance committees' chairs to join Group audit and risk supervision, regulation and compliance committee meetings throughout the year. This helped to enhance communication and information cross-sharing.

In 2022, we continued to hold the convention with the chairs of the audit committees, which was held at our headquarters in Boadilla del Monte. The aim was to foster further collaboration between subsidiaries, raise awareness about global initiatives and expectations, collectively discuss topical issues and encourage networking. The event was both successful and very productive, with universal positive feedback received from participants. Further meetings of chairs of this and other committees are planned in 2023 and beyond.

The Group's training, induction and development methodology and content has been shared with subsidiaries in 2022 in order to promote best practices and drive consistency of approach on a Group-wide basis. See ['Director training and induction programmes'](#) in section 4.3 for further details.

As in previous years, at least one board session is held in one of the Group's key geographies. As part of these visits, directors meet local management in order to better understand local practices and challenges. In 2022, the board of directors met in Dallas, US with a specific focus on the transformation agenda of our business in this country.

Furthermore, subsidiary boards are encouraged to hold their board meetings at Santander's headquarters in Boadilla del Monte on occasion to foster further collaboration with the corporate teams and drive further engagement on Group

matters. The above mentioned practices will continue in 2023 and beyond.

Board effectiveness review and actions to continuously improve its operation

Corporate governance is a priority for Santander. Our governance model has consistently received strong support from shareholders, as evidenced by their high participation in general meetings and strong approval rates for corporate management and the re-election of directors. Governance needs to adapt to business and strategic needs, so we continuously monitor and enhance the functioning of our governance bodies.

While we are confident of the effectiveness of Santander's governance model, we regularly assess our governance framework. We enlist the help of external advisors when necessary. We also review individual and collective skills, both thematic and horizontal, to ensure the board's competence and diversity are sufficient for it to function effectively and hold management to account through constructive challenge.

Following on from the holistic external governance review conducted in 2021, the nomination committee, chaired by our Lead Independent Director, monitored execution of the resultant action plan during 2022 under the coordination of the General Secretary. The action plan aimed to continue ensuring clarity of the roles and responsibilities of the most senior executives, ensuring that checks and balances remained appropriate and effective; and that control functions remained fully independent.

Furthermore, in 2022, the nomination committee monitored the action plan resulting from specific areas for improvement identified by the non-executive directors under the leadership of the Lead Independent Director in 2021.

The comprehensive action plan was successfully completed and implemented, ensuring continuous improvement in the overall functioning and effectiveness of our board, its dynamics and internal culture.

In 2022, the board conducted its annual self-assessment internally, covering its structure, organization and functioning, dynamics and internal culture, committees' performance, as well as each director's performance and contribution. See ['Board effectiveness review in 2022'](#) in section 4.3.

1.3 Strengthening of a remuneration policy aligned with the strategy, investors' interests and long-term sustainability

To make remuneration policy for the Group's executive directors and key executives consistent with the new strategic plan disclosed at Investor Day on 28 February 2023 in London, the short-term corporate bonus scheme was updated as follows:

- New metrics relating to the Group's transformation, based on active and total customer growth and customer transaction cost; and quantitative metrics on generation of capital, which will bear more heavily on variable remuneration for all Material Risk Taker population;
- A simpler qualitative assessment, with four components (risk, compliance, NPS and ESG) instead of seven, to more

efficiently satisfy regulatory requirements and our stakeholders' needs regarding risk, compliance, network collaboration and ESG topics;

- In addition, as a new feature this year, a relative market performance multiplier to maximize shareholder value is introduced; it can raise or lower qualitative metrics, depending on leading entities' progress with significant transformation matters; and
- In terms of long-term remuneration, the metrics associated with:
 - Return on tangible equity (RoTE) to keep long-term profitability and value creation at the top of our list of priorities.
 - Total shareholder return (TSR).
 - Four ESG metrics on sustainability as part of our responsible banking agenda.

1.4 Engagement with our shareholders

In 2022 we were able to bring back in-person activities once suspended for the covid health crisis. Following its last edition in April 2019, we have convened our Investor Day on 28 February 2023 in London, the first event with shareholders and investors attended by Hector Grisi as our new CEO.

Notwithstanding the above, we continue to focus on digitalisation in the relationship with our shareholders and investors. Through both traditional and virtual communication channels, we managed to engage our almost four million shareholders in our corporate governance, adapt to their needs and serve their interests.

We continued to inform of our sustainability strategy in a challenging economic and geopolitical environment. We are aware that our investors increasingly praise our efforts in ESG and the positive impact our activity can have on society and the environment. Therefore, we kept an open and constructive dialogue with analysts who advise investors on sustainability. We also proactively reported them on the progress of our responsible banking agenda. By doing things responsibly and developing long-term environmental and social solutions to support inclusive and sustainable growth, we are able to create value not just for our shareholders but for broader society. We also enhanced the strength of our governance to drive our strategy and ensure sound risk control.

For our 2022 AGM, we again gave shareholders the option of attending the meeting in person or remotely. This flexibility allows our shareholders, spread around the world, to participate in the general meeting without having to travel, encouraging their involvement in our corporate governance. As demonstrated during the covid pandemic, shareholders can participate in our entirely virtual general meetings the same way they would in person. Through our remote attendance app, they can fully exercise their rights to attend and participate in real time, being able to watch a live feed of the entire meeting, cast votes, make remarks, propose resolutions and send messages to the AGM notary.

1.5 Achievement of our 2022 goals

The 2021 annual report disclosed our corporate governance goals and priorities for 2022. The following chart describes how we delivered on each priority.

2022 goals

How we delivered

Developing strategic initiatives: One Santander, PagoNxt and Digital Consumer Bank

Overseeing those three strategic initiatives we launched in 2020 to help achieve our aim to be the world's best open financial services platform, acting responsibly and earning the trust of our employees, customers, shareholders and broader society:

- One Santander: A common operational and business model created to transform the way we serve our customers and provide a simpler and more enhanced customer experience;
- PagoNxt: An autonomous global payment platform to integrate all Santander customers into the open market. It includes the Payments Hub and our acquiring and international trade businesses. It will roll out payment solutions globally to our customers faster, which is critical to building One Santander; and
- Digital Consumer Bank: A combination of Santander Consumer Finance (SCF) and our fast-growing auto and consumer finance businesses with Santander's digital native bank, Openbank, to boost the technological transformation of the consumer finance business and ensure profitability and growth.

The board has overseen the three mentioned strategic initiatives and the main achievements can be summarized as follows:

- Regarding the transformation of our operating and business model, we have initiated its transformation with individuals, a segment where we have a significant opportunity and that accounts for 80% of our customers (127 million). During 2022, we have developed specific plans and appointed transformation leaders to help us accelerate our transformation ambitions.
- PagoNxt: It closed 2022 with EUR 953 million in incomes, well above expectations and managing more than 5% of the Group's payments. In 2022, the team was strengthened, and PagoNxt accelerated the deployment of common solutions in both merchant and trade, while ensuring that its overall structure remains simple and efficient.
- Digital Consumer Bank: Despite the slowdown of the auto business, DCB has delivered on its budget and market commitments, achieving a 14% RoTE, 2% return (net of tax) on risk weighted assets for a particular business (RoRWA) and 47% C/I ratio. DCB made relevant progress in the transformation of its businesses, both auto and non-auto, with the development of a common leasing solution, innovating on insurance offerings around its lending products. It also expanded new business models such as Wabi, an integrated car solution with monthly subscription and Zinia, our 'buy now, pay later' service, where we have added 4.2 million customers by year end and which is now available in the Netherlands and Germany.

In our digital banking business, Openbank closed 2022 with more than 1.9 million customers, a 12% growth. Additionally, in 2022 we have streamlined the governance of DCB subsidiaries (Openbank, Santander Consumer Finance and Open Digital Services) to optimise efficiency and coordination.

Ensuring responsible, profitable growth

We will continue to focus on generating profitable growth in a responsible way as a means of creating long-term value for our shareholders and other stakeholders. We will oversee the fulfilment of our ESG commitments to reach net zero emissions by 2050; raise 120 billion euros in green financing by 2025 and 220 billion euros by 2030; and financially empower 10 million people by 2025.

In 2022, we will set new short- and medium-term climate change objectives that will help us meet our long-term climate commitment.

We continued to progress on our ESG commitments. In particular:

- We announced three main new decarbonization targets for 2030 (measured in emissions reductions against 2019) in the following sectors: energy (-29% absolute emissions), aviation and steel (-33% and -32%, respectively, emissions intensity), both in emissions as part of our commitment to reach net zero emissions by 2050.
- We raised EUR 28.8bn this year in green finance (EUR 94.5bn since 2019 towards our EUR 120bn target by 2022).
- We reached EUR 53.2bn (EUR 100bn 2025 target by 2025) in assets under management (AUM) in socially responsible investments.
- Our Santander Finance For All programme has financially empowered 11.8mn people since 2019, achieving our 2025 10mn target three years early. Euromoney named us the Best Bank for Sustainable Finance in Latin America and the Banker named us the Best Bank for Financial Inclusion.
- 29.3% of our senior managers are women (30% target by 2025). We continued to prioritize diversity and inclusion awareness and equal opportunity for everyone regardless of gender, culture, sexual orientation or disability.

For additional information, see the '[Responsible Banking](#)' chapter.

2022 goals

How we delivered

Strengthening governance to ensure we fulfil our long-term vision

We will continue to bolster our corporate governance by taking the improvement measures we identified in the 2021 review and enhancing our management bodies' operations to make sure we continue to adhere to national and international best practices and to supervisors' expectations.

In 2022, we successfully managed the succession planning discipline throughout Santander, most notably conducting a rigorous and effective process that led to the appointment of Héctor Grisi as new Group CEO, following our comprehensive and disciplined methodology. The strength and depth of our overall succession planning discipline is a solid evidence of the strong internal cadre of talent the Group has to face the challenges ahead, acknowledging that this will remain an ongoing area of focus for the board.

We have continued to work on an appropriately refreshed board of directors ensuring diversity in its broadest sense (gender, backgrounds, new skills and experience) to ensure that we are well placed to address the challenges faced in our business and taking into account feedback on previous board effectiveness reviews.

We have maintained our positive progress on governance following completion of the external governance review commissioned in 2021 with the resultant actions executed in 2022. These actions also impacted the split of roles and responsibilities between the Executive Chair and the Group CEO, with the CEO now reporting exclusively to the board.

Our continuous improvement approach has helped accelerate our progress with strategically important initiatives such as Digital Consumer Bank and Investment Platforms governance arrangements. With regard to Special Situations Management, we have completed a detailed review and executed various enhancements applicable on a Group-wide basis.

Ongoing improvements in oversight and control of our subsidiaries has continued as a priority, leveraging new initiatives such as induction and training sessions for subsidiary directors facilitated by Group (with high attendance levels) and proactive guidance provided by Group on board effectiveness methodology, board governance disciplines and associated best practices. We have also continued our relentless focus on simplification of internal governance and related internal regulations, ensuring that they are more user friendly and capable of application in practice. Digital tools have played a significant part of this achievement.

Maintaining capital discipline and creating shareholder value

In 2022, we will prioritize organic growth as part of our capital management, focusing on businesses with high returns on risk-weighted assets (RoRWA) and shareholder remuneration.

Our shareholder remuneration policy aims to payout 40% of the underlying profit for 2022, split almost equally between a cash dividend and a share buyback.

In 2022, the board has continuously monitored an even more disciplined approach of capital allocation applied by the Group. This has resulted in a reduction of the portfolios whose returns are below the cost of equity, going from 30% in 2021 to 20%, a commitment made to the market. Such discipline and transparency have allowed us to take actions on the portfolio profitability and together with securitizations, they have enabled us to close each quarter with a CET1 above 12%.

Once we complete the necessary actions under our shareholders' remuneration policy for 2022 (see section [3.3 'Dividends and shareholder remuneration'](#)), the dividend per share will have risen 18% and earnings per share (EPS) 23%, owing to a lower amount of shares in circulation after cancelling the repurchased shares in the share buyback programmes and to increased profits. In addition, TNAV in 2022 has increased 6% year on year, including cash dividends paid out in 2022.

1.6 Priorities for 2023

The board set the following priorities for 2023:

- **Ensure a smooth transition of the new Chief Executive Officer and new Chief Risk Officer**

In 2023, we welcomed Héctor Grisi as new CEO with effect from 1 January 2023 and Mahesh Aditya will assume the Group CRO position in March 2023, subject to regulatory approval. The board will oversee the orderly transition into these roles, providing ongoing support and constructive challenge.

- **Progressing in our ESG commitments**

We will oversee the fulfilment of our ESG commitments to reach net zero emissions by 2050, accelerating the green finance with new and wider value propositions for our customers, and at the same time taking care of the sustainability and responsible banking agenda.

- **Governance effectiveness**

We will continue to enhance the overall effectiveness of the board, with an appropriate composition and ensuring that its role is discharged in the most tangible and effective manner. We will also consolidate the enhancements delivered as part of our action plan executed in 2022, following the review of our governance arrangements.

- **Balance sheet strength**

In 2023, due to the current economic environment, the solvency of the balance sheet and in particular, the quality of the credit risk portfolio will be a priority for the board, while we maintain our focus on capital management and capital allocation to businesses with high returns on risk-weighted assets (RoRWA).

- **Long-term shareholder value**

The board will promote the generation of long-term and sustainable shareholder value creation through consistent and reliable returns growth while continuing to build capital strength organically. This will ensure strong shareholder remuneration and the resources required to deliver our strategic transformation.

2. Ownership structure

→ Broad and balanced shareholder base

→ A single share class

→ Authorized capital in line with best practices to provide the necessary flexibility

2.1 Share capital

Our share capital is made up of ordinary shares, each with a par value of EUR 0.50. All shares belong to the same class and carry the same voting, dividend and other rights.

There are no bonds or securities that can be converted into shares other than contingent convertible preferred securities (CCPS), which are mentioned in section [2.2 'Authority to increase capital'](#).

As of 31 December 2022, Banco Santander's share capital was EUR 8,397,200,792 and comprised 16,794,401,584 shares.

It changed two times in 2022, related to two share capital reductions by the respective amounts of EUR 129,965,136.50 (1.5% of share capital) and EUR 143,154,722.50 (1.7%), cancelling the repurchased shares through the buyback programmes carried out within the 2021 shareholder remuneration policy.

On 1 February 2023, the board resolved to reduce, subject to the required regulatory authorization from the ECB, the share capital in the amount of EUR 170,203,286, by cancelling the 340,406,572 repurchased shares, representing 2.03% of the share capital, through the first buyback programme carried out within the 2022 shareholder remuneration policy (First 2022 Buyback Programme). Once the required regulatory authorization is obtained, the share capital will be EUR 8,226,997,506 represented by 16,453,995,012 shares.

Such three share capital reductions were made under the capital reduction resolutions approved at April 2022 AGM.

At the 2023 AGM, the board of directors submitted two capital reduction resolutions to cancel the shares that will be acquired through the second share buyback programme charged against 2022 results (Second 2022 Buyback Programme); as well as those that will be acquired as part of any new buyback programmes that the board may implement or by other legally permitted means. See sections [3.3 'Dividends and shareholder remuneration'](#) and [3.5 'Our next AGM in 2023'](#).

We have a diversified and balanced shareholder structure. As of 30 December 2022, Banco Santander had 3,915,388 shareholders, broken down by type, geographical provenance and number of shares as follows:

Type of investor

	% of share capital
Board ^A	1.10%
Institutional	56.66%
Retail	42.24%
Total	100%

A. Shares owned or represented by directors. For more details on the shares owned and represented by directors, see ['Tenure and equity ownership'](#) in section 4.2 and subsection A.3 in section [9.2 'Statistical information on corporate governance required by CNMV'](#).

Geographic region

	% of share capital
Europe	74.71%
The Americas	24.19%
Other	1.10%
Total	100%

Number of shares

	% of share capital
1-3,000	8.74%
3,001-30,000	17.76%
30,001-400,000	12.58%
Over 400,000	60.92%
Total	100%

2.2 Authority to increase capital

Under Spanish law, shareholders at the general meeting have the authority to increase share capital and may delegate power to the board of directors to increase share capital by no more than 50%. Our Bylaws are consistent with Spanish law and do not set out special conditions for share capital increases.

As of 31 December 2022, our board of directors had received authorization from shareholders to approve or carry out these capital increases:

- **Authorized capital to 2025:** At our April 2022 AGM, the board was granted authorization for three years (until 1 April 2025) to increase share capital on one or more occasions by up to EUR 4,335,160,25.50 (50% the of capital at the time of that AGM). The board was granted this authorization for three years (until 1 April 2025).

Consequently, the board can issue shares for cash consideration with or without pre-emptive rights for shareholders, and for capital increases to back any convertible

bonds or securities issued under its authority granted at the April 2019 AGM. The board put to a vote at the 2023 AGM the renovation of the authorization for the issuing of convertible bonds or securities. See section [3.5 'Our next AGM in 2023'](#).

Shares without pre-emptive rights under this authorization can be issued up to EUR 867,032,065 (10% of the capital at the time of the April 2022 AGM). However, under the Spanish Companies Act that limit does not apply to capital increases to convert CCPS (which shall be converted into newly-issued shares when the CET1 ratio falls below a predetermined threshold). This authorization has not been used in 2022.

- **Capital increases approved for contingent conversion of CCPS:** We issued contingent convertible preferred securities that qualify as regulatory Additional Tier 1 (AT1) instruments and would be converted into newly-issued shares if the CET1

ratio fell below a predetermined threshold. Each issue was backed by a capital increase approved under the authorization granted to the board by shareholders. The chart below shows the outstanding CCPS at the time of this report, with details about the capital increase resolutions that back them. Those capital increases are, therefore, contingent and have been delegated to the board of directors. The board is authorised to issue additional CCPS and other convertible securities and instruments in accordance with a resolution passed at the AGM held on 12 April 2019 that allows convertible instruments and securities to be issued for up to EUR 10 billion or an equivalent amount in another currency (no issues were executed in 2022 under this authorization). Any capital increase that results from shares converted from CCPS and other convertible instruments will occur according to the capital increase authorization made at the time those instruments were issued.

Issues of contingent convertible preferred securities

Date of issuance	Nominal amount	Discretionary remuneration per annum	Conversion predetermined threshold	Maximum number of shares in case of conversion ^A
29/09/2017	EUR 1,000 million	5.25% for the first six years	If, at any time, the CET1 ratio of Banco Santander or the Group is less than 5.125%	263,852,242
19/03/2018	EUR 1,500 million	4.75% for the first seven years		416,666,666
08/02/2019	USD 1,200 million	7.50% for the first five years		388,349,514
14/01/2020	EUR 1,500 million	4.375% for the first six years		604,594,921
06/05/2021	USD 1,000 million	4.75% for the first six years		391,389,432
06/05/2021	EUR 750 million	4.125% for the first seven years		352,278,064
21/09/2021	EUR 1,000 million	3.625% for the first eight years		498,007,968

A. The figure corresponds to the maximum number of shares that could be required to cover the conversion of these CCPS, calculated as the quotient (rounded off by default) of the nominal amount of the CCPS issue divided by the minimum conversion price determined for each CCPS (subject to any antidilution adjustments and the resulting conversion ratio).

2.3 Significant shareholders

As of 31 December 2022, Norges Bank was registered with the CNMV with a direct significant shareholding of 3.006% of voting shares of Banco Santander (3% is the lower threshold generally provided under Spanish law to disclose a significant holding in a listed company), as it had announced on 5 May 2022.

On 16 June 2022, fund manager Dodge & Cox reported to the CNMV a significant shareholding of 3.038% of voting shares of Banco Santander, which it specified belonged to funds and portfolios it managed, with none holding more than 3% individually. In addition, on 24 October 2019 asset manager BlackRock Inc. reported a significant shareholding of 5.426% of voting shares of Banco Santander, which it specified belonged to several funds and investment firms, with none holding more than 3% individually. These participations appear in the CNMV records as of 31 December 2022.

These are other significant shareholder changes reported to the CNMV in 2022:

- Amundi, S.A. reported on 21 February a significant shareholding of 3.007%. On 11 May, it reported that its shareholding had decreased to 2.997%. On 17 May, it reported that its shareholding had risen to 3.004%. On 5 September, it reported that its shareholding had decreased to 2.881% (under the mandatory threshold). However, it specified each time that shares belonged to investment funds managed by entities that it controlled with none holding more than 3% individually.

- On 12 December, the Goldman Sachs Group also reported to the CNMV a significant shareholding, with voting shares and financial instruments, of 7.465%; on 22 December, it reported that its shareholding had decreased to 0.608%.

Likewise, though as of 31 December 2022 certain custodians appeared in our shareholder registry as holding more than 3% of our share capital, we understand that those shares were held on behalf of other investors, none of whom exceeded that threshold individually. These custodians were State Street Bank (14.23%), Chase Nominees Limited (6.88%), The Bank of New York Mellon Corporation (4.82%), Citibank New York (3.90%), BNP Paribas (3.28%) and EC Nominees Limited (3.04%).

There may be some overlap in the holdings declared by the above mentioned custodians and asset managers.

As of 31 December 2022, neither our shareholder registry nor the CNMV's registry showed any shareholder residing in a non-cooperative jurisdiction with a shareholding equal to, or greater than, 1% of our share capital (which is the mandatory disclosure threshold applicable to such investors under Spanish law).

Our Bylaws and the Rules and regulations of the board of directors set out an appropriate regime system for analysing and approving related-party transactions with significant shareholders. See section [4.12 'Related-party transactions and other conflicts of interest'](#).

2.4 Shareholders' agreements

In February 2006, several persons linked to the Botín-Sanz de Sautuola y O'Shea family entered into a shareholders' agreement to set up a syndicate for their shares in Banco Santander. The CNMV was informed of this agreement and the subsequent amendments the parties made. This information can be found on the CNMV website.

The main provisions of the agreement are:

- **Transfer restrictions.** Any transfer of Banco Santander shares expressly included in the agreement requires prior authorization from the syndicate meeting (which can freely authorise or reject it), except when the transferee is also a party to the agreement or member of the Fundación Botín. These restrictions apply to the shares they expressly cover under the agreement and to shares subscribed for, or acquired by, syndicate members in exercising any subscription, bonus share, grouping or division, replacement, exchange or conversion rights that pertain or are attributed to, or derive from, those syndicated shares.
- **Syndicated voting.** Under the agreement, the parties will pool the voting rights attached to all their shares so that syndicate members may exercise them and engage Banco Santander in a concerted manner, in accordance with the instructions and the voting criteria and orientation the syndicate establishes. This covers the shares subject to the transfer restrictions mentioned above as well as any voting rights attached to any other Banco Santander shares held either directly or indirectly by the parties to the agreement, and any other voting rights assigned to them by virtue of usufruct, pledge or any other contractual title, for as long as they hold those shares or are assigned those rights. Representation of the syndicated shares is attributed to the syndicate chair, who will be the chair of Fundación Botín (currently Javier Botín, one of our directors and our Group executive chair's brother).

Though the agreement initially terminates on 1 January 2056, it will extend automatically for additional 10-year periods unless one of the parties notifies of their intention not to extend six months before the initial term or extension period ends. The agreement may only be terminated early if all the syndicated shareholders agree unanimously.

As of 31 December 2022, the parties to this agreement held 102,279,441 shares in Banco Santander (0.61% of its capital at such time), which were therefore subject to the voting syndicate. They include 80,355,819 shares (0.48% of its capital at such time) that are also subject to the transfer restrictions.

Subsection A.7 of section 9.2 'Statistical information on corporate governance required by CNMV' contains a list of parties to the shareholders' agreement and the relevant information filed with CNMV.

2.5 Treasury shares

Shareholder approval

The acquisition of treasury shares was last authorized at our April 2020 AGM, for five years and subject to these provisions:

- Treasury shares held at any time cannot exceed 10% of Banco Santander's share capital, which is the legal limit set under the Spanish Companies Act.

- The purchase price cannot be lower than the nominal value of the shares nor exceed 3% of the last price on the Spanish market for any trades in which Banco Santander does not act on its own behalf.
- The board may establish its purposes and the procedures in which it may apply.

The board put to a vote at the 2023 AGM the renewal of the authorization for the acquisition of treasury shares. See section 3.5 'Our next AGM in 2023'.

Treasury shares policy

On 27 October 2020, the board approved the current treasury shares policy, which dictates that treasury share transactions may be carried out for these purposes:

- Provide liquidity or supply of securities in the market for Banco Santander shares, which gives this market depth and minimizes any temporary imbalances in supply and demand.
- Take advantage, for the benefit of all shareholders, of weakness in the share price due to its medium-term outlook.
- Meet our obligations to deliver shares to our employees and directors.
- Serve any other purpose authorized by the board within the limits set at the general meeting. In this regard, Banco Santander has made during the year the donations to Fundación Banco Santander indicated below in the context of its Responsible Banking Policy.

Among other things, the policy also provides for:

- The **principles** to uphold in treasury share trades, which include protecting financial markets' integrity and prohibiting market manipulation and insider trading.
- The **rules** on how treasury share trades must be carried out, unless in exceptional circumstances as per the policy or carried out through mechanisms, such as buyback programmes, with a regulation of their own. These rules include:
 - **Responsibility for execution** of these trades, which falls on the Investments and Holdings department, which is kept separate from the rest of Santander.
 - **Venues and types of trades.** Trades must generally be carried out in the orders market of the *mercado continuo* (continuous market) of Spanish stock exchanges.
 - **Volume limits.** Volume limits must generally not exceed 15% of the average daily trading volume for Banco Santander shares in the previous 30 sessions in the *mercado continuo*.
 - **Price limits.** In general, (a) buy orders should not exceed the greater of the price of the last trade in the market between independent parties and the highest buy order price in the order book; and (b) sell orders should not be lower than the lesser of the price of the last trade in the market by independent parties and the lowest sell order price in the order book.

- **Time limits**, including a 15-day black-out period that applies before each quarterly results presentation.
- **Disclosure to the markets** of treasury shares trading.

The policy applies to the discretionary trading of treasury shares irrespective of whether they are carried out in regulated markets, in multilateral trading facilities, outside the orders market, either through blocks or through special transactions, or under buyback programmes. Furthermore, buyback programmes shall comply with all the applicable specific regulations, such as regulation on market abuse and their relevant implementing rules. The policy does not apply to transactions on Banco Santander's shares carried out to hedge market risks or provide brokerage or hedging for customers.

The full treasury shares policy is available on Banco Santander's corporate website.

Execution of the buyback programmes charged against 2021 results

According to the 2021 shareholder remuneration policy, the 2022 AGM agreed to reduce Banco Santander's share capital by cancelling the repurchased shares in the first buyback programme of 2021 under the authorization of the general shareholders meeting held in April 2020, for an amount of EUR 129,965,136.50. On 25 April 2022, the capital reduction was registered with the Commercial Registry.

In the second buyback programme of 2021 (executed from 15 March to 6 May 2022, once the required European Central Bank (ECB) regulatory authorization was obtained), we acquired 286,309,445 treasury shares — 1.676% of Banco Santander's share capital at such time— at a weighted average price per share of EUR 3.0212. On 1 July 2022 the public deed of capital reduction through the cancellation of repurchased shares, in the terms agreed by the 2022 AGM and for an amount of EUR 143,154,722.50, was registered with the Commercial Registry. See section [3.4 '2022 AGM'](#)

First 2022 Buyback Programme

Under the authorization of the general shareholders meeting held in April 2020, and according to the 2022 shareholder

remuneration policy, on 27 September 2022 the board resolved that it would execute a new share buyback programme worth EUR 979 million (approximately 20% of the Group's underlying attributable profit in first semester 2022) as shareholder remuneration charged against 2022 results once it had obtained the required regulatory authorization.

In the First 2022 Buyback Programme (executed from 22 November 2022 to 31 January 2023, once the required regulatory authorization was obtained), we acquired 340,406,572 treasury shares, which was 2.03% of Banco Santander's share capital at such time, at a weighted average price per share of EUR 2.8754.

The purpose of the First 2022 Buyback Programme 2022 was to reduce Banco Santander's share capital by cancelling the repurchased shares in the terms agreed by the 2022 AGM. On 1 February 2023, the board resolved to reduce, subject to the required regulatory authorization from the ECB, the share capital in the amount of EUR 170,203,286, by cancelling the 340,406,572 repurchased shares.

Second 2022 Buyback Programme

Under the same AGM approval, on 27 February 2023 the board resolved that it would execute a new share buyback programme worth EUR 921 million as shareholder remuneration charged against 2022 results for which the appropriate regulatory authorization has already been obtained. The execution of the Second 2022 Buyback Programme will start on 1 March 2023. The purpose of the Second 2022 Buyback Programme is to reduce Banco Santander's share capital by cancelling purchased shares, for which the board submitted a resolution for a vote at the 2023 AGM. See section [3.5 'Our next AGM in 2023'](#).

Activity in 2022

As of 31 December 2022, Banco Santander and its subsidiaries held 243,689,025 shares, which accounted for 1.45% of the share capital (compared to 277,591,940, 1.601% of the share capital, at 31 December 2021).

The chart below summarizes the monthly average proportion of treasury shares to share capital throughout 2022 and 2021.

Monthly average of daily positions in treasury shares

% of Banco Santander's share capital at month end

	2022	2021
January	1.64%	0.16%
February	1.55%	0.18%
March	1.92%	0.17%
April	1.27%	0.17%
May	1.74%	0.18%
June	0.02%	0.19%
July	0.03%	0.19%
August	0.11%	0.05%
September	0.13%	0.05%
October	0.03%	0.27%
November	0.48%	1.08%
December	1.45%	1.90%

In 2022, the Group's treasury share trades amounted to these values:

Acquisitions and transfers of treasury shares in 2022

EUR (except number of shares)	Acquisitions				Transfers				Profit (loss) net of taxes
	Number of shares	Total par value	Total cash amount	Average purchase price	Number of shares	Total par value	Total cash amount	Average purchase price	
Discretionary trading	74,833,528	37,416,764.00	202,659,000	2.71	69,748,976 ^A	34,874,488.50 ^A	194,864,000 ^A	2.72 ^B	6,653,000 ^B
Client induced trading ^C	131,274,007	65,637,003.50	368,573,000	2.81	131,274,007	65,637,003.50	368,573,000	2.81	
Buyback programmes	507,252,251	253,626,125.50	1,478,840,000	2.92	N/A	N/A	N/A	N/A	N/A
Total	713,359,786	356,679,893.00	2,050,072,000	2.87	201,022,983^A	100,511,491.50^A	563,437,000^A	2.85^B	6,653,000^B

A. Include two donations that Banco Santander had made to Fundación Banco Santander during the year totalling 36,700,000 treasury shares. For more details, see 'Other programs to support communities' in section 3.9 'Support to higher education and other local initiatives' of the 'Responsible banking' chapter.

B. Excluding the donations mentioned in footnote A above.

C. Transactions on Banco Santander's shares to hedge market risks or provide brokerage or hedging for customers.

The chart below shows significant changes in treasury shares that required disclosure to the CNMV in the year. Companies must report to the CNMV when purchases of treasury shares exceed 1% of the total voting rights (without discounting sales or transfers) or there is a change in the number of total voting rights.

Significant changes in treasury shares in 2022^A

Reported on	% of voting rights represented by shares		
	acquired since last notice	transferred since last notice	held at reference date of notice
03/01/2022 ^B	1.016	0.576	1.593
08/04/2022 ^C	1.008	0.518	2.084
10/05/2022 ^D	0.981	1.584	1.512
6/07/2022	0.618	2.123	0.032
5/12/2022	1.029	0.502	0.559
27/12/2022 ^E	1.061	0.221	1.399

A. Percentages calculated with share capital at the date of disclosure.

B. Data shown as corrected by notice dated 11 January 2022.

C. Data shown as corrected by notice dated 10 May 2022.

D. Data shown as corrected by notice dated 11 May 2022.

E. Data shown as corrected by notice dated 13 January 2023.

Transactions with financial instruments

We carried out these transactions of our own for a purpose similar to discretionary treasury share management and with Banco Santander shares as the underlying asset in 2022:

- In Q1, we reduced the investment position by a *delta* (i.e. net exposure to share price changes) equalling 2,000,000 shares.
- In Q2 and Q3, we took two investment positions by a *delta* equalling 1,500,000 shares each. The final position at year end was a Delta equalling 9,000,000 shares worth a total EUR 24,300,000.
- The instruments used were total return equity swaps, to be settled exclusively in cash.

2.6 Stock market information

Markets

Banco Santander shares are listed on Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia, under the trading symbol 'SAN'), the New York Stock Exchange (NYSE) as American Depositary Shares (ADS) under the trading symbol 'SAN' (each ADS represents one Banco Santander share), the London Stock Exchange as Crest Depositary Interests (CDI) under the trading symbol 'BNC' (each CDI represents one Banco

Santander share), the Mexican Stock Exchange under the trading symbol 'SAN', and the Warsaw Stock Exchange under the trading symbol 'SAN'.

Market trends

2022 was marred by the war in Ukraine, strong inflationary pressure, central banks' tightening of monetary policy to halt rising prices, slow growth in China, by covid outbreaks and lockdowns, and fears of an upcoming global recession.

Central banks raised interest rates in 2022 as it had done in 2021, albeit more moderately. The European Central Bank set its official interest rate at 2%, suggesting that it may surpass 3%. The Bank of England left its official interest rate at 3.5%; but it is expected to peak at 4%. The Federal Reserve raised its fed funds rate to 4.25%-4.50% and expects to take it to 5-5.25% or even higher.

In this context, main indices closed the year in the red, despite a strong rebound in Q4. European banking indices closed the year positively, having benefited from interest rate hikes. Banco Santander's share ended Q4 with a positive total return of 19.5%, slightly above the 18.5% of Europe's main banking index, the DJ Stoxx Banks.

Our share price ended the year with a return of -0.8%, slightly below the eurozone's main banking index, the EuroStoxx Banks

(up 1.8%) and the DJ Stoxx Banks (up 2.5%). Meanwhile, the MSCI World Banks fell 9.4%, the Ibex 35 2.0% and the DJ Stoxx 50 1.1%.

Market capitalization and trading

By 30 December 2022, Banco Santander's market capitalization of EUR 47,066 million was the second largest in the eurozone and 36th largest in the world among financial institutions.

14,217 million Banco Santander shares traded in the year for an effective value of EUR 40,262 million and a liquidity ratio of 84%.

The Banco Santander share

	2022	2021
Shares (million)	16,794.4	17,340.6
Price (EUR)		
Closing price	2.803	2.941
Change in the price	(5%)	16%
Maximum for the period	3.482	3.509
Date of maximum for the period	10/02/2022	03/06/2021
Minimum for the period	2.324	2.375
Date of minimum for the period	15/07/2022	28/1/2021
Average for the period	2.795	3.055
End-of-period market capitalization (EUR million)	47,066	50,990
Trading		
Total volume of shares traded (million)	14,217	13,484
Average daily volume of shares traded (million)	55.3	52.7
Total cash traded (EUR million)	40,262	41,195
Average daily cash traded (EUR million)	156.7	160.9

3. Shareholders. Engagement and general meeting

→ One share, one vote, one dividend

→ No takeover defences in our Bylaws

→ High shareholders' participation and engagement at our general meetings

3.1 Shareholder communication and engagement

Policy on communication and engagement with shareholders and investors

Banco Santander aims to ensure its interests are in line with shareholders', long-term share value and the long-term confidence of investors and society. We provide information to shareholders and investors that satisfies their expectations and upholds our culture and values. We also communicate and engage with them regularly so that their views will be considered by senior managers and governance bodies.

The principles of Banco Santander's policy on communication and engagement with shareholders and investors are:

- **Protection of rights and lawful interests of all shareholders.** We enable them to exercise their rights, provide them with information and give them opportunities to have a say in our corporate governance.
- **Equal treatment and non-discrimination.** We treat all investors equally.
- **Fair disclosure.** We make sure that the information we disclose to investors is transparent, truthful and consistent. Any inside or relevant information given to investors will have been previously disclosed except when applicable regulation provides otherwise.
- **Appropriate disclosure of information.** We report the right information to meet our investors' needs and expectations. We make sure to give investors clear, concise, reliable and tailored information.
- **Compliance with our Bylaws and corporate governance rules,** as well as the principles of cooperation and transparency with regulators and supervisors, in accordance with internal guidelines. We adhere closely to the laws and regulations on insider and price-sensitive information in addition to our own Code of conduct in securities markets, the General Code of Conduct and the Rules and regulations of the board of directors.

The policy further describes:

- The **roles and responsibilities** of Banco Santander's main bodies and functions involved in communication and engagement with shareholders and investors.
- The **channels for disclosing information** and communicating with shareholders and investors.

- The **ways Banco Santander engages** with shareholders and investors, which are covered below.

The policy also applies to relations with the financial, environmental, social and corporate governance analysts, proxy advisers, rating agencies and other agents whom our shareholders and investors consult and we consider essential.

Our policy on communication and engagement with shareholders and investors is available on our corporate website.

Banco Santander has board-approved frameworks on branding and communications, and accounting and financial information and management. They set out the general principles, roles and key processes on the communication of financial, non-financial and corporate information, helping ensure that all our shareholders and other stakeholders are properly informed about our strategy, targets and results, and culture and values, thus maximizing the disclosure and quality of the information available to the market.

Engagement with shareholders in 2022

In keeping with our policy, we engaged with our shareholders as follows:

- **The annual general meeting.** Our most important annual event for our shareholders. We strive to encourage all our shareholders to, in an informed way, attend and participate. See '[Shareholder participation at general meetings](#)' and '[Right to information](#)' in section 3.2.

At the annual general meeting, the chair reports on the year's most significant changes to the Group's corporate governance, supplementing this corporate governance report. She also addresses any questions raised by shareholders about the agenda items and the relevant information disclosed to the market since the last general meeting.

The CEO presents on the Group's strategy execution and performance (overall and by region, country and business) and the main priorities for the following year.

The chairs of the audit, nomination, remuneration and, since the 2022 AGM, the responsible banking, sustainability and culture committees also report to the annual general meeting on their operations and elaborate the information provided in this chapter on the committees they chair.

Shareholders may attend the annual general meeting both in person and remotely. The meeting is broadcasted in real time on our corporate website, where its recordings are also

published in full thereafter. This allows shareholders who are not present and all stakeholders to be fully informed of the deliberations and approved resolutions.

Our 2022 AGM was hybrid, allowing shareholders to attend both in person and remotely. Our general meeting attendance app enables shareholders to exercise their rights to attend and participate in real time and remotely. They can watch the entire meeting through a live feed, vote, make remarks, propose resolutions and contact the notary public. The high shareholder meeting participation in the last meetings proved the effectiveness of our electronic means of attendance, delegation and remote voting prior to the meeting.

In addition, the excellent *quorum* and voting results at our 2022 AGM speak to the importance we place on shareholder engagement at annual general meetings. See section [3.4 '2022 AGM'](#).

Banco Santander's management system for the 2022 AGM received once again AENOR certification for sustainable events in compliance with UNE-ISO 20121:2013, as well as AENOR's declaration of protocol verification against covid at events.

- **Quarterly results presentations.** Every quarter we present our results on the same day we make them public. Our presentation can be followed live, via conference call or webcast in our corporate website. We release the related quarterly financial report and presentation material before the market opens. During the presentation, questions can be asked or emailed to: investor@gruposantander.com.

In 2022, we gave our first, second and third quarter results presentations on 26 April, 28 July and 26 October, respectively. Our fourth quarter results presentation was on 2 February 2023.

- **Investor and strategy days.** We organize investor and strategy days where senior managers explain our strategy to investors and stakeholders in a broader context than in results presentations. Investors can interact directly with senior managers and some directors, which is increasingly important and speaks to our strong governance. As recommended by the CNMV, we publish announcements about meetings with analysts and investors, as well as related documents, in advance. On 28 February 2023 we hold our Investor Day in London, which we last held in April 2019. It is the first shareholder and investor event attended by Héctor Grisi as our new CEO. The information made available at those events is not included in this annual report nor considered part of it.

- **Meetings and conferences.** Our Shareholder and Investor Relations team discusses financial and other issues at meetings with investors and conferences organized by third parties throughout the year.

Notwithstanding the principle of equal treatment and non-discrimination, we have learned that one size does not fit all when engaging with investors. Therefore, we tailor these engagements to meet the needs and expectations of our institutional investors, fixed-income investors, analysts and rating agencies, as well as retail shareholders:

- **Lead Independent Director engagement with key investors.** Our Lead Independent Director, Bruce Carnegie-Brown, keeps regular contact with investors in Europe and North America,

particularly in the months prior to the annual general meeting. He gathers their insights and gauges their concerns, especially regarding our corporate governance, which are duly considered by nomination committee. In 2022 and early 2023, he met with 28 investors, who accounted for approximately 30% of our share capital. In our annual board assessment, board members highly value Mr Carnegie-Brown's role in integrating new international best practices in corporate governance, fostering tailored relations with our institutional investors. The nomination committee is informed about the feedback received from investors, as the board's committee specialized in corporate governance.

- **Investor roadshows.** Our Investor Relations team keeps in constant contact with institutional investors and analysts to promote constructive dialogue on shareholder value, better governance and remuneration schemes, and sustainability.

In 2022, Shareholder and Investor Relations engaged 862 times (both in person and virtually) with 527 institutional investors from 155 locations. 73 of those meetings focused on environmental, social and governance topics. It engaged with 40% of the share capital, which is over 56% of the capital held by institutional investors.

We issued over 650 communications to increase dialogue and transparency with shareholders and investors about our performance, results and Banco Santander's shares.

- **Interaction with retail shareholders.** We offer special means of communication for retail shareholders, regardless of their stake. In 2022, the Shareholder and Investor Relations organized 201 events with retail shareholders (63 virtually; 137 in-person; and one in hybrid format). 7,589 people, accounting for 412,457,915 shares (5.20% of our retail shareholders' capital in Spain), attended. Shareholders engaged with the Chief Financial Officer (CFO) at several of these events.

The team also responded to 163,761 queries received via our shareholder and investor helplines, mailboxes, WhatsApp and bilateral meetings on the Virtual Attention Channel. Satisfaction surveys revealed 91% would recommend our customer service.

Lastly, we received 276,198 shareholder and investor opinions through quality surveys and studies.

Communication with proxy advisors and other analysts

We have always recognized the value our investors place on open and proactive dialogue with proxy advisors, ESG analysts and other influential entities. We make sure they understand our corporate governance, responsible banking and sustainability priorities and messages in order to convey them properly to investors.

In 2022, through our continuous engagement with the main proxy advisers, we duly reported on and explained proposed resolutions submitted to the 2022 AGM so they could make voting recommendations.

Corporate website

Our corporate website enables us to communicate effectively with all our shareholders and stakeholders worldwide. Its

design means we can be transparent and helps users get quality information about Santander.

As required by law, it has information on corporate governance. In particular, (i) Banco Santander's key internal regulations (Bylaws, Rules and regulations of the board, Rules and regulations of the general meeting, etc.), (ii) the board of directors and its committees, as well as directors' skills and professional biographies, and (iii) all the information related to general meetings.

Our information on corporate governance can be found at <https://www.santander.com/en/shareholders-and-investors/corporate-governance> (address included for reference purposes only). The content of our corporate website is not included in this annual report nor considered part of it.

Other channels

We have an app (Santander Accionistas e Inversores) for Android and iOS with vast insight into the Group so all shareholders and investors can stay well informed.

We also post information about Banco Santander regularly on our official Twitter and LinkedIn accounts.

3.2 Shareholder rights

Our Bylaws provide for one share class only (ordinary shares, which grant all shareholders the same rights). Each Banco Santander share entitles holders to one vote.

Banco Santander's Bylaws do not dictate a voting cap and fully conform to the notion of one share, one vote, and one dividend.

This section highlights certain key rights our shareholders have.

No restrictions on voting rights and free shares transfers in our Bylaws

The law and our Bylaws only place restrictions on voting rights when shareholders violate regulations.

There are no non-voting or multiple-voting shares; shares that give preferential treatment in dividend payouts; shares limiting the number of votes a single shareholder can cast; or *quorum* requirements or qualified majorities other than those the law dictates.

Neither our Bylaws nor any laws or regulations restrict the transferability of shares. Our Bylaws also do not restrict voting rights (unless acquired in violation the law or regulations).

Furthermore, our Bylaws do not include any neutralization provisions as defined in the Spanish Securities Market Act which would apply in tender offers or takeover bids.

Please note that the shareholders' agreement mentioned in section [2.4 'Shareholders' agreements'](#) contains transfer and voting restrictions on shares that are subject to it.

Legal and regulatory restrictions on the acquisition of significant holdings

Banco Santander is subject to legal and regulatory provisions because banking is a regulated sector. Thus, the acquisition of significant holdings or influence is subject to regulatory approval or non-objection. As Banco Santander is a listed

company, cases aimed at acquiring control over it and/or any other lawful scenarios must come through a tender offer or takeover bid for its shares.

The acquisition of significant ownership interests is regulated mainly by:

- Regulation (EU) 1024/2013 of the Council of 15 October 2013, conferring specific tasks on the ECB relating to the prudential supervision of credit institutions.
- Spanish Securities Market Act.
- Act 10/2014 (articles 16 to 23) and its implementing regulation, Spanish Royal Decree 84/2015, of 13 February (articles 23 to 28).

The acquisition of a significant stake in Banco Santander may also require approval by other domestic and foreign regulators with supervisory powers over Banco Santander or its subsidiaries' operations, shares listings or other actions concerning such regulators or subsidiaries; and other authorities pursuant to foreign investment regulations (including those imposed due to covid) in Spain or other countries where we operate.

Shareholder participation at general meetings

All holders of shares found on record at least five days prior to the day of general meetings are entitled to attend. Banco Santander allows shareholders to exercise their rights to attend, delegate, vote and participate in general meetings using remote communications systems.

Shareholders can attend general meetings remotely. They can watch it through a live feed, vote, make remarks, propose resolutions and contact the notary public.

The electronic shareholders' forum, available on the corporate website at the time of the meeting, allows shareholders to add to the agenda items included in the notice of call, requests for support for their proposals, initiatives to reach the percentage required to exercise minority shareholder rights legally, and offers or requests to act as a voluntary proxy.

Supplement to the annual general meeting notice

Shareholders representing at least 3% of the share capital are able to request the publication of a supplement to the annual general meeting notice, adding one or more items to the agenda, with an explanation or substantiated proposal and any other relevant documents.

Shareholders representing at least 3% of the share capital may also propose reasoned resolutions on any matters that have been, or should be, added to the agenda of a called annual general meeting.

To exercise these rights, shareholders must send a certified notice to Banco Santander's registered office within five days after the annual general meeting announcement notice is posted.

Any shareholder, irrespective of its percentage of participation in the share capital, can also request that the meeting addresses the removal of directors or bringing corporate liability action against any of them, despite not being included in the agenda.

Right to information

From the time the general meeting notice is posted until the fifth day before the general meeting on first call, shareholders can submit written requests for information or clarification, or any written questions they deem relevant to the items on the meeting agenda. Within the same period, they can submit written requests for clarification about price-sensitive information Banco Santander has sent to the CNMV since the last general meeting or about auditor's reports. Banco Santander posts any information or answers it provides on the corporate website.

Shareholders may also exercise the right to information at the meeting. If it cannot be provided in the course of the meeting, or requests are made by shareholders attending remotely, it will be issued in writing within seven days after the general meeting.

Quorum and majorities for passing resolutions at general meeting

The *quorum* and majorities set out in our Bylaws and Rules and regulations for general meeting in order to hold a valid meeting and adopt corporate resolutions is according to Spanish law.

On first call, shareholders accounting for at least 25% of the subscribed share capital with voting rights must be in attendance (except for certain matters mentioned below) for the valid constitution of the general shareholders' meeting. If sufficient *quorum* is not reached, general meetings will be held on second call, which does not require a *quorum*.

In accordance with our Rules and regulations for general meetings, shareholders voting by remote means, cast by post or direct delivery or by electronic means, before the meeting are counted as present in order to determine the general meeting *quorum*.

With the exception of certain matters mentioned below, general meeting resolutions pass when shareholders in attendance or by proxy cast more votes in favour than against.

The *quorum* and majorities required to amend the Bylaws, issue shares and bonds, approve structural changes and vote on other significant resolutions permitted by law are set out below. Furthermore, laws applying to credit institutions dictate that, if over 50% of the share capital is present at a general meeting, a qualified two-thirds majority is required to raise the proportion of variable remuneration components to fixed components for executive directors and other top executives above 100% (up to 200%); otherwise, a three-quarters majority will be necessary.

Our Bylaws do not require shareholder approval at general meetings for decisions about acquiring core assets, selling them off or transferring them to another company, or similar corporate transactions, unless the law dictates otherwise.

Rules for amending our Bylaws

The general meeting is the competent body to approve any amendment to the Bylaws. However, only the board can decide to change the registered office within Spain.

The board or, as applicable, the shareholders who have drafted a proposed amendment to the Bylaws, must write it out in full and prepare a report justifying it; and provide them to

shareholders at the time the meeting to debate the proposed amendment is announced.

The general meeting notice must clearly state the items to be amended as well as the rights of all shareholders to examine the full text of proposed amendments and the related report at Banco Santander's registered office or to have them delivered free of charge.

If shareholders are convened to debate amendments to the Bylaws, the *quorum* on first call will be reached if 50% of the subscribed share capital with voting rights is present. If a sufficient *quorum* cannot be reached, the general meeting will be held on second call, where 25% of the subscribed share capital with voting rights must be present.

When less than 50% of the subscribed share capital with voting rights is present, resolutions on amendments to the Bylaws can only be validly adopted if two-thirds of shareholders attending the meeting in person or by proxy vote for them. However, when 50% or more of the subscribed share capital with voting rights is present, resolutions may pass by way of absolute majority.

Resolutions to amend the Bylaws that involve new obligations for shareholders must be accepted by those affected.

The Single Supervisory Mechanism (SSM) must authorize us to amend our Bylaws. However, amendments that are exempt from authorization but must still be reported to the SSM include changing the registered office within Spain, raising share capital, adding imperative or prohibitive laws or regulations to the Bylaws, changing the wording in order to comply with court or administrative rulings and any others the SSM has declared exempt due to a lack of materiality in response to prior consultations.

3.3 Dividends and shareholder remuneration

Distribution charged against 2022 results

For 2022, the board continued the policy of allocating approximately 40% of the Group's underlying profit to shareholder remuneration, split in approximately equal parts between cash dividends and share buybacks.

- **Interim remuneration.** On 27 September 2022 the board agreed to:
 - Pay an interim cash dividend of 5.83 euro cents per share entitled to receive dividends (equivalent to approximately 20% of the Group's underlying profit in H1'22), charged against 2022 results; it was paid on 2 November 2022.
 - Implement the First 2022 Buyback Programme worth approximately EUR 979 million (approximately 20% of the Group's underlying profit in H1'22). It was approved by the ECB on 17 November 2022 and ran from 22 November 2022 to 31 January 2023. Banco Santander bought back 340,406,572 shares, which was 2.03% of its share capital at that time (see '[First 2022 Buyback Programme](#)' in section 2.5). The First 2022 Buyback Programme aimed to reduce share capital by cancelling the shares that were acquired. Under the share capital reduction agreement approved at the 2022 AGM, on 1 February 2023 the board agreed to

reduce the share capital by EUR 170,203,286 (cancelling the 340,406, 572 shares acquired).

- **Final remuneration.** On 27 February 2023, pursuant to the 2022 shareholder remuneration policy, the board of directors decided to:
 - Submit a resolution at the 2023 AGM to approve a final cash dividend in the gross amount of 5.95 euro cents per share entitled to receive dividends. If approved at the 2023 AGM, the dividend would be payable from 2 May 2023.
 - Implement a Second 2022 Buyback Programme worth EUR 921 million, for which the appropriate regulatory authorization has already been obtained and that will be executed from 1 March 2023. For more details, see '[Second 2022 Buyback Programme](#)' in section 2.5.

Once the above mentioned actions are completed, the shareholder remuneration for 2022 will have been EUR 3,842 million (approximately 40% of the underlying profit in 2022) split in approximately equal parts in cash dividends (EUR 1,942 million) and share buybacks (EUR 1,900 million). These amounts have been estimated assuming that, after the execution of the Second 2022 Buyback Programme, the number of outstanding shares entitled to receive the final dividend will be 16,190,866,119. Therefore, the total dividend will be higher if fewer shares than planned are acquired in the buyback programme and will be lower in the opposite scenario.

Shareholder remuneration policy for 2023 results

The shareholder remuneration policy the board has approved for the 2023 results is to pay out a shareholder remuneration of approximately 50% of the Group reported profit (excluding non-cash, non-capital ratios impact items), distributed in approximately 50% in cash dividend and 50% in share buybacks.

The execution of the shareholder remuneration policy is subject to future corporate and regulatory approvals.

3.4 2022 AGM

We held our annual general meeting on 1 April 2022, on second call, both in person and by electronic means.

Quorum and attendance

The *quorum* (among shareholders present and represented) was 68.776%, which was a historical high *quorum*, surpassing the record-breaking attendance *quorum* achieved at the general meeting in 2019.

Quorum breakdown

Present	3.368 %
In person and virtual attendance	0.712 %
Remote voting	
Cast by post or direct delivery	0.574 %
By electronic means	2.082 %
Represented	65.408 %
Cast by post or direct delivery	7.505 %
By electronic means	57.903 %
Total	68.776 %

Voting results and resolutions

All items on the agenda were approved. Votes in favour of the board's proposals averaged 98.40%. 99.71% of votes approved the corporate management for 2021 and 93.93% of the votes approved the directors' remuneration policy for years 2022, 2023 and 2024. None of the agenda items listed in the notice convening the meeting received less than 88.00% of votes in favour.

The following chart summarizes the resolutions approved and voting results:

	VOTES ^A				Quorum ^D
	For ^B	Against ^B	Blank ^C	Abstention ^C	
1. Annual accounts and corporate management					
1A. Annual accounts and directors' reports for 2021	99.73	0.27	0.06	2.77	68.78
1B. Consolidated statement of non-financial statements for 2021	99.71	0.29	0.06	2.75	68.78
1C. Corporate management 2022	99.71	0.29	0.07	2.97	68.78
2. Application of results	99.66	0.34	0.06	2.76	68.78
3. Appointment, re-election or ratification of directors					
3A. Setting of the number of directors	99.63	0.37	0.08	2.78	68.78
3B. Appointment of Mr Germán de la Fuente	99.60	0.40	0.08	2.81	68.78
3C. Re-election of Mr Henrique de Castro	99.51	0.49	0.08	2.80	68.78
3D. Re-election of Mr José Antonio Álvarez	99.58	0.42	0.07	2.82	68.78
3E. Re-election of Ms Belén Romana	99.52	0.48	0.07	2.80	68.78
3F. Re-election of Mr Luis Isasi	97.09	2.91	0.07	2.82	68.78
3G. Re-election of Mr Sergio Rial	98.32	1.68	0.07	2.81	68.78
4. Re-election of the external auditor for financial year 2022	99.67	0.33	0.06	2.81	68.78
5. Amendment of the Bylaws					
5A. Relating to the form and the transfer of the shares	99.63	0.37	0.06	2.80	68.78
5B. Relating to the capital reduction	99.64	0.36	0.06	2.76	68.78
5C. Relating to the issuance of other securities	99.61	0.39	0.07	2.83	68.78
5D. Relating to right to attend the meeting	96.61	3.39	0.07	2.79	68.78
5E. Relating to the secretary of the board and the presiding committee of the general shareholders' meeting	99.66	0.34	0.07	2.82	68.78
5F. Relating to the executive chair	99.64	0.36	0.07	2.81	68.78
5G. Relating to the audit committee	99.69	0.31	0.07	2.80	68.78
5H. Relating to remuneration matters	99.52	0.48	0.07	2.81	68.78
5I. Delegation to the prior authorisation for the payment of dividends other than in cash or own funds instruments	99.63	0.37	0.06	2.76	68.78
6. Amendment of the Rules and regulations of the general meeting					
6A. Relating to the information available as of the date of the call to meeting	99.71	0.29	0.06	2.80	68.78
6B. Relating to the presiding committee of the general shareholders' meeting	99.70	0.30	0.07	2.81	68.78
6C. Relating to remote attendance at the meeting by electronic means	90.35	9.65	0.06	2.78	68.78
6D. Relating to presentations	98.58	1.42	0.08	2.81	68.78
7. Share capital					
7A. Authorisation to the board of directors to increase the share capital on one or more occasions and at any time, within a period of 3 years, by means of cash contributions and by a maximum nominal amount of € 4,335,160,325.50	95.62	4.38	0.05	2.78	68.78
7B. Reduction in share capital in the amount of € 129,965,136.50, through the cancellation of 259,930,273 own shares	99.63	0.37	0.05	2.74	68.78
7C. Reduction in share capital in the maximum amount of € 865,000,000, through the cancellation of a maximum of 1,730,000,000 own shares	99.54	0.46	0.05	2.72	68.78
7D. Reduction in share capital in the maximum amount of € 867,032,065, equivalent to 10% of the share capital, through the cancellation of a maximum of 1,734,064,130 own shares	99.59	0.41	0.05	2.72	68.78
8. Remuneration					
8A. Directors' remuneration policy	93.83	6.17	0.06	2.83	68.78
8B. Maximum total annual remuneration of directors in their capacity as directors	98.17	1.83	0.06	2.78	68.78
8C. Maximum ratio of fixed and variable components in executive directors' total remuneration	98.74	1.26	0.06	2.79	68.78
8D. Deferred multiyear objectives variable remuneration plan	97.14	2.86	0.06	3.84	68.78
8E. Application of the Group's buy-out regulations.	98.65	1.35	0.08	2.89	68.78
8F. Annual directors' remuneration report (consultative vote).	88.01	11.99	0.06	2.82	68.78
9. Authorization to implement the resolutions approved	99.68	0.32	0.06	2.76	68.78
10. Corporate action to demand director liability ^E	0.00	100.00	0.00	0.04	66.12
11 to 25. Dismissal and removal of directors ^F	0.00	100.00	0.00	0.04	66.12

A. Each Banco Santander share grants one vote.

B. Percentage of votes for and against.

C. Percentage of share capital present and attending by proxy at the 2022 AGM.

D. Percentage of Banco Santander's share capital on the date of the 2022 AGM.

E. Item not included on the agenda.

F. Items 11 to 25 (not included on the agenda) were put to a separate vote. Each item refers to the proposal to dismiss and remove each acting director at the 2022 AGM.

The full texts of the resolutions passed at the 2022 AGM can be found on our corporate website and on the CNMV's website, as they were filed as other relevant information on 1 April 2022.

3.5 Our next AGM in 2023

The board of directors agreed to call the 2023 AGM on 30 March on first call or on 31 March on second call, proposing these resolutions:

- **Annual accounts and corporate management.** To approve:
 - The annual accounts and the directors' reports of Banco Santander and its consolidated Group for the financial year ended on 31 December 2022. For more details, see ['Consolidated financial statements'](#).
 - The consolidated non-financial statement for the financial year ended on 31 December 2022 that is part of this consolidated directors' report. See the ['Responsible banking'](#) chapter.
 - The corporate management for the financial year 2022.
- **The application of results obtained during financial year 2022.** See section [3.3 'Dividends and shareholder remuneration'](#).
- **Appointment of directors.**
 - Setting the number of directors at 15, within the maximum and minimum limits stated in the Bylaws.
 - Ratification and reelection of Héctor Grisi as executive board member and of Glenn Hutchins as an independent director (see section [1.1 'Board skills and diversity'](#)) and re-electing Pamela Walkden, Ana Botín, Sol Daurella, Gina Díez Barroso and Homaira Akbari for a three-year period. See section [4.1 'Our directors'](#).
- **External auditor.** Re-electing the firm PricewaterhouseCoopers Auditores, S.L. as auditor for financial year 2023. See ['External auditor'](#) in section 4.5.
- **Authority to acquire treasury shares.** To authorize the board of directors to acquire treasury shares, expressly including the possibility of executing share buyback programmes. See section [2.5 'Treasury shares'](#) and section [3.3 'Dividends and shareholder remuneration'](#).
- **Authority to issue convertible securities.** To delegate the board of directors the authority to issue fixed-income securities, preferred interests or debt instruments of a similar nature (including warrants) that are convertible into shares. See section [2.1 'Share capital'](#).
- **Share capital reduction** for these purposes:
 - Cancelling a maximum of 1,514,451,957 treasury shares purchased under the Second 2022 Buyback Programme.
 - Cancelling a maximum of 1,645,399,501 treasury shares acquired through one or more share buyback programmes or by other legally permitted means, whereby the board of directors will be authorized to cancel them on one or several occasions in a maximum timescale of one year or by the date of the next annual general meeting.
- **Remuneration policy.** To approve the director remuneration policy for 2023, 2024 and 2025. For more details, see section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Director remuneration.** To approve directors' fixed annual remuneration. See section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Variable remuneration.** To approve a maximum ratio of 200% of variable components to fixed components of total remuneration for executive directors and certain employees belonging to professional categories that have a material impact on the Group's risk profile. For more details, see section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Remuneration plans for executive directors.** To approve remuneration plans for executive directors that involve the delivery of shares or share options or are share-value based. For more details, see section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Annual directors' remuneration report.** Holding a non-binding vote on the annual directors' remuneration report. For more details, see section [6. 'Remuneration'](#).

The related documents and information are available for consultation on our corporate website on the date the meeting notice is published. We will also broadcast our 2023 AGM live, as it was done for the 2022 AGM.

Since attendance at general meetings is not paid, a general policy in this regard is not necessary. However, Banco Santander offers shareholders that participate in our general meeting a commemorative courtesy gift, as has been tradition for decades.

See section [2.5 'Treasury shares'](#).

4. Board of directors

A balanced and diverse board

- 15 directors: 13 non-executive and 2 executive
- Majority independent directors (66.67%)
- Balanced presence of women and men (40%-60%)

Effective governance

- Specialized committees advising the board
- The responsible banking, sustainability and culture committee evidences the board's commitment to this matter
- Complementary functions and effective controls: Executive Chair, CEO and Lead Independent Director



- | | | | | | | | |
|---|---|--|---|--|---|---|--|
| 1 Sol Daurella
Member
Non-executive director
(independent)
■ ■ ■ ★ | 2 Homaira Akbari
Member
Non-executive director
(independent)
● ▲ ★ | 3 José Antonio Álvarez
Vice chair
Non-executive director
● ▲ | 4 Héctor Grisi
CEO
Executive director
● ▲ | 5 Ana Botín
Executive Chair
Executive director
● P ▲ P | 6 Bruce Carnegie-Brown
Vice Chair and Lead Independent Director
Non-executive director
(independent)
● ■ P ■ ▲ | 7 Belén Romana
Member
Non-executive director
(independent)
● ● ▲ P ▲ ★ | 8 Jaime Pérez Renovales
General secretary and secretary of the board |
| 9 Javier Botín
Member
Non-executive director | 10 Ramiro Mato
Member
Non-executive director
(independent)
● ● ▲ ★ P | 11 Henrique de Castro
Member
Non-executive director
(independent)
● ■ ▲ | 12 Gina Díez Barroso
Member
Non-executive director
(independent)
■ ★ | 13 Luis Isasi
Member
Non-executive director
● ■ ▲ | 14 Pamela Walkden
Member
Non-executive director
(independent)
● P ▲ | 15 Germán de la Fuente
Member
Non-executive director
(independent)
● ▲ | 16 Glenn Hutchins
Member
Non-executive director
(independent)
■ ■ ▲ |

- Executive committee
- Audit committee
- Nomination committee
- Remuneration committee

- ▲ Risk supervision, regulation and compliance committee
- ▲ Innovation and technology committee
- ★ Responsible banking, sustainability and culture committee

P Chair of the committee



4.1 Our directors



Ana
Botín-Sanz de Sautuola y O'Shea
GROUP EXECUTIVE CHAIR
Executive director

Ms Botín joined the board in 1989.

Nationality: Spanish. Born in 1960 in Santander, Spain.

Education: Degree in Economics from Bryn Mawr College of Pennsylvania.

Experience: Ms Botín joined Banco Santander, S.A. after working at JP Morgan (New York, 1980-1988). In 1992, she was appointed senior executive vice-president. Between 1992 and 1998, she led Santander's expansion into Latin America. In 2002, she was appointed Executive Chair of Banesto. Between 2010 and 2014, she was Chief Executive Officer of Santander UK PLC and was a non-executive director until April 2021. In 2014 she was appointed Executive Chair of Santander. She was also a non-executive director of Santander UK Group Holdings PLC (2014-2021) and Chair of the European Banking Federation from 2021 to February 2023.

Other positions of note: Ms Botín is a member of the board of directors of The Coca-Cola Company and Chair of the Institute of International Finance (IIF). She is also founder and Chair of the CyD Foundation (which supports higher education) and the Empieza por Educar Foundation (the Spanish subsidiary of international NGO Teach for All), and sits on the advisory board of the Massachusetts Institute of Technology (MIT).

Positions in other Group companies: Ms Botín is a Chair of PagoNxt, S.L, Universia España Red de Universidades, S.A. and Universia Holding, S.L; and a non-executive director of Santander Holding USA, Inc., Santander Bank, N.A.

Membership of board committees: Executive committee (Chair) and innovation and technology committee (Chair).

Skills and competencies: She has extensive international experience in top executive roles in banking. She has also led Grupo Santander's strategic and cultural transformation, and her philanthropy underscores her ongoing commitment to sustainable and inclusive growth.



Héctor
Grisi Checa
CHIEF EXECUTIVE OFFICER
Executive director

Mr Grisi joined the board in 2023.

Nationality: Mexican. Born in 1966 in Mexico City, Mexico.

Education: Degree in finance from the Universidad Iberoamericana of Mexico City.

Experience: Mr Grisi joined the Group in 2015 as Executive Chair and Chief Executive Officer of Santander México and Grupo Financiero Santander México, and in 2019, he was additionally named Regional Head for North America, whose primary markets are Mexico and the US. Before joining Santander, he had spent 18 years at Crédit Suisse in several leadership roles, including head of investment banking for Mexico, Central America and the Caribbean, as well as Executive Chair and Chief Executive Officer of Crédit Suisse México. He also managed corporate and investment banking at Grupo Financiero Invermexico and at Casa de Bolsa Inverlat. From 2011 to 2014, Mr Grisi was Vice Chair of Asociación de Bancos de México.

Other positions of note: Mr Grisi is a non-executive Chair of Cogrimex, S.A. de C.V.

Positions in other Group companies: Mr Grisi is a non-executive director of Grupo Financiero Santander México, S.A. de C.V. and PagoNxt, S.L.

Membership of board committees: Executive committee and innovation and technology committee.

Skills and competencies: Mr Grisi has gained vast experience and unique strategic vision from his many years of executive service at several banking and financial institutions. He is well-versed in Grupo Santander's businesses and global strategy, especially in relation to Mexico and the US, two key markets. He brings to the board diversity and a strong, international track record of management, leadership, business transformation and connectivity between the Group's markets.



**Bruce
Carnegie-Brown**

VICE CHAIR & LEAD INDEPENDENT DIRECTOR
Non-executive director (independent)

Joined the board in 2015.

Nationality: British. Born in 1959 in Freetown, Sierra Leone.

Education: Master of Arts in English Language and Literature from the University of Oxford.

Experience: Mr Carnegie-Brown was non-executive Chair of Moneysupermarket.com Group PLC (2014-2019), a non-executive director of Jardine Lloyd Thompson Group PLC (2016-2017), Santander UK plc and Santander UK Group Holdings PLC (2019-2021) and non-executive Chair of Aon UK Ltd (2012-2015). He was the founder and managing partner of the quoted private equity division of 3i Group PLC, and Chair and CEO of Marsh Europe, S.A. He was also Lead Independent Director at Close Brothers Group PLC (2006-2014) and Catlin Group Ltd (2010-2014). He previously worked at JP Morgan Chase for 18 years and Bank of America for four years.

Other positions of note: Mr Carnegie-Brown is the non-executive Chair of Lloyd's of London and of Cuvva Limited, a member of the investment committee of Gresham House PLC, Chair of Marylebone Cricket Club (MCC) and of TheCityUK leadership council.

Membership of board committees: Executive committee, nomination committee (Chair), remuneration committee (Chair) and innovation and technology committee.

Skills and competencies: Mr Carnegie-Brown has a lengthy background in banking (particularly investment banking) and considerable expertise in insurance. He also possesses significant international experience in top management positions in Europe (UK), the Middle East and Asia. His top-management insight provides the board with know-how in regard to remuneration, appointments and risk. As Lead Independent Director, he has also gained an excellent understanding of investors' expectations, as well as managing relations with them and financial entities.



**José Antonio
Álvarez Álvarez**

VICE CHAIR
Non-executive director ()*

Mr Álvarez joined the board in 2015.

Nationality: Spanish. Born in 1960 in León, Spain.

Education: Degree in Economics and Business Administration. MBA from the University of Chicago.

Experience: Mr Álvarez joined Santander in 2002, was appointed senior executive vice president of the Financial Management and Investor Relations division in 2004 (Group Chief Financial Officer) and was CEO of Group from 2015 to 2022. He served as director at SAM Investments Holdings Limited, Santander Consumer Finance, S.A. and Santander Holdings US, Inc. He also sat on the supervisory boards of Santander Consumer Bank AG, Santander Consumer Holding GmbH and Santander Bank Polska, S.A. He was a board member of Bolsas y Mercados Españoles, S.A.

Positions in other Group companies: Mr Álvarez is a non-executive director of Banco Santander (Brasil) S.A. and PagoNxt, S.L.

Membership of board committees: Executive committee and innovation and technology committee.

Skills and competencies: Mr Álvarez is a highly qualified and talented leader with a distinguished career in banking. He brings significant strategic and international management expertise, in particular financial planning, asset management and consumer finance. He has vast experience and an established reputation with such key stakeholders as regulators and investors.

(*) Until 31 December 2022 executive director. See '[Other external directors](#)' in section 4.2.



**Homaira
Akbari**

Non-executive director (independent)

Ms Akbari joined the board in 2016.

Nationality: American and French. Born in 1961 in Tehran, Iran.

Education: PhD in Experimental Particle Physics from Tufts University of Massachusetts and MBA from Carnegie Mellon University.

Experience: Ms Akbari was a non-executive director of Gemalto NV and Veolia Environment, S.A. She was Chair and CEO of SkyBitz, Inc., managing director of TruePosition Inc. and a non-executive director of Covisint Corporation and US Pack Logistics LLC. She has also held various posts at Microsoft Corporation and Thales Group and was non-executive Chair of WorkFusion, Inc.

Other positions of note: Ms Akbari is CEO of AKnowledge Partners, LLC and an independent director of Landstar System, Inc. and Temenos, AG. She is also a trustee of the French Institute Alliance Française.

Positions in other Group companies: Ms Akbari is a non-executive director of Santander Consumer USA Holdings Inc. and PagoNxt, S.L.

Membership of board committees: Audit committee, innovation and technology committee and responsible banking, sustainability and culture committee.

Skills and competencies: Ms Akbari brings significant executive experience from technology companies. Her knowledge about digital transformation challenges is an asset to the board. She also has extensive experience in diverse regions and knowledge of water, energy and waste management and treatment, which are of particular value to the Group's sustainability policy.



**Javier
Botín-Sanz de Sautuola y O'Shea**

Non-executive director

Mr Botin joined the board in 2004.

Nationality: Spanish. Born in 1973 in Santander, Spain.

Education: Degree in Law from the Complutense University of Madrid.

Experience: Mr Botín founded JB Capital Markets, Sociedad de Valores, S.A.U. in 2008 and has been its Executive Chair ever since. He was co-founder and executive director of the equities division of M&B Capital Advisers, S.V., S.A. (2000-2008). Previously, he had been a legal adviser within the International legal department of Banco Santander, S.A. (1998-1999).

Other positions of note: In addition to the financial sector, Mr Botin works with several not-for-profit organizations. He has been Chair of the Botín Foundation since 2014 and is also a trustee of the Princess of Girona Foundation.

Skills and competencies: Mr Botín brings international and managerial expertise to the board, particularly in finance and banking. He also brings a deep understanding of Grupo Santander, its operations and its strategy from his tenure as a non-executive director.



**Sol
Daurella Comadrán**

Non-executive director (independent)

Ms Daurella joined the board in 2015.

Nationality: Spanish. Born in 1966 in Barcelona, Spain.

Education: Degree in Business and MBA from ESADE.

Experience: Ms Daurella Comadrán served on the board of the Círculo de Economía of Barcelona and was an independent non-executive director at Banco Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A. She was also Consul General of Iceland in Barcelona (1992-2021).

Other positions of note: Ms Daurella is Chair of Coca-Cola Europacific Partners PLC and Executive Chair of Olive Partners S.A. She also holds several roles at Cobega Group companies and is Chair of the board of trustees of the FERO Oncology Research Foundation and Vice Chair of Instituto de la Empresa Familiar.

Membership of board committees: Nomination committee, remuneration committee, and responsible banking, sustainability and culture committee.

Skills and competencies: Ms Daurella brings to the board excellent strategy and high-level management skills from her international top-executive experience at listed and large privately-held entities, particularly distributors. She has vast knowledge of corporate governance as the former Chair of several boards. She also possesses audit experience, having served on several audit committees. In addition, as a trustee at various health, education and environmental foundations, she provides responsible business and sustainability insight to the board.



**Henrique
de Castro**

Non-executive director (independent)

Joined the board in 2019.

Nationality: Portuguese. Born in 1965 in Lisbon, Portugal.

Education: Degree in Business Administration from the Lisbon School of Economics & Management and MBA from the University of Lausanne .

Experience: Mr de Castro was Chief Operating Officer at Yahoo. Previously, he had been the manager of worldwide devices, media and platforms at Google, European sales and business development manager at Dell Inc. and a consultant at McKinsey & Company. He has also been an independent director at First Data Corporation.

Other positions of note: Mr de Castro is an independent director of Fiserv Inc.

Positions in other Group companies: Mr de Castro is a non-executive director of PagoNxt, S.L.

Membership of board committees: Audit committee, remuneration committee, and innovation and technology committee.

Skills and competencies: Due to his executive roles at the world's top technology companies, he brings to the board valuable international experience in technological and digital strategy.



**Germán
de la Fuente Escamilla**

Non-executive director (independent)

Mr de la Fuente joined the board in 2022.

Nationality: Spanish. Born in 1964 in Madrid, Spain.

Education: Degree in Economics and Business Administration with a diploma in auditing from the Complutense University of Madrid.

Experience: Mr de la Fuente has developed his professional career at Deloitte, where he has been managing partner of Audit & Assurance in Spain since 2007 and Chair and CEO of Deloitte, S.L. from 2017 until March 2022. He was also a member of the global board of directors of the firm from 2012 to 2016 and of the global audit and risk services committee until June 2021. He has been involved in auditing major Spanish companies and in multiple consulting and advisory projects.

Membership of board committees: Audit committee and risk supervision, regulation and compliance committee.

Skills and competencies: Mr de la Fuente brings extensive experience in the auditing industry and sound knowledge in auditing, accounting and internal and risk control, as well as in the banking sector.



**Gina
Díez Barroso Azcárraga**

Non-executive director (independent)

Ms Díez joined the board in 2020.

Nationality: Mexican. Born in 1955 in Mexico City, Mexico.

Education: Degree in Design from Centro de Diseño of Mexico City.

Experience: Ms Díez Barroso until April 2020, she was an independent director of Banco Santander México, S.A. and several Grupo Santander companies in Mexico. She has been member of the board of directors of Americas Society and Council of the Americas, Laurel Strategies and Qualitas of Life Foundation. She was also a founder and a trustee of the Pro-Educación Centro and Diarq foundations.

Other positions of note: Ms Díez Barroso is the founder and non-executive Chair of Grupo Diarq, S.A. de C.V. and Centro de Diseño y Comunicación, S.C. (Universidad Centro). In addition, she is a non-executive director of Bolsa Mexicana de Valores (BMV) and Dalia Women, S.A.P.I de C.V. (Dalia Empower), member of Comité de 200 (C200) and represents Mexico at the W20, the G20 women's initiative.

Positions in other Group companies: Ms Díez Barroso is a non-executive director of Universia México, S.A. de C.V.

Membership of board committees: Nomination committee and responsible banking, sustainability and culture committee.

Skills and competencies: Ms Díez Barroso brings to the board vast experience in the real estate and education sectors, and has extensive knowledge of responsible business and sustainability as a result of having been a charter member and trustee of foundations that focus on education, gender diversity and social support.



**Glenn Hogan
Hutchins**

Non-executive director (independent)

Mr Hutchins joined the board in 2022.

Nationality: American. Born in 1955 in Virginia, US.

Education: Graduated with a AB, MBA and JD from Harvard University.

Experience: Mr Hutchins co-founded US technology and investment firm, Silver Lake, where he was CEO until 2011. Prior, Mr Hutchins had been a senior managing director at The Blackstone Group (1994-1999) and Thomas H. Lee Co. (1985-1994), and a consultant at Boston Consulting Group. He has also served on the boards of SunGard Data Systems (Chair, 2005-2015), NASDAQ (2005-2017) and Virtu Financial (2017-2021). He served as a director and Chair of the audit and risk committee of the Federal Reserve Bank of New York from 2011 to 2021. Additionally, he served on the board of the Harvard Management Company, which manages Harvard University's endowment. Furthermore, Mr Hutchins worked with President Clinton in the transition of power and the White House as special advisor on economic and healthcare policy.

Other positions of note: Mr Hutchins is non-executive Chair of investment firm North Island Ventures and an independent director of AT&T. He is a member of the international advisory board and investment board of Singapore's Government Investment Corporation (GIC), co-Chair of the Brookings Institution, Chair of CARE, and Vice Chair of the Obama Foundation. He also serves on the executive committee of the Boston Celtics Basketball Team.

Membership of board committees: Nomination committee, remuneration committee, and innovation and technology committee.

Skills and competencies: Mr Hutchins, as a long-time investor in technology and fintech companies, has expertise in financial markets and is well-known among investors and stakeholders. He brings to the board his acumen in technology, telecommunications, innovation, finance and investment as well as extensive knowledge of financial regulation as a result of his leadership roles in government, especially with financial regulators and supervisors. He works closely with not-for-profit entities committed to fighting poverty, designing effective public policy and promoting social justice.



Luis

Isasi Fernández de Bobadilla

Non-executive director ()*

Mr Isasi joined the board in 2020.

Nationality: Spanish. Born in 1956 in Jerez de la Frontera, Spain.

Education: Degree in Economics and Business Administration and MBA from Columbia Business School.

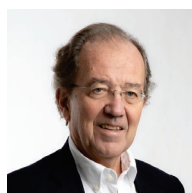
Experience: Mr Isasi began his career at Abengoa, before holding various executive positions at JP Morgan in New York and First National Bank of Chicago in London. In 1987, he joined Morgan Stanley as managing director of investment banking for Europe and, from 1997 to February 2020, was Chair and country head for Spain. He is now a senior adviser there. He has also been director of Madrileña Red de Gas, S.A. and Sociedad Rectora de la Bolsa de Madrid, S.A., as well as an independent director of Grifols, S.A.

Other positions of note: Mr Isasi is a non-executive Chair of Santander España and an independent director of Compañía de Distribución Integral Logista Holdings, S.A. (Logista).

Membership of board committees: Executive committee, remuneration committee, and risk supervision, regulation and compliance committee.

Skills and competencies: Mr Isasi has vast experience in a wide range of sectors and international markets (in particular, finance and investment banking) as well as a strong institutional network within Spain.

(*) In the opinion of nomination committee and board of directors, Mr Isasi meets the requirements to be considered independent, despite being categorized as other external based on a standard of prudence. For more information, see subsection [Other external directors](#), section 4.2.

**Ramiro****Mato García-Ansorena***Non-executive director (independent)*

Mr Mato joined the board in 2017.

Nationality: Spanish. Born in 1952 in Madrid, Spain.

Education: Degree in Economics from the Complutense University of Madrid and graduate of Harvard University's Management Development Programme.

Experience: Mr Mato held several roles in Banque BNP Paribas, including Chair of BNP Paribas Group in Spain. Previously, he had held several top roles in Argentaria. He sat on the board of the Spanish Banking Association (AEB, representing Banque BNP Paribas) and Bolsas y Mercados Españoles, S.A. He has also been a member of the board of trustees of Fundación Española de Banca para Estudios Financieros (FEBEF).

Other positions of note: Mr Mato is Chair of Ansorena, S.A., senior advisor of ACON Southern Europe Advisory, S.L. and Vice Chair of the board of trustees of Fundación Esperanza y Alegría.

Membership of board committees: Executive committee, audit committee, risk supervision, regulation and compliance committee, and responsible banking, sustainability and culture committee (Chair).

Skills and competencies: Mr Mato has had an extensive professional career in banking and capital market sectors. He has held senior executive and non-executive roles and brings considerable expertise in top management, audit, risk and strategy, mainly within the financial sector. He has also been active on the boards of trustees of several foundations to promote education.

**Belén****Romana García***Non-executive director (independent)*

Belén Romana joined the board in 2015.

Nationality: Spanish. Born in 1965 in Madrid, Spain.

Education: Degree in Economics and Business Administration from Universidad Autónoma de Madrid and State Economist.

Experience: Ms Romana was formerly senior executive vice-president of Economic Policy and director-general of the Treasury of the Spanish Ministry of Economy, and director at Banco de España and the CNMV. She was also a director at the Instituto de Crédito Oficial and other entities on behalf of the Ministry of Economy. She served as a non-executive director at Banesto and as Executive Chair of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB). She has also been non-executive director of Aviva PLC and Aviva Italia Holding S.p.A. She has also been co-Chair of the board of trustees of the Digital Future Society and advisory board member at Inetum and TribalData.

Other positions of note: Ms Romana is an independent director of SIX Group AG and its subsidiary Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.U. She is also the non-executive Chair of its other subsidiaries, SIX Digital Exchange AG and SDX Trading AG. Furthermore, she is an independent director of Werfen, S.A.; an advisory board member at Rafael del Pino Foundation; senior adviser to Artá Capital; and academic director of the IE Leadership & Foresight Hub Programme.

Membership of board committees: Executive committee, audit committee, risk supervision, regulation and compliance committee (Chair), innovation and technology committee, and responsible banking, sustainability and culture committee.

Skills and competencies: Given her background as a government economist and overall executive and non-executive experience in finance (particularly from serving on the audit committees of listed companies), Ms Romana is a recognised financial expert. Having held key positions in credit institutions and the regulatory and supervisory bodies of the financial industry and securities markets in Spain, she also provides strategic insights into banking, financial regulations and government relations in Spain and Europe.



**Pamela
Walkden**

Non-executive director (independent)

Mrs Walkden joined the board in 2019.

Nationality: British. Born in 1960 in Worcester, England.

Education: Master's Degree in Economics from Cambridge University.

Experience: Mrs Walkden has served in a number of senior management positions at Standard Chartered Bank, including as Group Head of Human Resources, Chief Risk Officer, Group Treasurer, Group Head of Asset and Liability Management and Regional Markets, Group Head of Internal Audit, Group Head of Corporate Affairs and Group Manager of Investor Relations. In addition, she served as an independent member of the UK Prudential Regulation Authority (PRA) Regulatory Reform Panel and as member of the European Banking Authority Stakeholder Group and was a lay member of the Welfare and Ethics Committee of the Royal Veterinary College.

Other positions of note: Mrs Walkden is a member of the advisory board of JD Haspel Limited.

Positions in other Group companies: Mrs Walkden is an independent non-executive director of Santander UK PLC and of Santander UK Group Holdings PLC.

Membership of board committees: Audit committee (Chair) and risk supervision, regulation and compliance committee.

Skills and competencies: Mrs Walkden is qualified as a financial expert, based on her broad, international experience in banking and auditing.



**Jaime
Pérez Renovales**

General secretary and secretary of the board

Jaime Pérez Renovales joined the Group in 2003.

Nationality: Spanish. Born in 1968 in Valladolid, Spain.

Education: Degree in Law and Business Administration from Universidad Pontificia Comillas (ICADE E-3) and state attorney.

Experience: Jaime Pérez Renovales was director of the office of the second deputy prime minister for Economic Affairs and Minister of Economy, deputy secretary to the Spanish Prime Minister, Chair of the *Spanish State Official Gazette* and the committee for Government Reform. Previously, he had been vice general counsel and vice secretary of the board. He was also head of Grupo Santander's legal department, general counsel and secretary of the board at Banesto and deputy director of legal services at the CNMV. He is the Banco Santander representative on the board of trustees of the Princess of Asturias Foundation and is a member of the jury for its award for Social Sciences. He is Chair of the ICADE Business Club and member of the board of trustees of the Fundación Universitaria Comillas-I.C.A.I.

Jaime Pérez Renovales is the secretary of all board committees.

4.2 Board composition

Size

As of 1 January 2023, the board of directors comprises the 15 members whose profile and background are described in section 4.1 'Our directors'. The Bylaws dictate it can have between 12 and 17 members.

Composition by director type

The board of directors has a balanced composition between executive and non-executive directors, most of whom are independent. Each director's status has been verified by the nomination committee and submitted to the board.

Executive directors

- Ana Botín, Group Executive Chair
- Héctor Grisi, Chief Executive Officer^A

Section 4.3 provides a detailed description of their respective roles and duties under 'Group Executive Chair and Chief Executive Officer'.

Independent directors

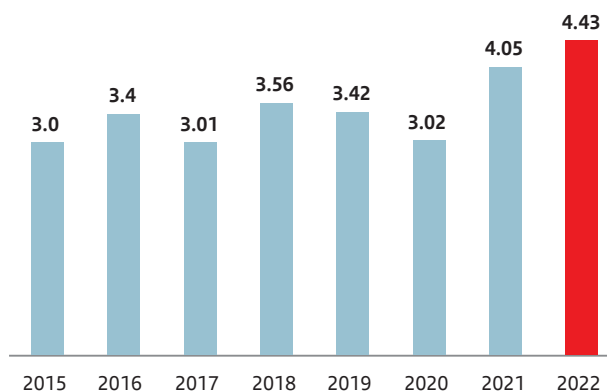
- Homaira Akbari
- Bruce Carnegie-Brown (Lead Independent Director)
- Sol Daurella
- Henrique de Castro
- Germán de la Fuente
- Gina Díez Barroso
- Glenn Hutchins
- Ramiro Mato
- Belén Romana
- Pamela Walkden

Every year, the nomination committee verifies the independence of the board members in this category and informs the board of its findings. It considers potentially significant business relations that could affect their independence and other pertinent circumstances. This analysis is described further in section 4.6 'Nomination committee activities in 2022' and in subsection C.1.3 in section 9.2 'Statistical information on corporate governance required by the CNMV'.

Independent non-executive directors account for 66.7% of board members. This conforms to best corporate governance practices as well as to the board's Rules and regulations, which require that the board be predominantly made up of non-executive directors with at least 50% independent directors.

At the end of 2022, the average term of independent non-executive directors was 4.43 years. See 'Board skills and diversity matrix' in this section 4.2. Likewise, see 'Tenure and equity ownership' chart also in section 4.2.

Term of independent directors



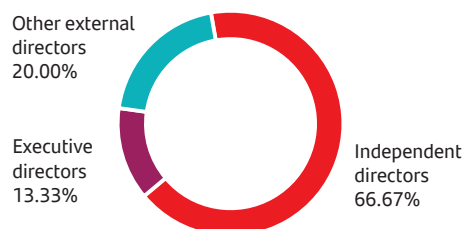
Other external directors

- José Antonio Álvarez
- Javier Botín
- Luis Isasi

These directors cannot be classified as independent directors:

- Mr Álvarez, because he has been the former CEO of Banco Santander until 31 December 2022.
- Mr Botín, because he has been director for over 12 years.
- Mr Isasi, because it is considered preferable to classify him as an external director under prudent criteria, although the nomination committee and the board believe he meets the requirements to be classed as an independent director, in view of his remuneration as non-executive chair of Santander España, his entitlements as a director and the special nature of this body as supervisor of a business unit without its own corporate identity separate to Banco Santander.

Our board composition



A. José Antonio Álvarez held the Chief Executive Officer position until 31 December 2022.

Tenure and equity ownership^A

Board of directors		Tenure			Banco Santander shareholding ^D				
		Date of first appointment ^B	Date of last appointment	End date ^C	Direct	Indirect	Shares represented	Total	% of share capital
Executive Chair	Ana Botín	04/02/1989	03/04/2020	03/04/2023	1,150,433	30,849,567		32,000,000	0.191%
Chief Executive Officer	Héctor Grisi	20/12/2022	20/12/2022	20/12/2025	551,064			551,064	0.003%
Vice Chair and Lead Independent Director	Bruce Carnegie-Brown	25/11/2014	26/03/2021	26/03/2024	59,940			59,940	0.000%
Vice Chair	José Antonio Álvarez	25/11/2014	12/04/2019	12/04/2022	2,288,410			2,288,410	0.014%
	Homaira Akbari	27/09/2016	26/03/2021	26/03/2024	67,826	100,913		168,739	0.001%
	Javier Botín	25/07/2004	26/03/2021	26/03/2024	5,502,083	19,471,101	155,904,169 ^E	180,877,353	1.077%
	Sol Daurella	25/11/2014	03/04/2020	03/04/2023	149,483	476,837		626,320	0.004%
	Henrique de Castro	12/04/2019	12/04/2019	12/04/2022	2,982			2,982	0.000%
	Germán de la Fuente	01/04/2022	01/04/2022	01/04/2025	10,000			10,000	0.000%
	Gina Díez	22/12/2020	22/12/2020	03/04/2023				0	0.000%
	Glenn Hutchins	20/12/2022	20/12/2022	20/12/2025				0	0.000%
	Luis Isasi	03/04/2020	03/04/2020	03/04/2023				0	0.000%
	Ramiro Mato	28/11/2017	26/03/2021	26/03/2024	506,860			506,860	0.003%
	Belén Romana	22/12/2015	12/04/2019	12/04/2022	208	4		212	0.000%
	Pamela Walkden	29/10/2019	03/04/2020	03/04/2023	2,608			2,608	0.000%
	Total				10,291,897	50,898,422	155,904,169	185,094,488	1.102%
General secretary and secretary of the board	Jaime Pérez Renovales								

A. Figures from 1 January 2023.

B. The date of first appointment referred herein may not match with the date of acceptance of the position.

C. For more details, see ["Election, renewal and succession"](#) in section 4.2. The periods provided do not take into account the additional period that may apply under article 222 of the Spanish Companies Act nor the annual renewal of one-third of the board established in article 55.1 of the Bylaws.

D. Banco Santander's shareholding policy aims to align our executive directors and shareholders' long-term interests. It includes the obligation for each executive director to maintain a significant investment in Banco Santander's shares, equivalent to twice their annual salary. Executive directors have five years from the time they were appointed to reach the required level of investment. Until then, any shares they receive as remuneration are subject to a mandatory three-year holding period from their date of delivery, unless they already hold the mentioned investment equivalent (in addition to the regulatory obligation not to sell them for one year from delivery, which applies in all cases).

E. Includes shares owned by Fundación Botín (chaired by Javier Botín) and syndicated shares. It includes shares corresponding to Ana Botín that are also included within their direct or indirect shareholdings, but excluding Javier Botín's syndicated shares. See section 2.4 ["Shareholders' agreements"](#). In subsection A.3 of section 9.2 ["Statistical information on corporate governance required by the CNMV"](#), we adapted this information to the CNMV's format and, therefore, added all the syndicated shares as Javier Botín's shareholdings.

For more details, see section 9.2 ["Statistical information on corporate governance required by the CNMV"](#).

Diversity

Diversity is essential to making the board of directors effective. Mixed skills and experiences create an environment with varied points of view that improves the quality of decision-making. Thus, we seek to achieve a sound balance of technical expertise.

Our policy on the selection, suitability assessment and succession of directors helps make our board more diverse from different perspectives, for instance, in terms of gender, age, geographical provenance, experience and knowledge. It follows the European Banking Authority (EBA) and the European Securities and Markets Authority's (ESMA) joint guidelines on suitability assessments of board members and key functions holders.

In 2019, we added a gender equality target in the board of 40%-60% representation of either gender. The policy was later amended amid a general review of the succession process for directors and other executive positions, and after the last amendment of the CNMV's Corporate Governance Code to include age diversity as other additional diversity criteria in the qualitative composition of the board.

Our selection policy aims to diversify the board of directors in these terms:

- **Country of origin or international education.** Selection considers cultural diversity and international education and experience, especially in the Group's main geographies.
- **Gender equality.** The nomination committee and the board of directors understand the importance of fostering equal opportunity as well as the need for women board members who possess the necessary skills, suitability and commitment to the role. They make a conscious effort to find women candidates with the required profile. Our policy fosters a selection of directors to maintain a balanced presence of women and men on the board.

On 2019, the board established the target of achieving a balanced gender composition in the board with a representation of both genders between 40% to 60%, which was met at year-end of the same year representing women a 40% of the board.

This number of women board members is above the average for large listed companies in Spain and Europe. According to figures published by the CNMV in September 2022, based on annual corporate governance reports for 2021, IBEX 35 companies in Spain had an average 31.3% women directors. Furthermore, according to data published by Eurostat (the European Commission's statistical office), in February 2022, the percentage of female directors in large listed companies was, on average, 30.6% for all European Union countries.

- **Age:** The policy on the selection, suitability assessment and succession of directors also considers that selection process must promote age diversity. There are no age limits for becoming a director or holding any role on the board, including the chair and the chief executive officer.
- **Education and career:** Selection ensures that candidates are qualified to understand our Group's businesses, structure and markets individually and collectively; and that they fit within the Santander culture. The appointment process ensures that candidates will have skills and expertise in such areas deemed important for the Group. It takes into account education and work experience. In addition to professional experience, it considers their academic education.
- Our policy has no implicit bias that could lead to discrimination due to **race, disability and/or ethnicity**.

Board skills and diversity matrix

The board's skills matrix reflects the balance of the knowledge, skills, qualifications, diversity and experience required to design and pursue our long-term strategy in an ever-changing market.

Our goal is to contribute the maximum feasible information for our investors and other stakeholders, giving visibility to the skills on our board. Furthermore, it follows the recommendations from the EBA and ESMA guidelines on the suitability assessment of board members and key functions holders, as well as the ECB Guide to fit and proper assessments.

The matrix (below) follows the following structure:

- We separate **thematic** and **horizontal skills**.
- We include a separate **diversity section** that details gender, country of origin and/or international education, and age.
- Finally, we also show **board tenure**.

The skills matrix discloses each board member's skills and competence as a sign of our commitment to transparency. Section 4.1 '[Our directors](#)' provides a section on the skills and competencies of each counselor to more clearly identify the support of this matrix.

The board diversity and skills matrix which is shown below shows that there are no substantial gaps with regard to the qualitative composition of the board and ensures robust board skills diversity. However, the ongoing need for coverage of Banco Santander's strategic markets as well as knowledge and expertise in technology, digital strategy, banking, finance, regulation, data management and sustainability remain important, as evidenced by our most recent board appointments. The appropriateness of board skills and diversity will continue to be monitored.

Lastly, the '[Committees' skills and diversity matrix](#)' also shows the balanced diversity of skills on each board committee. This enables the board committees' overall effectiveness to be evaluated as it refers to the significant presence of the skills relevant to each committee's scope.

Board skills and diversity matrix

	Ana Botín Executive Chair	Héctor Grisi CEO	Bruce Carnegie-Brown Vice Chair Lead Independent Director	José Antonio Álvarez Non-executive Vice Chair	Homaira Akbari Independent	Javier Botín Non-executive	Henrique de Castro Independent	Sol Daurella Independent	Gina Díez Barroso Independent	Germán de la Fuente Independent	Glenn Hutchins Independent	Luis Isasi Non-executive	Ramiro Mato Independent	Belén Romana Independent	Pamela Walkden Independent
SKILLS AND EXPERIENCE															
THEMATIC SKILLS															
Banking (93.3%)	•	•	•	•	•	•		•	•	•	•	•	•	•	•
Other financial services (86.7%)	•	•	•	•	•	•	•		•	•	•	•	•	•	•
Accounting, auditing and financial literacy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Retail (80%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Digital & information technology (60%)	•	•	•	•	•	•	•				•		•	•	•
Risk management (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Business strategy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Responsible business & sustainability (73.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Human resources, culture, talent & remuneration (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Legal and regulatory (13.3%)											•				
Governance and control (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Continental Europe (73.3%)	•		•	•	•	•	•	•	•	•	•	•	•	•	•
US/UK (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
International experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Latam (66.7%)									•	•					
Others (40%)			•				•	•		•			•		•
HORIZONTAL SKILLS															
Top management (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Government, regulatory and public policy (13.3%)											•			•	
Academia and education (40%)	•		•		•			•	•				•		
Significant directorship tenure (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
DIVERSITY															
Female (40%)	•			•				•	•				•	•	•
Continental Europe (60%)	•			•		•	•	•		•		•	•	•	•
US/UK (66.7%)	•		•	•	•				•		•	•	•	•	•
Latam (13.3%)		•							•						
Others (6.7%)				•											
Less than 55 (6.7%)						•									
From 55 to 65 (66.7%)	•	•	•	•	•		•	•	•	•	•	•	•	•	•
More than 65 (26.7%)									•		•	•	•		
BOARD TENURE															
0 to 3 years (46.7%)		•					•		•	•	•	•		•	•
4 to 11 years (40%)			•	•	•			•	•	•	•	•	•	•	
12 years or more (13.3%)	•					•									

Committees skills and diversity matrix

SKILLS AND EXPERIENCE								
THEMATIC SKILLS								
Skills and Experience	Banking	100%	83.3%	100%	80%	100%	87.5%	100%
	Other financial services	100%	83.3%	75%	80%	80%	100%	80%
	Accounting, auditing and financial literacy	100%	100%	100%	100%	100%	100%	100%
	Retail	100%	83.3%	50%	80%	80%	87.5%	80%
	Digital and information technology	85.7%	66.7%	50%	60%	40%	100%	60%
	Risk management	100%	83.3%	75%	80%	100%	87.5%	80%
	Business strategy	100%	100%	100%	100%	100%	100%	100%
	Responsible business and sustainability	85.7%	50%	100%	60%	40%	87.5%	100%
	Human resources, culture, talent and remuneration	100%	100%	100%	100%	100%	100%	100%
	Legal and regulatory	14.3%	16.7%	25%	20%	20%	25%	20%
	Governance and control	100%	83.3%	75%	80%	100%	87.5%	80%
	International experience	Continental Europe	85.7%	83.3%	50%	80%	80%	75%
US/UK		100%	100%	75%	100%	100%	100%	80%
Latam		71.4%	66.7%	25%	40%	60%	62.5%	60%
Others		28.6%	66.7%	50%	60%	60%	25%	40%
HORIZONTAL SKILLS								
Top management	100%	100%	100%	100%	100%	100%	100%	
Government, regulatory and public policy	14.3%	16.7%	25%	20%	20%	25%	20%	
Academia and education	42.9%	33.3%	75%	40%	20%	37.5%	80%	
Significant directorship tenure	100%	66.7%	100%	100%	60%	100%	100%	
DIVERSITY								
Female	28.6%	50%	50%	20%	40%	37.5%	80%	
Country of origin/International education	Continental Europe	71.4%	66.7%	25%	60%	80%	50%	60%
	US/UK	85.7%	66.7%	75%	60%	80%	75%	80%
	Latam	14.3%	-	25%	-	-	12.5%	20%
	Others	-	16.7%	-	-	-	12.5%	20%
Age	Less than 55	-	-	-	-	-	-	-
	From 55 to 65	71.4%	83.3%	50%	60%	60%	87.5%	60%
	More than 65	28.6%	16.7%	50%	40%	40%	12.5%	40%
BOARD TENURE								
0 to 3 years	28.6%	50%	50%	60%	60%	37.5%	20%	
4 to 11 years	57.1%	50%	50%	40%	40%	50%	80%	
12 years or more	14.3%	-	-	-	-	12.5%	-	

Election, renewal and succession of directors

Election of directors

Our directors are appointed for three-year terms. However, one-third of board members are renewed each year in order of their tenure. Outgoing directors may be re-elected. Each appointment, re-election and ratification is submitted to a separate vote at the general meeting.

Appointing, re-electing, evaluating and removing directors

Our internal policy for the selection, suitability assessment and succession of directors dictates standards for the board's quantitative and qualitative composition, how it is revised and how new candidates are identified, selected and appointed.

Shareholders appoint and re-elect directors at the general meeting. Furthermore, if directors step down during their term of office, the board of directors may provisionally designate another director by co-option until the general meeting confirms the appointment at the earliest subsequent meeting.

Proposals for appointment, re-election and ratification of directors, regardless of their category, which the board of directors submits to the shareholders, as well as appointments of the board in cases of co-option, should be preceded by the corresponding reasoned proposal of the nomination committee.

Proposals to be submitted to the general shareholders' meeting must include a duly substantiated report by the board, containing an assessment of the qualifications, experience and merits of the proposed candidate. Re-election and ratification proposals will also provide an assessment of the work and dedication to the position during the last period in which the proposed director held office. If the board disregards the nomination committee's opinion, it must explain its decision and record its reasons in meeting minutes.

Directors must meet specific requirements dictated by laws for credit institutions and our Bylaws. Upon taking office, they must formally undertake to fulfil the obligations and duties prescribed therein and in the Rules and regulations of the board.

Our directors must be of renowned business and professional integrity, and have the knowledge and experience needed to perform their role and exercise good governance. Director candidates will also be selected on the basis of their professional contribution to the entire board.

For more information see section [4.1 'Our directors'](#) and the ['Board skills and diversity matrix'](#) in section 4.2.

The board of directors will endeavour to have significantly more external or non-executive directors than executive directors, and for the number of independent directors to make up at least half of all members.

Our directors shall cease to hold office when the term for which they were appointed ends (unless they are re-elected), when the general meeting so resolves, or when they resign. When a director ceases to hold office prior to the end of their term (i.e. by general meeting resolution or by resignation), they shall explain the reasons for resignation or, in the event of non-executive directors, their opinion on the reasons for their cessation in office by the general meeting in a letter to the other board members unless he/she reports them at a meeting of the board and this is recorded in the minutes. When appropriate,

the resignation shall be publicly reported, including a reference to the reasons or circumstances provided by the director. When appropriate, it will publicly disclose the cessation in office, including sufficient information on the director's reasons or circumstances provided by the director.

Directors must tender their resignation to the board and formally step down from their position if the board, on the nomination committee's recommendation, deems it appropriate in cases that may adversely affect the board's functioning or Banco Santander's credit or reputation. In particular, they must resign if they find themselves in a circumstance of ineligibility or prohibition provided by law, irrespective of Royal Decree 84/2015, which implements Act 10/2014, and on the honourability requirements for directors and the consequences for directors who subsequently fail to meet them.

Directors must notify the board as soon as possible of any circumstances affecting them (whether related to their performance in Banco Santander or not) that might damage Santander's credit or reputation, especially when under criminal investigation; and of the developments of any criminal proceedings. When the board is informed or becomes otherwise aware of any such situations, it will examine them as soon as possible and decide, based on the particulars and on a report from the nomination committee, any measures to adopt, such as opening an internal investigation, calling on directors to resign or proposing their dismissal.

Proprietary directors must also tender their resignation when the shareholder they represent sells off or significantly reduces its equity holding.

Succession planning

Succession planning is a key element of our good governance as it ensures orderly role transitions as well as board continuity and stability and its adequate renewal and independence. It is a yearly cycle with a well-defined methodology and timelines, and a clear allocation of responsibilities. Our aim is to boost diverse talent pipelines across functions which contribute to an adequate diversity and balance of skills in the board.

Banco Santander's policy on director selection, suitability assessment and succession focuses on:

- Quantitative and qualitative board and committee composition criteria that are set by the Bylaws, the Rules and regulations of the board of directors and the board itself, including suitability and diversity standards and targets and the policy for the suitability assessment.
- A periodic review of the quantitative and qualitative composition of the board of directors and its committees that includes an overall suitability assessment of the board.
- Process of identification of potential board member candidates.
- The board member and related roles selection, suitability and nomination procedure.

The policy has specific core performance indicators, reviewed each year, for such aspects as succession effectiveness (vacancies filled by identified candidates); the number of internal and external candidates immediately available to succeed executive directors; training and development plans for

potential candidates to succeed executive directors in one to three years; gender diversity and country of origin or international education; updated board member tenure; the strength of the list of successors to executive directors, committee chairs and the lead independent director; and the percentage of candidates to succeed directors who are immediately available (or candidates for a one-to-three year period).

The nomination committee and the board prioritize succession planning, with sound and appropriate plans in place that are regularly revisited to make sure they meet regulatory requirements and align with industry best practice.

4.3 Board functioning and effectiveness

Highest decision-making body and focuses on supervision

Banco Santander's board of directors is our highest decision-making body, except in matters reserved to shareholders at the general meeting. It performs its duties with unity of purpose and independent judgement.

The board's policy is to designate executive bodies and managers to run day-to-day operations and implement the strategy. It focuses on general supervision and other function it cannot delegate by law, the Bylaws or the Rules and regulations of the board, including:

- General policies and strategies (including capital and liquidity, new products, operations and services; corporate culture and values, including policies on responsible business and sustainability and, in particular, on environmental and social matters; control and risk management; remuneration policy; and compliance).
- Financial and non-financial reporting, and information reported to shareholders, investors and the general public, as well as the processes and controls that ensure full disclosure.
- Policies on reporting and communication with shareholders, markets and public opinion, and supervision of the disclosure of information.
- The selection, succession and remuneration of directors, senior management and other key positions.
- Effectiveness of Grupo Santander's corporate and internal governance system, including the GSGM, corporate frameworks and internal regulations.
- Significant corporate transactions and investments.
- Calling the general shareholders' meeting.
- Related-party transactions.

Board's regulation

The board is governed by the rules set out in the Bylaws and the Rules and regulations of the board, both of which are available on our corporate website.

- **Bylaws.** Dictate the basic rules that apply to the composition and operation of the board and its members' duties, and are

supplemented and implemented by the Rules and regulations of the board. They can be amended only by the general meeting. See '[Rules for amending our Bylaws](#)' in section 3.2.

- **Rules and regulations of the board.** Set the rules for running and internally organizing the board of directors and its committees through the development of applicable laws and Bylaws' provisions and good governance recommendations. They set out the principles governing its actions and the duties of its members.

As stated in the report for the 2021 financial year, on 24 February 2022 the board adapted the Rules and regulations of the board, subject to the effectiveness of the corresponding amendments to the articles of Bylaws approved by the 2022 AGM, to introduce fundamentally technical amendments and:

- Acknowledge that the board may establish that executives other than the chair to report directly to the board or its committees.
- Bolster coordination mechanisms between the audit committee and the responsible banking, sustainability and culture committee.
- Harmonize it with the articles of Bylaws for whose amendment were approved at the 2022 AGM. See section [3.4 '2022 AGM'](#).

The Rules and regulations of the board adhere to all legal provisions as well as the principles and recommendations set out in the Spanish Corporate Governance Code; Corporate Governance Principles for Banks of the Basel Committee on Banking Supervision; and the EBA's in Guidelines on internal governance.

Our rules on the audit committee also adhere to the good operating practices set out in CNMV's Technical Guide 3/2017 on Audit Committees of Public Interest Entities; as well as with the applicable regulations because our shares are listed as ADS on the NYSE and, in particular, with Rule 10A-3 under the Securities Exchange Act (SEA) on standards relating to audit committees.

Our rules on the nomination and the remuneration committees also adhere to the good operating practices set out in the CNMV's Technical Guide 1/2019 on Nomination and Remuneration Committees.

Structure of the board

The board's corporate governance structure ensures that it discharges its duties effectively. This structure can be split into these four dimensions:

- **Group Executive Chair and Chief Executive Officer**, who are the most senior executives in the Group's strategic and ordinary management, which the board is responsible for overseeing, ensuring that their roles are clearly separated and complementary. Both report exclusively to the board of directors.
- **A Lead Independent Director**, who is responsible for coordinating non-executive directors effectively and making sure they serve as an appropriate counter-balance to executive directors.

- **A board committee structure**, which supports the board in:
 - Managing the Group by exercising decision-making powers in the executive committee.
 - Formulating strategy for core areas in the responsible banking, sustainability and culture committee, and in the innovation and technology committee.
- In supervising and making important decisions in the audit committee, nomination committee, remuneration committee and risk supervision, regulation and compliance committee.
- **A board secretary**, who supports the board, its committees and our chair, and is also General Secretary of the Group.

Group Executive Chair and Chief Executive Officer

Our Executive Chair is Ana Botín and our Chief Executive Officer is Héctor Grisi as of 1 January 2023. Their respective roles and responsibilities were updated in February 2022 in order to accelerate the execution of the Group's strategy and operations and to align with governance best practices.

The roles of our Group executive chair and chief executive officer are clearly separated, and can be summarized as follows:

Roles of the Executive Chair and the Chief Executive Officer

Executive Chair	Chief Executive Officer
<ul style="list-style-type: none"> • The Chair is the highest-ranking executive in Grupo Santander and its main representative with regulators, authorities and other major stakeholders. • The Chair is responsible for the long-term strategy of the Group, including new tech and digital growth engines, namely PagoNxt and the Digital Consumer Bank. • The Chair is also responsible for other corporate functions and units that help drive the Group's long-term strategy and transformation, comprising Technology and Data & Architecture, Human Resources, Talent, Financial Accounting & Control, Strategy and Corporate Development, General Secretariat and Communications & Corporate Marketing. • The Chair also leads the appointment and succession planning of Grupo Santander senior management, to be submitted to the nomination committee and board for approval. 	<ul style="list-style-type: none"> • The Chief Executive Officer is entrusted with the day-to-day management of the business with the highest executive functions and reports exclusively to the board in this regard. • Accordingly, the Chief Executive Officer's direct reports are the senior managers in charge of the business units: the regional heads (Europe, North America and South America) and those in charge of the global businesses (Wealth Management & Insurance, Corporate & Investment Banking, Cards & Digital Solutions), encompassing the relevant support and control functions. • As responsible for day-to-day management, the CFO and head of Investment Platforms & Corporate Investments also report to the CEO. • Additionally, the Chief Executive Officer is responsible for Regulatory & Supervisory Relations and for embedding the Group's sustainability policy in the day-to-day management of Group businesses and the support and control functions.
<p>The duties of the Executive Chair, the Chief Executive Officer, the board, and its committees are clearly separated. Various checks and balances give Santander's corporate governance structure the appropriate equilibrium. In particular:</p> <ul style="list-style-type: none"> • The board and its committees supervise both the Executive Chair and the Chief Executive Officer. • The board of directors has delegated all its powers to the Executive Chair and the Chief Executive Officer, except for those that cannot be delegated by law and under the Bylaws and the Rules and regulations of the board. The board directly exercises those powers to perform its general supervisory function. 	<ul style="list-style-type: none"> • The Lead Independent Director leads the Group Executive Chair's succession and appointment. • The audit committee is chaired by an independent director who is considered a 'financial expert' as defined in Regulation S-K of the Securities and Exchange Commission (SEC). • The Executive Chair may not simultaneously act as Banco Santander's Chief Executive Officer. • The corporate Risk, Compliance and Conduct, and Internal Audit functions report as independent units to a committee or a member of the board of directors and have direct, unfettered access to the board.

Lead Independent Director

The role of the Lead Independent Director is key to our governance and makes sure that non-executive directors serve as an appropriate counter-balance to the executive directors.

The following chart illustrates the Lead Independent Director's functions and activities in 2022. He provided a detailed report summarizing his activities and the discharge of his duties more generally, to the nomination committee and board of directors.

Duties of the Lead Independent Director and activities during 2022

Duties	Activities in 2022
Facilitate discussion and open dialogue among independent directors, coordinating private meetings of non-executive directors without the executive present and proactively engaging with them to consider their views and opinions.	Held five meetings with non-executive directors without executive directors present, where they were able to voice their views and opinions. The meetings were also a valuable opportunity to discuss such other matters board training topics, strategy execution, executive director and key management performance, succession planning and reflections on areas for continuous improvement with regard to the effectiveness and culture of the board and its committees.
Direct the periodic evaluation of the Chair of the board of directors and coordinate her succession plan.	Led the Chair's annual evaluation in order to determine her variable pay. Furthermore, played a key coordination role with regard to ongoing succession planning activity, as additionally facilitated through his chairmanship of the nomination committee.
Engage with shareholders and other investors to learn about their concerns, in particular with regard to Banco Santander's corporate governance.	See section 3.1 'Shareholder communication and engagement' for full details of the lead independent director's activities.
Replace the Chair in her absence, with such key rights as the ability to call board meetings under the terms of the Rules and regulations of the board.	Though the Lead Independent Director did not have to replace the Chair of the board at any board meeting, he remained fully committed to ensure its proper functioning.
Request a board meeting or that new items be added to the agenda thereof.	While the Lead Independent Director did not need to request additional board meetings to be called, he remained fully engaged and informed on board meeting agendas, made suggestions regarding the same and encouraged constructive challenge.

Structure of board's committees

The board currently has seven committees and one international advisory board with the following characteristics:

	Mandatory committees (required by Law, the Bylaws or the Rules and regulations of the board)			Voluntary committees
	Decision-making powers	Supervision, information, advice and recommendations regarding functions in risk, financial reporting and audit, nomination and remuneration matters		Support and proposal in strategic areas
Board committees	Executive committee	Audit committee	Nomination committee	Responsible banking, sustainability and culture committee
		Risk supervision, regulation and compliance committee	Remuneration committee	Innovation and technology committee
External advisory board				International advisory board (members are non-directors)

Secretary of the board

Jaime Pérez Renovales is the secretary of the board. He assists the chair and ensures the formal and substantial legality of all the board's actions. He also makes sure good governance recommendations and procedures are observed and regularly reviewed.

The secretary of the board is also the General Secretary of Banco Santander. He acts as the Secretary of all board committees and facilitates a fluid and effective relationship between the committees and the Group's units that must collaborate with them. The secretary does not necessarily need to be a director.

The appointment of the secretary of the board is a matter for the board to approve, taking into account the prior opinion of the nomination committee.

The board has three vice secretaries, F. Javier Illescas Fernández-Bermejo (head of Group Corporate Legal), Julia Bayón Pedraza (head of Group Business Legal) and Adolfo Díaz-Ambrona Moreno (General Secretary of Santander España). They assist the secretary with his duties on the board and its committees, and replace him in the event of absence, inability to act or illness.

Board operation

The board of directors held 14 meetings (12 ordinary and two extraordinary) in 2022. The Rules and regulations of the board dictate that it must hold at least nine annual ordinary meetings and one quarterly meeting.

Although board meetings follow a calendar set annually and a provisional agenda of items to discuss, new items can be added and additional meetings can be called. Directors may also propose items to be added to the agenda and are duly informed of changes to the calendar and meeting agendas.

The board keeps a formal list of matters that only it can address. It prepares a plan to distribute them among the ordinary meetings scheduled in the annual calendar it has approved.

To help directors prepare effectively for each meeting, they are given relevant documents sufficiently in advance and in a secure electronic format. In the board's opinion, these documents are thoroughly detailed and received in good time.

The Rules and regulations of the board of directors also expressly recognize directors' rights to request and obtain information on anything related to Banco Santander and its domestic and foreign subsidiaries. They also recognise their right to inspect the books, files, documents and any other records of corporate transactions, in addition to premises and facilities. Furthermore, directors can request and obtain any information and advice they deem necessary from the secretary in order to perform their duties.

Additionally, the board meets at the Chair's discretion or at the request of at least three directors. The Lead Independent Director is also authorized to request a board meeting or that new items be added to the agenda for a meeting that has already been called.

Directors must attend meetings in person and endeavour to limit their absence to situations of absolute necessity. The nomination committee checks that directors attend at least 75%

of board and committee meetings and that any absence has a valid excuse without raising doubt about the director's commitment to good governance. For more details, see '[Board and committee preparation and attendance](#)' in this section 4.3.

If directors are unable to physically attend a meeting, they can designate (in writing and on a special basis for each session) another director to act on their behalf. Proxies are granted with instructions. Non-executive directors may only be represented by other non-executive directors. A director can hold more than one proxy.

The board may meet in various rooms at the same time, provided that members can interact in real time ensuring the interactivity and intercommunication via audio-visual means or telephone.

Board meetings are validly quorate when more than half of its members attend in person or by proxy.

Resolutions are adopted by absolute majority of directors in attendance. The chair has the casting vote in the event of a tie. The Bylaws and the Rules and regulations of the board only require the qualified majorities according to Law.

The secretary of the board keeps the board's documents on file and records the content of meetings in meeting minutes. Meeting minutes of the board and committees include statements members expressly request to be put on record.

The board may hire legal, accounting or financial advisers and other experts at Banco Santander's expense for assistance with their duties.

The board should encourage communication between its committees, especially the risk supervision, regulation and compliance committee and the audit committee. It should also promote dialogue between the risk supervision, regulation and compliance committee and the remuneration committee and the responsible banking, sustainability and culture committee, given the relevance of their respective work with each other.

Some committees hold joint meetings throughout the year. Though they cannot vote, any director can attend and participate in meetings of committees on which they do not serve if invited by the chair of the board and the chair of the respective committee, after having asked the chair of the board. Furthermore, all board members who are not executive committee members may attend executive committee meetings at least twice a year, for which they are to be called by the chair.

Comparison of number of meetings held^A

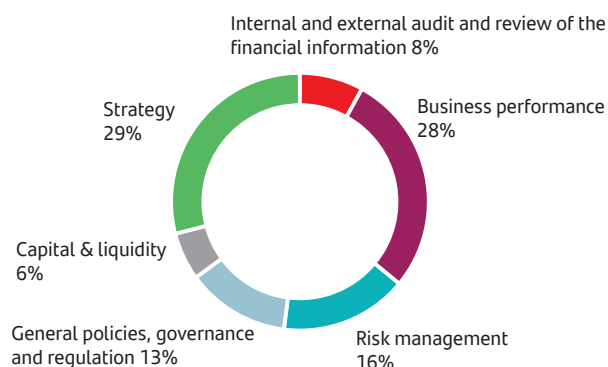
	Santander	Average Spain	US average	UK average
Board	14	11.1	8.3	9.7
Executive committee	32	9.8	—	—
Audit committee	12	8.8	8.2	5.4
Nomination committee	12	6.5	4.7	4.2
Remuneration committee	13	6.5	6.0	5.4
Risk supervision, regulation and compliance committee	17	NA	NA	NA

A. Source: Spencer Stuart Board Index 2022 (Spain, United States and United Kingdom).

NA: Not available.

The following chart shows the board's approximate time allocation to each function in 2022.

Approximate allocation of the board's time in 2022



Committee operation

Board committees follow a calendar that includes at least four meetings (except for the innovation and technology committee, which holds at least three meetings) and an annual work plan established every year. Each committee meets as often as is required to fulfil its duties.

A committee meeting is quorate if it is attended by more than half the committee's members in person or through an appointed proxy. A committee resolution passes with a simple majority of votes. In the event of a tie, the committee chair has the casting vote. Committee members may appoint a proxy to vote for them and, in board meetings, non-executive directors can only appoint a non-executive director proxy.

Committee members are given relevant meeting materials sufficiently in advance of each meeting to facilitate solid meeting preparation therefore promoting overall committee effectiveness.

Committees have the authority to summon executives, who will appear at meetings at the invitation of, and under the terms dictated by, the chair. Furthermore, committees may also submit a request to the General Secretary to hire legal, accounting or financial advisers or other experts to assist with their duties at Banco Santander's expense.

The role of committee secretary is non-voting and falls on the General Secretary and secretary of the board. This fosters a fluid and efficient relationship with the units that must work with, and report to, committees.

Committee chairs report on committees' meetings and activities at all board meetings. Furthermore, all board members are given a copy of committee meeting minutes and all documents provided for meetings.

Board and committee preparation and attendance

The table following shows the attendance rate of board and committee meetings in 2022.

Directors	Committees							
	Board	Executive	Audit	Nomination	Remuneration	Risk supervision, regulation and compliance	Innovation and technology	Responsible banking, sustainability and culture
Average attendance	98%	90%	99%	92%	92%	97%	89%	95%
Individual attendance								
Ana Botín ^A	14/14	30/32	–	–	–	–	3/3	–
Héctor Grisi ^B	0/0	0/0	–	–	–	–	0/0	–
Bruce Carnegie-Brown	14/14	18/32	–	12/12	13/13	–	2/3	–
José Antonio Álvarez	14/14	32/32	–	–	–	–	2/3	–
Homaira Akbari	14/14	–	12/12	–	–	–	3/3	5/5
Javier Botín	13/14	–	–	–	–	–	–	–
Sol Daurella	13/14	–	–	9/12	11/13	–	–	4/5
Henrique de Castro	14/14	–	11/12	–	11/13	–	3/3	–
Germán de la Fuente ^C	10/10	–	8/8	–	–	0/0	–	–
Gina Díez Barroso	13/14	–	–	12/12	–	–	–	–
Glenn Hutchins ^D	1/1	–	–	1/1	0/0	–	0/0	–
Luis Isasi	14/14	31/32	–	–	13/13	16/17	–	–
Ramiro Mato	14/14	32/32	12/12	–	–	17/17	–	5/5
Belén Romana	14/14	29/32	12/12	–	–	17/17	3/3	5/5
Pamela Walkden	13/14	–	12/12	–	–	16/17	–	–

Note: This table shows each director's in-person attendance at ordinary and extraordinary board or committee meetings except when they attended by proxy. The nomination committee was informed of directors' excused absences and verified that they raised no doubt about their capability of good governance. Some directors did not attend extraordinary meetings that were not scheduled in the annual meeting calendar.

A. Appointed chair of the innovation and technology committee on 19 April 2022.

B. Member of the board and member of the executive and innovation and technology committees since 1 January 2023.

C. Member of the board and member of the audit committee since 21 April 2022. Member of the risk supervision, regulation and compliance committee since 1 January 2023.

D. Member of the board and of the nomination, remuneration and innovation and technology committees since 20 December 2022.

The table following shows the average preparation of directors in the exercise of their functions in the board and committees in 2022:

	Meetings	Average of hours per member ^A	Average of hours per chair ^A
Board	14	144 ^B	288 ^B
Executive committee	32 ^C	160	320
Audit committee	12	120	240
Nomination committee	12	48	96
Remuneration committee	13	52	104
Risk supervision, regulation and compliance committee	17	170	340
Responsible banking, sustainability and culture committee	5	25	50
Innovation and technology committee	3	12	24

A. Includes hours of meeting preparation and attendance.

B. Of the 12 ordinary meetings of the board held in 2022.

C. It has met every two weeks since September 2022.

Directors' average time commitment is calculated by taking the number of members on the board and on each committee, the number of times each body meets during the year, average meeting length, and an estimate of the time each director needs to prepare for every meeting. We estimate that the Group Executive Chair and the committee chairs have a greater time commitment than the other directors because of the added functions their roles require. We consider the average time that directors not living in Spain must take to travel to board and committee meetings, but it is not factored into their average time commitment.

On average, directors dedicate approximately 55 eight-hour days a year to preparing and attending board and committee meetings.

Directors must report to the nomination committee any professional activity or role that they are going to do outside the Group so that the committee can check that they can dedicate enough time to the Group and the professional activity or role does not pose conflicts of interest.

The annual suitability reassessment our nomination committee conducts (see section [4.6 'Nomination committee activities in 2022'](#)) enables updates information on the estimated time directors dedicate to roles or professional activities outside the Group and demonstrates their ability to exercise good governance.

This makes sure the number of board roles that our directors have at once is within the legal limit (i.e. no more than one executive and two non-executive roles, or four non-executive roles; roles in the same group are considered a single role and roles in not-for-profit or non-commercial organizations are not included).

Director training and induction programmes

The board has an annual training and development programme to help directors continue to develop skills and increase their understanding of the Group and industry, taking into account existing skills, competencies and knowledge of directors. The board chooses contents based on feedback, effectiveness reviews, supervisory and regulatory requirements as well as on cyber, risk management, climate change and other topics.

In 2022, programme workshops were discharged on a collective basis and covered, in at least one session per year, the following items:

- **Climate change** and Net Zero momentum, with a focus on portfolio alignment and climate risk management, which was covered in two sessions throughout 2022.
- **Risk appetite statement** review and associated methodology, with a focus on the decarbonization target and power generation metrics, as well as an overview of new metrics for 2023.
- **Financial crime compliance**, bribery and corruption risks, sanctions and anti-money laundering regulation.
- **New ways of working** and Flexiworking, with a focus on talent attraction and retention.
- **Duties and requirements for directors** under Spanish law (refresher course).
- **Credit risk** and key factors in credit losses, with detailed insights on accounting and prudential classification of loans.
- **Reputational risk**, with a focus on forward looking trends and the management model.
- **Cyber**, with a focus on trends and risk development.

Directors can also request one to one and ad-hoc training on specific topics, if deemed helpful. The objective of such sessions would be to enable directors to deep dive into specific areas in order to ensure that their knowledge is optimal.

The Group shares its training, induction and development methodology with subsidiaries to promote best practices and drive consistency of approach on a group-wide basis. Top executives ran special sessions for subsidiary directors throughout the year to keep them up to speed with relevant Group matters.

In addition, the board has sound induction programmes so new directors can better understand industry and Santander's business model and structure, risk profile and governance arrangements, taking into account their existing skills, competencies and knowledge. They normally are completed within six months after taking up their position as new directors. Induction and development needs are facilitated through different methods, including document reviews, tailored

meetings, site visits, training sessions with senior managers of the Group and other methods decided from time to time.

In 2022, Germán de la Fuente (July) and Héctor Grisi (November) completed their induction programmes which were tailored to their experience and particular needs.

"The induction program was very effective as part of my onboarding and in preparing me as a member of the board and audit committee. The materials prepared were focused and dealt with the most relevant issues providing me with an integral vision of the Group. I have also had the opportunity to meet a number of business senior management around the world, which provided me with important insights into the Group's values, culture, strategy, and overall group-wide commitment to help people and businesses prosper, to attend to the social mandate that being a member of the board entails."

Germán de la Fuente

Board effectiveness review in 2022

The board undergoes a yearly assessment of its performance and effectiveness, composition, quality of its work and individual performance of its members. The assessment includes its committees and is conducted at least every three years by an external consultant, whose independence is assessed by the nomination committee. In 2022, the assessment was conducted internally.

The scope of the internal assessment included the structure of the board, its organisation and functioning, dynamics and internal culture and the functioning and effectiveness of its committees. In addition, the assessment covered the individual performance of the Executive Chair, Chief Executive Officer, Lead Independent Director and General Secretary. The assessment also facilitated the opportunity for performance feedback on the remaining individual directors.

The Executive Chair and Vice Chair Lead Independent Director led the assessment, which followed the methodology and structure of previous internal reviews, based on a confidential questionnaire that was fully completed by all board members.

The results of the 2022 assessment process, the findings and specific actions to address those findings were discussed by the nomination committee and the board of directors in January 2023, with a consensus view that the results were positive and that the board and its committees operate effectively. In particular, the results revealed the following:

- The board remains appropriately composed, with a depth and variety of board skills and high degree of diversity.
- The board engages in open and transparent discussions which facilitates rigorous decision-making processes, leveraging the skills and diversity of the board.
- The committee structure, composition and overall functioning is considered to be both effective and efficient and in particular, the support provided to the board is appreciated and rated positively.

- The Executive Chair, Chief Executive Officer, Lead Independent Director and General Secretary performed positively, effectively and with the competence expected.
- The remaining directors performed positively with an overall effective contribution.
- Directors consider that the management of the meetings, as well as the information provided is effective, helping them to focus on key strategic and business issues and constructively challenge management.

As a result of the review, the board of directors discussed potential areas for improvement and approved an associated action plan in January 2023. Each committee will be engaged on specific actions applicable to their remit to ensure effective and efficient operation.

The key action plan highlights can be summarised as follows:

- **Structure of the board:** as part of any future board refreshment, a continued focus will be placed on maintaining an appropriate balance of finance and technological profiles and international and gender diversity.
- **Corporate governance:** consolidate the enhancements delivered as part of the action plan executed in 2022 following the review of our governance arrangements, with a special focus on the interaction with the Chief Executive Officer, given his recent appointment.
- **Organization and functioning of the board:** continue to drive a better balance between strategic, technological, business and customer orientated topics versus regulatory and operational content. This will ensure a deep focus on long-term strategy and talent requirements. This will also ensure that board time is used in an optimal manner.
- **Board dynamics and internal culture:** combine in person meetings with virtual / hybrid meetings in an efficient manner, being aware of the implications of each format. Furthermore, remain focused on culture and its implications on future business dynamics.
- **Committees:** keep committee composition under review, ensuring optimal performance and effectiveness. Specifically, review the composition of the responsible banking, sustainability and culture committee with a view of complementing the existing membership; this specific action was completed in January 2023 following the appointment of Gina Díez Barroso to the committee.

The resulting actions and associated outcomes of the review have supported our continued priority focus on effective governance. See '[Board assessment and actions to continuously improve its operation](#)' in section 1.2.

4.4 Executive committee activities in 2022

Composition

Position		Category	Appointed on
Chair	Ana Botín	Executive	11/12/1989 ^A
	Héctor Grisi	Executive	01/01/2023
	Bruce Carnegie-Brown	Independent	12/02/2015
	José Antonio Álvarez	Other external	03/01/2015
Members	Luis Isasi	Other external	20/05/2020
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	01/07/2018
	Jaime Pérez Renovales		
Secretary			

A. Committee Chair since 10 September 2014.

Functions

The executive committee is a key governance body in Banco Santander and the Group. The board delegated to it all its powers except those that cannot be delegated by the law or under the Bylaws and Rules and regulations of the board. Its meeting frequency and its business as usual nature of its decisions allows the board to focus on general oversight. It also reports regularly to the board on its core matters and provides all directors with the minutes and documents from its meetings.

Committee performance

The board, supported by its nomination committee, determines the committee's size and composition, to ensure its effectiveness based on board composition guidelines. As well as the board, the committee has an external director majority, including three independent directors, ensuring a balance of opinions and compliance with Recommendation 37 of the Spanish Corporate Governance Code. Its secretary is the secretary of the board.

As part of the organizational changes announced on 24 February 2022, the operating rhythm and content of the committee was revisited to continue ensuring ongoing effectiveness and proper coordination with other committees and the board. The review identified specific opportunities for improvement, with no loss of appropriate governance. Therefore, with effect from September 2022, the executive committee generally meets every two weeks. However, it can meet as many times as required by the Chair in order to ensure the discharge of its duties.

The change in committee frequency was driven by a review of the business being conducted, the materiality and delegation thresholds being applied in order to optimise the volume of matters being presented and improve its effectiveness. In addition, leveraging the already established work of other board committees has enabled the committee to meet less frequently than prior years.

Main activities in 2022

In 2022, the executive committee addressed a breadth of matters relating to the business of the Group and its main subsidiaries, risk management, corporate transactions and main proposals that were subsequently submitted to the board of directors. It covered:

- **Results:** It regularly reviewed the Group's results and investors and analysts reaction to them.

- **Business performance:** The committee regularly received management reports on the performance of the Group's business areas and other related matters.
- **Information reported by the Chair:** The board's Chair, who also chairs the executive committee, regularly reported on the Group's management, strategy and institutional issues.
- **Information reported by the CEO:** The CEO reported on the Group's performance, budget and execution of units and global businesses' plans reporting to him.
- **Corporate transactions:** The committee analysed and approved (where appropriate) corporate transactions on investments and divestments, joint ventures and capital transactions.
- **Risks:** The committee received regular holistic risk and compliance reports. Within the framework of the risk governance model, the committee authorized or declined transactions that it had to approve due to their materiality taking into account the above-mentioned streamlining of reporting. It also examined the credit impact relating to the war in Ukraine, economic sanctions and other significant macroeconomic matters.
- **Subsidiaries:** The committee received updates on subsidiary performance against agreed plans, as well as relevant unit updates. This helped the committee support the board with the oversight and control of its subsidiary operations.
- **Capital and liquidity:** The committee received regular reports on capital ratio and the optimization measures; pricing (originations) and portfolio profitability. By virtue of the board's delegation and within capital and funding plans, the committee agreed non-convertible debt issuances and securitizations.
- **Supervisors and regulatory matters:** The committee reviewed regulatory developments, the yearly supervisory agenda and projects to ensure compliance with supervisory recommendations and regulatory reforms.
- **Governance matters:** The committee approved specific internal regulation under its remit and ensured the effectiveness of the executive first level committee structure.

In 2022, the executive committee held 32 meetings as a result of the above-mentioned change in committee frequency. See ['Board and committee preparation and attendance'](#) in section 4.3 for members' meeting attendance and the estimated average time each one spent on meeting preparation and attendance.

2023 priorities

The committee set the following priorities for 2023:

- Monitor the performance of the Group's global businesses and subsidiaries, including progress in the execution of their strategic plans.
- Continue to assess proposed corporate transactions relating to investment and divestments, joint ventures and capital transactions
- Oversee the execution and achievement of specific agreed public commitments assumed with stakeholders, and in particular, those disclosed at the Investor Day.
- Continue to facilitate timely and efficient decision making, supporting the board and enabling it to focus on general oversight and strategy matters.
- Continue to ensure committee's effectiveness and efficient coordination with the board, its committees and the executive first level committees.

4.5 Audit committee activities in 2022

'The increasingly volatile global environment has created increased risks and a more difficult economic environment. Many individuals and businesses are concerned about the rising costs of living and energy and, at the same time, there are increased risks associated with supply chain disruption, financial crime compliance and cyber crime. We will do every possible to anticipate future risks and adapt our plans to ensure our internal controls remain appropriate.'

We have also continued to supervise enhancements to our reporting of ESG information to ensure its consistency and our preparedness for the greater independent assurance required.

The committee continued to benefit from a great mix of experience and skills, and I was delighted to welcome Germán de la Fuente, who joined us in April 2022. Germán brings, among other things, very valuable accounting and audit experience to the committee.

As we have done in previous years, we shared concerns and views with our subsidiary audit committees, which enabled us to harness their vast collective expertise. We also commissioned an external review of the most relevant elements of our Internal Audit function, which rated them "best in class" in all the areas under scope. This is a great outcome which is a credit to the team'.

Pamela Walkden

Chair of the audit committee

This section is the report the audit committee prepared on 17 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

Composition

Position		Category	Appointed on
Chair	Pamela Walkden	Independent	29/10/2019 ^A
	Homaira Akbari	Independent	26/06/2017
	Henrique de Castro	Independent	21/10/2019
Members	Germán de la Fuente	Independent	21/04/2022
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	22/12/2015
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 26 April 2020.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters it handles.

For more details, see section [4.1 'Our directors'](#) and ['Board skills and diversity matrix'](#) in section 4.2.

According to SEC Regulation S-K, committee Chair Pamela Walkden is considered a financial expert based on her training and experience in accounting, auditing and risk management, past leadership positions at entities where accounting expertise and risk management were essential, and international experience (primarily in the UK and Asia).

Germán de la Fuente was appointed to the committee on 21 April 2022.

External auditor

Our external auditor is PricewaterhouseCoopers Auditores, S.L. (PwC). Its registered office is at Paseo de la Castellana, 259 B, Madrid, and its Tax ID Code is B-79031290. It is registered with the *Registro Oficial de Auditores de Cuentas* (Official Registry of Account Auditors) of the *Instituto de Contabilidad y Auditoría de Cuentas* (Accounting and Audit Institute or ICAC) of the Ministry of Economic Affairs and Digital Transformation under number S0242.

Lead audit partner Julián González, PwC's banking sector audit leader, has experience as a global group audit partner (mainly in Spain and the UK) and a strong background in the Spanish financial sector. He also participates in various international banking supervisory and regulatory forums.

Report on the independence of the external auditor

The audit committee verified the external auditor's independence on 17 February 2023 before the 2022 auditor's report on the financial statements was issued in line with section 4.f) of Article 529 *quaterdecies* of the Spanish Companies Act, and with Article 17.4.c) (iii) of the Rules and regulations of the board. It had considered the information included in the corresponding subsection ['Duties and activities in 2022'](#) in this section on:

- The external auditor's remuneration for audit and other services;
- All non-audit services rendered by the external auditor, verifying that they met independence requirements under European and Spanish law, the SEC rules and the rules of the Public Company Accounting Oversight Board (PCAOB); and
- The personal circumstances, as the financial dealings, that the auditor or persons performing the audit may have with the Group, analysing threats and taking appropriate safeguarding measures.

Likewise, the committee received written confirmation from the external auditor on its independence from Banco Santander in accordance with applicable European and Spanish law, the SEC and the PCAOB.

In view of the above, the audit committee concluded that, by its judgement, it had no objective reason to question the external auditor's independence.

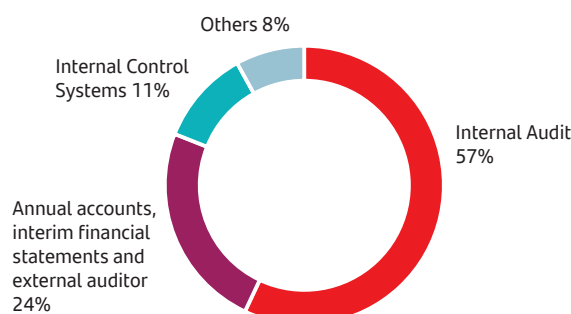
Proposed re-election of the external auditor for 2023

As indicated in section [3.5 'Our next AGM in 2023'](#), the board of directors will submit a resolution to re-elect PwC as external auditor for 2023 at our 2023 AGM, following the proposal the audit committee had issued in November 2022. Mr González will continue as lead audit partner.

Time allocation

In 2022, the audit committee held 12 meetings, including two joint sessions with the risk supervision, regulation and compliance committee. See ['Board and committee preparation and attendance'](#) in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



Duties and activities in 2022

This section summarizes the audit committee's activities in 2022.

Duties	Actions taken
Financial statements and other financial and non-financial information	
Review the financial statements and other financial and non-financial information	<ul style="list-style-type: none"> Reviewed the individual and consolidated financial statements and directors' report for 2022 and submitted them to the board of directors for approval. Monitored compliance with legal requirements and accounting principles, and ensured that the external auditor issued a report on the effectiveness of the Group's system of internal control over financial reporting (ICFR). Reviewed quarterly financial information (dated 31 December 2021, 31 March, 30 June and 30 September 2022, respectively), before it was approved by the board and subsequently released to the market and supervisory bodies. Reviewed such other financial information included in the annual report; share registration document filed with the CNMV; Form 20-F filed with the SEC; and the half-yearly financial information filed with the CNMV and with the SEC as Form 6-K. Oversaw and assessed the preparation and reporting processes, as well as the integrity of non-financial reporting according to applicable regulation and international standards, in coordination with the responsible banking, sustainability and culture committee; and informed the board accordingly. Reviewed the annual 'Green Bond' report on investments for each green bond issuance before board approval, assessing the integrity of such disclosure and the external auditor opinion on it.
Report to the board about applied tax policies	<ul style="list-style-type: none"> Reported to the board on tax policies based on the Code of Good Tax Practices and on the filing of the 2021 Tax transparency report with the Spanish tax agency (<i>Agencia Estatal de Administración Tributaria</i>). Received information on emerging tax developments and regulation, and its potential impacts. Reviewed and endorsed the tax strategy and policy on control and management of risk, including tax risk and recommended it to the board for approval.
Relations with the external auditor	
Receive information on the external audit plan	<ul style="list-style-type: none"> Received updates on the planning, progress and execution of the audit plan. Discussed improvements to financial reporting in light of new accounting standards and best practice. Obtained the external auditor's confirmation of its full access to all information to conduct the audit. Analysed the audits for the annual financial statements before the external auditor submitted them to the board of directors. Received reports on ESG information reporting process, evolution of reporting requirements, their impact on timelines and assurance scope of the independent external verification of such information.
Interaction with the external auditor	<ul style="list-style-type: none"> Met twice with the lead audit partner without executives present to ensure fluent communication and the independent performance of its function. The lead audit partner, who met periodically with the committee Chair, attended all committee meetings, which facilitated communication between the external auditor and the board.
Assessment of the external auditor's performance	<ul style="list-style-type: none"> Performed the final assessment of the external auditor's and how it has contributed to financial reporting integrity considering its work and the opinions of the controllers of main local units or relevant subgroups and the main entities' audit committee chairs. Received the PwC 2022 Transparency report from the lead audit partner who informed the committee on other relevant investigations and confirmed that no inspections from the ICAC on PwC were expected in 2022 as part of the former's regular quality control processes.

Duties

Actions taken

External auditor's independence. Possible threats and protective measures

PwC's remuneration for audit and non-audit services

- Monitored PwC's remuneration, including the following fees for audit and non-audit services provided to the Group:

EUR million	2022	2021	2020
Audit	113.4	104.6	99.4
Audit-related services	6.4	6.0	6.0
Tax advisory services	0.5	0.7	0.8
Other services	4.8	2.4	1.2
Total	125.1	113.7	107.4

The 'Audit' heading mainly includes audit fees for the individual and consolidated financial statements of Banco Santander and its subsidiaries, of which PwC or another firm in its network is the statutory auditor; for interim consolidated financial statements of Banco Santander; for integrated audits prepared in order to file Form 20-F for the annual report with the SEC in the US regarding required entities; the internal control audit (SOx) for required Group's entities; the limited review of the financial statements; and the regulatory auditor's reports on Grupo Santander's geographies.

The main fees under 'Audit-related services' include, comfort letters, verifying financial and non-financial information (as required by regulators), and other reviews of documents that, due to their nature, the external auditor provides to be submitted to domestic or foreign authorities.

The fees included under the heading 'Tax services' mainly related to tax compliance and advisory services provided to Group companies outside Spain, which are permitted in accordance with independence regulations; none were for tax planning advice.

The 'Audit' heading includes the fees for the year's audit, regardless of the date the audit was completed. Any subsequent adjustments, which are not significant, and for purposes of comparison, are shown in note 47.b) in the 'Notes to the consolidated financial statements' for each year. The fees corresponding to the rest of the services are shown by when the audit committee approved them.

- Verified that the ratio of PwC's total fees paid for all services for the Group to its annual revenue in Spain and worldwide in 2022 did not exceed 15% for three consecutive years. The ratio stood at 0.3% of PwC's total revenues in worldwide. Banco Santander has been complying with the requirement that, over three or more consecutive years.
- Verified every quarter, according to Regulation (EU) No 537/2014 of the European Parliament and of the Council, that the fees approved in 2022 for non-audit services provided by PricewaterhouseCoopers Auditores, S.L. (PwC) (including for 'Other services' and 'Audit-related services', and not including services that the external auditor is required to perform under domestic or EU laws) were significantly less than 70% of the average fees paid specifically to PwC in the past three consecutive years for the 'Audit' of Banco Santander and its subsidiaries in Spain (not including fees for reviews with more limited assurance than required for accounts auditing, which are included as non-audit services). At 2022, non-audit service fees were 32.12% of the average fees paid to PwC; they would be 20.43% if they included services approved for PwC and other firms in its network by Grupo Santander in and outside Spain.

See subsection C.1.32 of section 9.1. '[Reconciliation with the CNMV's corporate governance report model](#)' for the reconciled amounts of the abovementioned fees listed, with the numerator and denominator values of each ratio found in section C.1.32 of section 9.2 '[Statistical information on corporate governance required by the CNMV](#)'.

- In 2022, Grupo Santander contracted for services by audit firms other than PwC in amount of EUR 185.5 million (EUR 263.8 and 172.4 million in 2021 and 2020, respectively).

Non-audit services

- Verified that all non-audit services rendered by the Group's external auditor met independence requirements under applicable regulation.

Personal and financial relations

- Received written confirmation from PwC that the designated audit team, PwC as external auditor, everyone else that forms part of PwC or firms in its network, and all applicable extended relations to them complied with regulation on external auditor independence.
- The committee was also informed about an internal review of potential financial ties with PwC and its related companies, which had found none that compromised the independence of PwC as external auditor.

External auditor independence report

- After considering the information above, the committee issued its '[Report on the independence of the external auditor](#)' at the beginning of this section.

Duties

Actions taken

Re-election of the external auditor

- | | |
|-------------------------------------|---|
| Re-election of the external auditor | <ul style="list-style-type: none"> Recommended to the board, for subsequent submission to the 2023 AGM, the re-election of PwC as the external auditor of Banco Santander and its consolidated Group for 2023. |
|-------------------------------------|---|

Internal audit

Oversight of the Internal Audit function

- Supervised the Internal Audit function and ensured its independence and effectiveness in 2022.
- Commissioned and reviewed the external assessment of the Internal audit function according to Internal Audit Standards 1312 to further ensure the effectiveness of the function and its alignment with best practice and monitored implementation of the associated action plan.
- Held meetings with the Group Chief Audit Executive (CAE) and internal audit officers, including one private meeting with the CAE without other executives or the external auditor present.
- Proposed a 2022 Internal Audit function budget, ensuring the resources the function needed to its duties effectively.
- Was kept apprised of audit hub projects and internal audit digital initiatives.
- Assessed the preparedness and effectiveness of the Internal Audit function to fulfil its duties.
- Reviewed and reported to the board on the CAE's 2022 objectives.
- Reviewed the CAE's performance in 2022 and reported to the remuneration committee and to the board to set his variable remuneration.
- Was engaged in the appointment of new subsidiary CAEs, ensuring their proper oversight and control, in coordination with the nomination committee.

Monitoring of internal audit activities

- Reported on the internal audit plan, internal audit recommendations and ratings of units and corporate functions. Each unit CAE reported to the committee at least once in 2022.
- Reviewed the strategic audit plan for 2022-2025 and recommended it to the board for approval, ensuring that it covered the Group's relevant risks.
- Received regular information on the internal audit activities carried out in 2022, highlighting an overall improvement in audit ratings, as a result of the continued focus on a stronger control environment; and conducted an additional review of issued audit reports, requiring that relevant business areas present action plans.
- Continued promoting the first-line's further involvement in internal audit recommendations and ensured that senior management and the board understood the conclusions of internal audit reports.
- Received holistic reviews of internal audit coverage of financial crime, model risk, ESG and vendor management and other topics, to ensure proper oversight, with second line of defence representatives invited to provide additional feedback.

Internal control systems

Monitoring the assessment of internal control systems

- Received information on the Group's internal control system and monitored related action plans, together with the internal control strategic plan.
- Received reports and certification on the Group's 2021 internal control system (ICS) and assessed its effectiveness in compliance with CNMV Internal Control over Financial Reporting regulation (SCIIF) and the SEC Sarbanes-Oxley Act (SOx).

Whistleblowing channel (*Canal Abierto*)

- Received information in a joint meeting with the risk supervision, regulation and compliance committee on *Canal Abierto*, the Group's whistleblowing channel with a special focus on matters within the committee's area of authority to ensure the Group's culture empowers employees and other persons related to Banco Santander can talk straight and report irregular practices without fear of reprisal.

Coordination with Risk and Compliance and Conduct

- Held two joint meetings with the risk supervision, regulation and compliance committee to discuss the Group's risk control environment assessment, risk model, financial crime compliance, risk culture, whistleblowing, third-party supplier risk management and other topics of mutual interest.
- Received biannual reports on legal risk, in coordination with the risk supervision, regulation and compliance committee.
- Invited the CRO to all 2022 committee meetings.
- The chairs of the audit committee and the risk supervision, regulation and compliance committees met regularly.

Other activities

- Endorsed the Pillar III disclosures report, which was submitted to the board for approval.
- Received reports from Santander España audit committee on the main items covered at its meeting to remain sighted on its activities.

Related-party and corporate transactions

Creation or acquisition of special-purpose vehicles and entities based in countries considered non-cooperative jurisdictions

- Was informed of the activities of the Group's offshore entities by the Head of Tax, in accordance with Spanish regulations. See note 3.c) in the 'Notes to the consolidated financial statements'.
- Received a report on the creation of special purpose entities and reported favourably to the board on the proposals presented.

Duties	Actions taken
Authorization and oversight of related-party transactions	<ul style="list-style-type: none"> Reviewed the details and balances of the related-party transactions that appear in the annual and half-yearly financial statements. Checked that those transactions were carried out under market conditions. Conducted bi-annual reviews to check that related-party transactions complied with the law, the Rules and regulations of the board and the conditions set by board resolution, and met the requirements to be considered fair, reasonable and transparent. Reported its findings to the board. Reviewed and recommended to the board changes and a wider scope for the rules for authorizing related-party transactions, in particular in relation to non-typically banking transactions and those whose approval has not been delegated by the board of directors. Issued the Related-party transactions report, which can be found in section 4.12 'Related-party transactions and other conflicts of interest'.
Transactions involving structural or corporate changes	<ul style="list-style-type: none"> Reviewed the corporate transactions that the Group planned in 2022 prior to their submission to the board of directors, analysing their economic conditions, accounting and internal audit impact.
Information for general meetings and corporate documents	
Shareholder information	<ul style="list-style-type: none"> Was represented by Pamela Walkden in reporting at the 2022 AGM on the committee's activities in 2022.
Corporate documents for 2022	<ul style="list-style-type: none"> Prepared this activities report which includes a performance review of the committee's functions and key priorities identified for 2023.

Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see '[Board effectiveness review in 2022](#)' in section 4.3.

Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Welcomed Germán de la Fuente as a new member. He complements the skills and background of committee members with additional accounting and audit experience and strong knowledge of banking and financial services.
- Increased the overall committee effectiveness, ensuring proper mechanisms remained in place to coordinate and share information with the risk supervision, regulation and compliance committee and others.
- Proactively reviewed its forward-looking planning to ensure committee time was used optimally and aligned with member expectations, and its responsibilities were discharged in line with its assigned functions.
- Enabled the Group and subsidiary chairs to participate in each other's committee meetings, and held a meeting of audit committee Chairs of Grupo Santander to discuss global initiatives and topical matters of mutual interest.
- Oversaw the internal audit plan and the Group's environmental strategic initiatives, the Internal Audit function, the internal control systems as well as the measurement of emerging risks identified by management.
- Oversaw key judgements made in preparing the Group's financial statements, including the oversight of the integrity of financial reporting and controls.

2023 priorities

The committee set the following priorities for 2023:

- Continue to monitor the impact of the current volatile environment on key aspects within the committee's remit. These include the macroeconomic scenarios which flow

through to the key management judgements and estimates, such as provisioning, that are made in preparing the Group's financial statements, as well as the heightened risks around, for example, supply chain and cyber.

- Continue to supervise the Group's units and global businesses, with a special focus on those more relevant to the digital transformation, such as PagoNxt and Digital Consumer Bank, to ensure that appropriate controls are in place.
- Continue to focus on the oversight of the internal audit plan execution, ensuring appropriate amendments to address future risks and appropriateness of the internal controls to manage these risks.
- Review our enhanced ESG disclosures to ensure consistency and coherence in a complex legislative framework and monitor the greater independent assurance required in the coming years, by both the SEC Climate disclosure and Corporate Sustainability Reporting Directive.
- Remain focused on the independence and effectiveness of both the Internal Audit team and the committee itself ensuring that their roles are discharged effectively, and maintain a strong working relationship with the other committees, as well as the subsidiary audit committees.

4.6 Nomination committee activities in 2022

'Board composition and succession were high on our agenda last year. In particular, significant time was devoted to our CEO succession process around a number of other senior roles impacted by Héctor's move to the CEO role. For all key board and senior appointments, the committee continues to oversee a robust succession process which has an appropriate focus on the diversity of candidates under consideration.

The skills and training of Group directors, the executive, senior management and workforce talent strategy, and gender and broader diversity criteria remained top priorities in the committee's succession planning discussions.

The effectiveness of the board, its committees and our overall governance remained a key priority in the year. We focused on the delivery of actions that arose from the 2021 external advisors' governance review and ensured that this was completed to our satisfaction. In this regard, the committee is committed to continuously improving board and committee governance and designed the 2022 board effectiveness review, which was conducted internally.

Lastly, R. Martín Chávez left the board and Glenn Hutchins joined the board and this committee, among others, on 20 December 2022. On behalf of the committee, I would like to thank R. Martín Chávez for his hard work and commitment and extend a warm welcome to Glenn Hutchins'.

Bruce Carnegie-Brown

Chair of the nomination committee



This section is the report the nomination committee prepared on 20 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

Composition

Position		Category	Appointed on
Chair	Bruce Carnegie-Brown	Independent	12/02/2015 ^A
	Sol Daurella	Independent	23/02/2015
Members	Gina Díez Barroso	Independent	22/12/2021
	Glenn Hutchins	Independent	20/12/2022
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 12 February 2015.

Duties and activities in 2022

This section summarizes the nomination committee's activities in 2022.

Duties

Actions taken

Board and committees composition and succession planning

Selection succession and renewal of the board and its committees

- Ensured board member selection procedures guaranteed directors' individual and collective suitability; fostered diversity in its broadest sense (gender, geographical provenance, age, experience and skills); and analysed the required expertise, skills and time commitment for effective board membership.
- Continued playing a leading role in the appointment of board and committee members and planning their succession.
- Assessed the composition of the board committees and the international advisory board in order to ensure they had the right skills and experience to perform their duties successfully.
- Continued monitoring the board of directors' overall skills and competencies, either thematic or horizontal, including the need to cover Grupo Santander's strategic markets and such areas as technology, digital strategy, banking, finance, regulation, data management and sustainability; and verified that the overall composition of the board of directors and its committees remain appropriate.
- Ensured an up-to-date candidate pool identification for any proposal of appointment, considered diversity in its broadest sense.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters it handles.

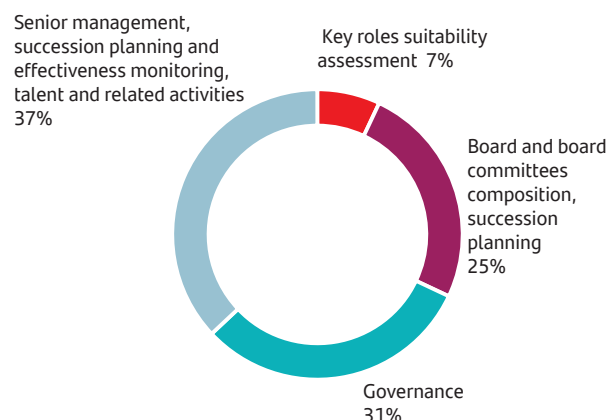
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

R. Martín Chávez stepped down as member of the committee on 1 July 2022 and Glenn Hutchins was appointed to the committee on 20 December 2022.

Time allocation

In 2022, the nomination committee held 12 meetings, including one joint session with the remuneration committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



Duties

Actions taken

Appointment, re-election and confirmation of directors and committee members

- Considered areas of expertise and experience required to complement the board of directors by reference to the board skills and diversity matrix as well as the board effectiveness review in order to commission the relevant recruitment.
- Oversaw a rigorous and comprehensive process to facilitate the orderly succession of the Chief Executive Officer position, taking into account and constructively challenging all relevant factors. As a result, confirmed the suitability of Héctor Grisi for the position of director and CEO and proposed his nomination to the board of directors.
- Recommended that José Antonio Álvarez should remain as Vice Chair once he steps down from his executive duties on 1 January 2023.
- Was apprised of the resignations from R Martín Chávez (effective on 1 July 2022) and from Sergio Rial (effective on 1 January 2023) as directors of the board, which they had tendered in order to pursue other professional interests.
- Recommended the nomination of Glenn Hutchins as independent director, effective from 20 December 2022, in light of his expertise in different areas, such as financial supervision, banking and technology.
- Proposed composition changes for certain committees to further enhance their performance and support to the board in their areas of authority.

Annual verification of the status of directors

- Verified each director category (i.e. executive, independent and other external) and submitted a proposal to the board of directors for it to be confirmed in the annual corporate governance report and at the 2023 AGM. See section 4.2 'Board composition'.
- Assessed directors' independence, verifying there were no significant business ties between the Group and companies in which they are or have been significant shareholders, directors or senior managers, in particular regarding financing extended by the Group to such companies. In all cases, the committee concluded that existing ties were not significant because (i) financing (a) did not constitute economic dependency for such companies because other sources of funding were available, and (b) was consistent with the Group's share of the relevant market; and because (ii) business ties did not reach comparable materiality thresholds used in other jurisdictions as benchmarks (e.g. New York Stock Exchange (NYSE), Nasdaq and Canada's Bank Act), among other reasons.

Directors' potential conflicts of interest and other professional activities

- Examined the information provided by directors about their intention to carry out other professional activities or positions outside the Group held in order to assess related time commitment and the compliance with the maximum number of boards to which they may belong according to the applicable legislation. Concluded that those commitments did not interfere with their obligations as Banco Santander directors nor entail any conflict of interest.

Director induction, training and development programmes

- Assessed the effectiveness of the Group's director induction, training and development programmes based on the Rules and regulations of the board, ESMA and EBA's joint guidelines and the Spanish Governance Code guaranteeing that such programmes are designed according to each director's circumstances and needs and identified areas for improvement and additional training topics for the 2023 training programme.

Senior management, succession planning and effectiveness monitoring, talent and related activities

Succession planning for executive directors and senior management

- Oversaw the discipline applied to senior executive succession planning (which included key positions in subsidiaries) and made sure plans were being implemented for the orderly succession of senior managers through a rigorous, transparent, merit-based and objective process that promotes diversity in its broadest sense.
- Oversaw appointments of key positions and the regular strategic review of leadership succession plans.

Appointment of key officers

- Recommended the following nominees, later appointed by the board:
 - Felipe García Ascencio as CEO of Santander México and Country Head
 - Román Blanco as CEO of Santander Chile and Country Head.
 - Ángel Rivera as CEO of Santander España and Country Head.
 - Cristina Ruiz as Head of Transformation of Santander España.
 - Matías Sánchez as Global Head of Cards & Digital Solutions.
 - Mahesh Aditya as Group CRO, subject to customary approvals.
- Issued favourable opinions on director and senior manager appointments in the Group's core subsidiaries.

Talent and culture matters

- Discussed Human Resources' activities and progress with the 2021 diversity, equity and inclusion strategy, new proposals for 2022; and reviewed the Group's STEM (science, technology, engineering and mathematics) talent strategy.
- Assessed and challenged proposals on top-leadership goals, career development plans & mobility.

Duties	Actions taken
Governance	
Board effectiveness review	<ul style="list-style-type: none"> Reviewed the execution of the action plan to address the areas for improvement revealed in the 2021 board effectiveness annual review. Oversaw the 2022 board effectiveness review, which was performed internally and the resulting action plan. See 'Board effectiveness review in 2022' in section 4.3.
Internal governance	<ul style="list-style-type: none"> Assessed the suitability of certain key position nominees for the subsidiaries, subject to the Group's appointments and suitability procedure. Oversaw subsidiary board composition to ensure consistent suitability in line with expectations across the Group. Coordinated the appointments of specific subsidiary CAEs, CROs and CCOs with audit and risk supervision, regulation and compliance committees, ensuring their proper oversight and control. Remained apprised on new governance regulation, trends, best practices and implications for the Group. In this regard received proposed amendments to the GSGM and other applicable internal regulation, which were endorsed and recommended to the board for approval. Verified that subsidiaries followed the GSGM on board and committee structure and their functions pursuant best practices. In addition, the committee tracked subsidiary actions and progress in implementing internal regulation dictated by the Group. Endorsed Group director nominations for subsidiary boards to ensure board members representing the significant shareholder were suitable and correctly perform their duties. Reviewed the subsidiary board and board Chairs annual effectiveness reviews. Endorsed the proposal to streamline the number of board meetings during the year whilst maintaining robust governance discipline and all times.
Corporate governance	<ul style="list-style-type: none"> Oversaw the implementation of the action plan resulting from the external holistic review of our governance model commissioned in 2021. Reviewed the highlights and results from the 2022 AGM. Reviewed the work of the Lead Independent Director, ensuring the discharge of his duties, as evidenced through a summary of his activities in the year, which was also submitted to the board. Reviewed the work and presentations of the Shareholder and investor relations team, as well as the Lead Independent Director's engagement with investors' and shareholders and proxy advisors, and the feedback received from them on the Group's corporate governance arrangements. Reviewed the independence of the external advisers hired by the nomination and remuneration committees in 2022 in line with the CNMV Technical Guide 1/2019 on nomination and remuneration committees, analysing the services the advisers provided, the amounts they received and other items. Reviewed the annual corporate governance report to verify that information contained therein conforms to the Law and that the corporate governance system promotes corporate interests and considers the legitimate interests of all stakeholders.
Key roles suitability assessment	
Annual suitability re-assessment of directors and key function holders	<ul style="list-style-type: none"> Assessed the suitability of directors, senior management, head of internal control function heads and Group's key position holders, confirming their continued business and professional good reputes and appropriate knowledge and experience to perform their duties. Concluded that board members are capable of good governance of Banco Santander. To this effect, it has supervised that the attendance of the directors at the meetings of the board and the committees was not less than 75% and, in the specific cases of lower attendance, that the absences were duly justified and do not undermine their capacity to devote sufficient time to discharge their functions. Likewise, it has verified an average board attendance of 98.47%. See 'Board and committee preparation and attendance' in section 4.3. Based on the information it had received from the directors, confirmed the absence of circumstances that could harm the Group's credit and reputation.
Information for general meetings and corporate documents	
Shareholder information	<ul style="list-style-type: none"> Was represented by Bruce Carnegie-Brown in reporting at the 2022 AGM on the committee's activities in 2021.
Corporate documents for 2022	<ul style="list-style-type: none"> Prepared this activities report, which includes a performance review of the committee's functions and key priorities identified for 2023.

Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see ['Board effectiveness review in 2022'](#) in section 4.3.

Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Reviewed board and senior executive succession planning (including CEO and other key positions at Group and subsidiary level) regularly; ensured plans were in place for the

orderly succession of senior management positions and that the succession procedure was rigorous, transparent and based on meritocracy and objective criteria, as well as promoting diversity in its broadest sense.

- Monitored the skills, competencies and training needs of the directors and reviewed their induction, development and training programmes designed to continuously improve the knowledge of the most important topics of the organization and industry, and meet to regulatory requirements.
- Received information on talent strategy, focused on leading the workforce transformation of Santander to ensure its readiness for emerging challenges, with a focus on STEM talent attraction.
- Ensured delivery of actions that arose from the 2021 external advisor's governance review and ensured that those were completed, ensuring the continuous improvement of our governance arrangements.
- Oversaw engagement with shareholders and investors about governance.

2023 priorities

The committee set the following priorities for 2023:

- Continue to review the senior executive and board member succession plans based on Group's strategic needs, including potential challenges the business may face. This will include ensuring the continued development of internal succession pipeline.
- Continue to promote gender and broader diversity in our succession policy and talent strategy, acknowledging that building a more diverse and inclusive workforce is critical to business sustainability and success.
- Continue to monitor board members' expertise and training needs, as well as the board's development.
- Review the process for the appointment of a successor to the Lead Independent Director.
- Keep corporate governance arrangements under constant review ensuring that the expectations of all stakeholders with strategic relevance for the Group are considered; closely monitoring shareholder engagement and, together with the lead independent director, considering their feedback and insights.
- Continue to ensure the ongoing application of the GSGM and related internal regulation across Santander, and as a consequence, robust oversight and control of the Group's subsidiaries.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged with appropriate rigour.

4.7 Remuneration committee activities in 2022

'We continued to oversee the drafting and implementation of remuneration policies and schemes, ensuring they promote effective risk management, strong performance, meritocracy, our culture and our T.E.A.M.S. corporate behaviours. We commissioned an external review of our remuneration arrangements, which concluded that the Group's policies, procedures and practices fully comply with applicable legislation.

The committee holds the belief that a diverse workforce and an inclusive workplace are key to fulfilling the Group's strategic ambitions, and for such purposes, it continued to oversee that the remuneration policy addressed those principles.

We benefited from our members' mix of experience and skills, leveraging their collective insights to ensure best possible outcomes. They each provided appropriate advice and challenge to management on the matters presented. Fluid and effective communication with executives and non-executives enabled us to continue monitoring our incentive structures and measures, maintain alignment with our targets, culture and behaviours, and support the delivery of our strategic transformation agenda'.

Bruce Carnegie-Brown

Chair of the remuneration committee



This section is the report the remuneration committee prepared on 20 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

Composition

Position		Category	Appointed on
Chair	Bruce Carnegie-Brown	Independent	12/02/2015 ^A
	Sol Daurella	Independent	23/02/2015
	Henrique de Castro	Independent	29/10/2019
Members	Glenn Hutchins	Independent	20/12/2022
	Luis Isasi	Other external	19/05/2020
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 12 February 2015.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters it handles.

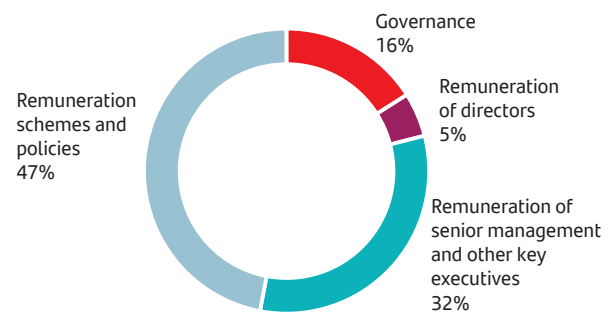
For more details, see section [4.1 'Our directors'](#) and ['Board and committees skills and diversity matrix'](#) in section 4.2.

R. Martín Chávez stepped down as a member of the committee on 19 April 2022 and Glenn Hutchins was appointed to the committee on 20 December 2022.

Time allocation

In 2022, the remuneration committee held 13 meetings, including two joint sessions, one with the nomination committee and one with the risk supervision, regulation and compliance committee. See ['Board and committee preparation and attendance'](#) in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



Duties and activities in 2022

This section summarizes the remuneration committee's activities in 2022.

Duties	Actions taken
Remuneration schemes and policies	
Remuneration policy for executive directors, senior management and other key executives	<ul style="list-style-type: none"> Remained focused on simplifying executive directors and top management remuneration, shaping remuneration schemes consistent with Banco Santander's Simple, Personal and Fair values, with long term ESG-related metrics in coordination with the responsible banking, sustainability and culture committee. Proposed to the board global annual variable remuneration for 2021 (payable immediately) and deferred executive remuneration, based on achievement of previously set quantitative and qualitative targets. Recommended individual remuneration of members of senior management, based on annual performance targets and their weightings as set by the board. Reviewed the calibration of executives' performance reviews for the Executive Chair, the CEO and the CFO in coordination with non-executive directors; for the CRO and CCO with the risk supervision, regulation and compliance committee; and the CAE with the audit committee. Made sure remuneration for senior management remained fair and competitive, recommending adjustments where appropriate to the board, based on a benchmark analysis. Established the annual performance indicators to calculate variable remuneration for 2023 in order to maintain the simplification of the bonus pool scorecard approved for the previous year, with a continued focus on customer centric, risk, capital and sustainable profitability. Set the achievement scales for the annual and multi-year performance targets and weightings for submission to the board.
Assist the board of directors in supervising compliance with remuneration policies	<ul style="list-style-type: none"> Checked that remuneration schemes were appropriate to the Group's results, corporate culture and risk appetite and created no incentive to breach risk appetite. Reported to the board on Group remuneration practices and assessed their effectiveness receiving confirmation on the alignment of Group-wide remuneration practices with the Group remuneration policy. Reported to the board that an external advisor assessment based on Act 10/2014 and EBA guidelines, found that the Group's policies, procedures and practices complies with the regulatory requirements for credit institutions. Endorsed proposed changes to the remuneration policy based on updates of EBA guidelines on the data collection exercise for high earners and remuneration benchmarking. Reviewed and proposed to the board of directors for approval a retention plan proposal to ensure timely decisions in connection with staff retention measures in a resolution scenario. Reviewed the adoption of ex post risk adjustments, including the application of <i>malus</i> and clawback arrangements within the Group.

Duties	Actions taken
Diversity, equity and inclusion	<ul style="list-style-type: none"> Reviewed policies on diversity, gender pay gap reduction and equal pay with a view to promoting greater diversity in its broadest sense, acknowledging progress made in the number of women in senior positions. Reviewed internal “equal pay for equal work” data against the previous year and targets and focused on measures to enhance them in each country. Received information on inclusion indicators and initiatives launched to continue promoting a culture of inclusion in the Group and ensured the avoidance of pay gaps in this regard.
Remuneration of senior management and other key executives	
Fixed remuneration for executive directors	<ul style="list-style-type: none"> Checked that executive directors' fixed remuneration remained appropriate to their duties based on market rates which resulted in no adjustments. Reviewed and proposed to the board the compensation for the newly appointed CEO.
Variable remuneration for executive directors and senior management	<ul style="list-style-type: none"> Proposed to the board immediately payable and deferred amounts of variable remuneration for the preceding year. Reviewed and submitted a proposal to the board for approval, on annual performance indicators and targets to calculate 2023 variable remuneration.
Share plans	<ul style="list-style-type: none"> Submitted a proposal to the board and to vote at the 2022 AGM regarding the approval of remuneration plans that involve the delivery to executive directors and senior management of shares or share options (deferred multiyear target variable remuneration plan; deferred and conditional variable remuneration plan; application of the Group buy-out policy). Reviewed the 2022 Digital Transformation Award, which was designed to attract and retain key talent to drive long-term share value creation based on the achievement of key digital milestones. As part of the 2022 Digital Transformation Award, the committee reviewed and submitted to the board incentive proposals for senior executives to foster collaboration between the Group and PagoNxt. Analysed and submitted to the board tailored incentive schemes for strategic businesses to drive talent retention and alignment with the Group's strategic priorities.
Remuneration of directors	
Individual remuneration of directors in their capacity as such	<ul style="list-style-type: none"> Analysed and proposed adjustments to the directors' remuneration in their capacity as such, based on the positions they held on the collective decision-making body, their membership and attendance at committee meetings, benchmark information and other objective circumstances.
Remuneration of Identified Staff	
Remuneration of other executives who are Identified Staff but not senior management	<ul style="list-style-type: none"> Reviewed the volume of the Identified Staff population, trends versus previous years and checked that fixed and variable remuneration ratios for control functions remained consistent with regulation and targets. Set key remuneration components for Identified Staff (Material Risk Takers) in coordination with the risk supervision, regulation and compliance committee. Maintained close coordination with the board and its committees to ensure that risks are correctly controlled and mitigated. Submitted a proposal to the board, for subsequent submission to the 2022 AGM, regarding the approval of maximum variable remuneration of up to 200% of the fixed component for Group employees whose activities have a material impact on Banco Santander or the Group's risk profile, including executive directors and senior management. Checked that remuneration schemes supported attraction and retention of key talent to help drive digitalization, the application of incentives implemented in the Group, and the achievement of long-term deferred remuneration metrics.
Governance	
Coordination with subsidiaries	<ul style="list-style-type: none"> Received information on local market practices, remuneration trends and challenges in different local markets. Held a joint session with the risk supervision, regulation and compliance committee to review the subsidiary action plans on internal sales force pay and conduct risk for the external sales force and verified that remuneration schemes factor in capital and liquidity, and do not offer incentives to assume risks that exceed Banco Santander's tolerance, thus promoting and being compatible with adequate and effective risk management. Reviewed the remuneration practices for subsidiary directors.
Annual directors' remuneration report	<ul style="list-style-type: none"> Assisted the board of directors in overseeing compliance with the director remuneration policy. Reviewed the lead independent director's report on engagement with key shareholders and proxy advisors regarding executive director remuneration. Reviewed and proposed to the board the annual directors' remuneration report for an advisory vote at the 2022 AGM.

Duties**Actions taken****Information for general meetings and corporate documents**

Shareholders information	• Was represented by Bruce Carnegie-Brown in reporting at the 2022 AGM on the committee's activities in 2021.
Corporate documents for 2022	• Prepared this report, which includes a performance review of the committee's functions and key priorities identified for 2023.

Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see ['Board effectiveness review in 2022'](#) in section 4.3.

Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Checked regularly that incentives remained consistent with corporate strategy, culture and T.E.A.M.S. behaviours and that remuneration schemes remained simple, effective and fair and met regulation.
- Reviewed proposals to continue to enhance our employee value proposition to attract and retain key talent. In particular, placed a further focus on the challenges encountered relating to the attraction and retention of STEM talent.
- Enhanced coordination and information exchange with the subsidiaries based on presentations from subsidiary Human Resources functions on local market practices and challenges.
- Continued prioritizing gender pay measurement and trends in the Group to set targets; and checked that the methodology to calculate gender equality metrics was accurate and action plans effectively narrowed the gender pay gap in the Group and its subsidiaries.

The director remuneration policy report

Pursuant to section 2 of Article 529 novodecies of the Spanish Companies Act, the remuneration committee issues this report on the resolution regarding the directors' remuneration policy for 2022, 2024 and 2025 that will be submitted by the board of directors at the 2023 AGM as a separate item on the agenda and is an integral part of this report. See sections [6.4 Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote](#) and [6.5 'Preparatory work and decision-making for the remuneration policy; remuneration committee involvement'](#).

Banco Santander's Remuneration function prepares the directors' remuneration policy based on requests, observations and suggestions it receives from the human resources committee, remuneration committee, board of directors and external advisers, proxy advisors and ESG analysts throughout the year (the policy for 2023, 2024 and 2025 includes suggestions from Willis Towers Watson). The remuneration committee receives a first draft of the policy every January to review and debate. During the meeting, it considers the inputs the chair and lead independent director receive through shareholder and stakeholder engagement during the year. It also considers any recommendations from regulators, legal requirements or regulation that has come to light since the last time the policy was submitted for approval at the annual general meeting. The committee also makes sure the policy is

consistent with the Group's culture and Simple, Personal and Fair values. The Remuneration function then prepares the final draft for the remuneration committee to submit to the board of directors for approval in February.

The remuneration committee believes the directors' remuneration policy for 2023, 2024 and 2025 included under section [6.4](#) is consistent with the Group's remuneration policy and with the remuneration scheme in the Bylaws.

The directors' remuneration policy has been reviewed. Several new features have been introduced, among them, share options as variable remuneration instruments (along with shares) to align executive pay with shareholders' interests. It now has updated long-term metrics to cover ESG aspects, RoTE and relative TSR (which was already included, but increasing the minimum threshold for pay) to be consistent with best practice and our shareholders' and investors' interests. Furthermore, it has reduced our annual pool metrics from four to three (i.e. customers, RoRWA and RoTE), with qualitative adjustments for risk, capital adequacy, competitor analysis, sustainable results and responsible banking commitments to sharpen our strategic focus.

2023 priorities

The committee set the following priorities for 2023:

- Keep incentive measures under continuous review to ensure that they continue to align with our strategic aims. This will include a continued focus on customers and sustainable profitability and drive our corporate culture and behaviours, balancing the needs of our different stakeholders, with strong shareholder support and appreciation from investors and proxy advisors.
- Continue to monitor external developments in executive remuneration best practices in the financial industry and broader market within regulation to enhance our employee value proposition. This will ensure that our remuneration schemes remain effective for attracting and retaining key talent for the Group's strategic ambitions. Make sure remuneration promotes meritocracy and effective risk management.
- Continue focusing on accelerating pay equality in the Group to support Santander's commitment to diversity, equity and inclusion.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged with appropriate rigour.

4.8 Risk supervision, regulation and compliance committee activities in 2022

'2022 was another challenging year. The war in Ukraine added to an already tough macro environment, with rising inflation and interest rates, the energy crisis and price volatility across the globe causing significant market dislocation. The committee closely oversaw the actions to manage and face those circumstances.

We monitored everyday and more strategic, non-traditional emerging risks closely in all subsidiaries and in full coordination with the board and other committees. We focused on long-term strategic risks that could ultimately compromise Grupo Santander's business and risk profile. The committee held two strategy meetings in 2022, where it reviewed key emerging risks and the implications that the war in Ukraine would have, even before it started; the impact of inflation and stagflation on key economies and the financial system; the green energy transition; fiat money versus digital currencies; and the risks and challenges that China poses to the global economy.

Members' skills and experience, boosted by the appointment of Germán de la Fuente as a member, helped the committee operate effectively and offer constructive challenge and support to management. We will remain vigilant of the current uncertainty and future risks to ensure they are managed properly in our daily operations.

Finally, I welcome our newly appointed CRO, Mahesh Aditya, who will join us from Santander Consumer USA in March 2023. In turn, I would like to thank Keiran Foad for his relentless work on strengthening Santander risk culture over the last five years'.

Belén Romana

Chair of the risk supervision, regulation and compliance committee



This section is the report the risk supervision, regulation and compliance committee prepared on 16 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

Composition

Position		Category	Appointed on
Chair	Belén Romana	Independent	28/10/2016 ^A
	Germán de la Fuente	Independent	01/01/2023
Members	Luis Isasi	Other external	19/05/2020
	Ramiro Mato	Independent	28/11/2017
	Pamela Walkden	Independent	01/05/2021
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 1 April 2021.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters it handles.

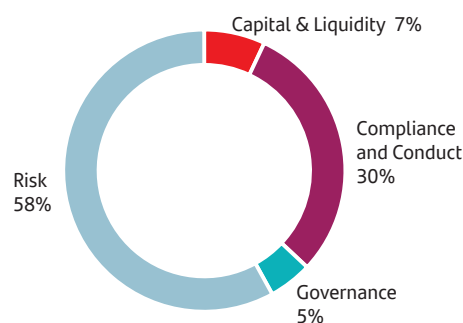
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

R. Martín Chávez stepped down as a member of the committee and Germán de la Fuente was appointed to the committee on 1 January 2023.

Time allocation

In 2022, the committee held 17 meetings, including two strategy sessions in February and June, two joint sessions with the audit committee and one joint session with the remuneration committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



Duties and activities in 2022

This section summarizes the risk supervision, regulation and compliance committee's activities in 2022.

Duties	Actions taken
Risk	
Assist the board in (i) defining the Group's risks policies, (ii) determining the risk appetite strategy and culture, and (iii) supervising their alignment with the Group's corporate values	<ul style="list-style-type: none"> • Reviewed and proposed to the board for approval the annual risk appetite statement proposal, including the analysis of proposed new metrics and limits. • Reviewed quarterly monitoring of risk appetite metrics, compliance with the limits and any breaches in the year. • Reviewed social and environmental policies (in coordination with the responsible banking, sustainability and culture committee), which set out financing standards and prohibited activities in such industries as energy, mining and soft commodities. • Reviewed the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP), the Strategic Plan, the 3-year strategic financial plan, the annual budget, the recovery and resolution plans before the board of directors approved them. Reviewed and challenged the identified risks and mitigating factors associated with those key processes, their consistency, and their overall alignment to the Group' risk appetite.
Risk management and control	<ul style="list-style-type: none"> • Reviewed the Group's main risks, conducted specific analyses by unit and risk type; assessed proposals, issues and projects relating to risk management and control. • Received risk updates from core subsidiaries and businesses. . • Checked that the Group's risk control management, most notably the risk profile assessment (RPA) and the risk control self-assessment (RCSA) remained robust. • Supervised the risks associated with the main corporate transformation programmes and their mitigation measures, with specific focus on new global businesses and strategic initiatives. • Reviewed regular updates on the identification of risk exercises to facilitate focus and discussion on top risks under management and the appropriateness of risk mitigating controls. • Analysed the potential impact and opportunities associated with emerging risks and how they would affect different geographies, our subsidiaries and businesses. • Supported the board in conducting stress tests of Banco Santander through the assessment of scenarios and assumptions, analysing the results and the measures proposed by the Risk function. Ensured that the stress test programme was aligned with the EBA Guidelines 2018/04 on institutions' stress testing. • Continued to focus on non-performing loan and non-performing asset performance during 2022, in particular considering the evolution of the portfolios under the current macroeconomic environment, considering the energy crisis and inflationary trend, as well as their potential effect on credit provisions, liquidity and capital. • Reviewed periodic reports on market, structural and counterparty risk. • Reviewed reports on non-financial risks including operational risk, legal risk, reputational risk, environmental and social risks (including climate) and vendor risk management, which remained areas of focus. Reviewed biannual reports on legal risk, in coordination with the audit committee. • Monitored, in full coordination with the innovation and technology committee, risks stemming from technological obsolescence and cybersecurity. Received reports on major IT developments and projects, including presentations on business continuity and contingency plans. • Reviewed, supervised and challenged the risks of strategic projects before their submission to the board of directors. • Supervised with the responsible banking, sustainability and culture committee the (i) the alignment of risk appetite and limits with corporate culture and values; (ii) non-financial risks; and (iii) new metrics related to climate that were proposed under the Risk Appetite Statement annual proposal.
Supervise the Risk function	<ul style="list-style-type: none"> • Reviewed the Risk function's activities, strategy, strengths and potential areas for improvement. • Ensured the ongoing independence and effectiveness of the Risk function, including the assessment of its staffing levels and overall appropriateness of its resourcing. • Reviewed and reported to the board on the CRO's 2022 objectives. • Reviewed the CRO's performance in 2022 against agreed risk appetite and strategy, at a joint session with the remuneration committee, and reported to the board to set his variable remuneration. • Was engaged in the appointment of the new Group CRO and subsidiary CROs, ensuring their proper oversight and control, in coordination with the nomination committee.

Duties**Actions taken****Collaboration to establish rational remuneration policies and practices**

- Held a joint session with the remuneration committee to review the subsidiary action plans on internal sales force pay and conduct risk for the external sales force and verified that remuneration schemes factor in capital and liquidity, and do not offer incentives to assume risks that exceed Banco Santander's tolerance, thus promoting and being compatible with adequate and effective risk management.
- Reviewed the ex-ante risk adjustment of total variable remuneration assigned to the units, based on actual risk outcomes and their management, in conjunction with the remuneration committee.
- Reviewed the 2022 bonus pool and results of the exercise carried out annually to identify employees whose professional activities had a material impact on the Group's risk profile (Identified staff or Material Risk Takers).

Regulatory and supervisory relations

- Reviewed relevant developments regarding regulatory and supervisory relations and maintained focus on the most relevant developments related to the SSM, the SRB, the supervisors of all the Group's subsidiaries and the SREP and specific on-site inspections related to risk and compliance matters, as appropriate.

Compliance and conduct**Supervise the Compliance and Conduct function**

- Reviewed the Compliance and Conduct function area's activities, strategy, development of the 2022 compliance programme, strengths and potential areas for improvement.
- Ensured the ongoing independence and effectiveness of the Compliance and Conduct function, including the assessment of its staffing levels and overall appropriateness of its resourcing.
- Reviewed monthly reports on regulatory issues, product governance and consumer protection, reputational risk, internal and external events, notifications and inspections by supervisors, updates on the One Financial Crime Compliance (One FCC) programme and other matters.
- Received updates on compliance and conduct risks from the Group's main subsidiaries and global businesses, with a special focus on the status of the implementation of the One FCC programme.
- Met with the CCO (twice in private, in addition to other informal meetings) to discuss strategic compliance topics as well as to report independently and directly to the committee on any potential material issue relating to the Compliance and Conduct function, if needed.
- Reviewed and reported to the board on the CCO's 2022 objectives.
- Reviewed the CCO's performance in 2022 against the agreed compliance plan and compliance and conduct strategy at a joint session with the remuneration committee, in order to assist their work in determining her variable remuneration.
- Was engaged in the appointment of new subsidiary CCOs, ensuring their proper oversight and control, in coordination with the nomination committee.

Regulatory compliance

- Reviewed the Dodd Frank Title VII update, the Volcker Rule compliance programme, the status of data protection under the GDPR and the Corporate Defense Model.
- Reviewed and submitted to the board for approval amendments to the General Code of Conduct consistent with the corporate culture and new T.E.A.M.S. corporate behaviours.

Supervise the whistle-blowing channel (*Canal Abierto*)

- Reviewed, in a joint meeting with the audit committee, the annual report on *Canal Abierto*, the ethical channel that effectively promotes the Group's culture (Speak up) and a work environment where employees and other persons related to Banco Santander can talk straight and report irregular practices without fear of reprisal.

Financial crime compliance (FCC)

- Oversaw the Group's observance of FCC regulations as well as the activities carried out by the function to ensure the ongoing delivery of the Group's One FCC programme. In particular:
 - Was provided with quarterly updates on progress on the One FCC implementation strategy and progress in the Group, providing support to the board in the oversight of financial crime risks.
 - Reviewed the sanctions screening activity as part of the quarterly updates on One FCC, with a special focus on the sanctions imposed to Russia due the war in Ukraine.
- Received recommendations and observations stemming from the annual independent expert report on Banco Santander in accordance with Act 10/2010 and Royal Decree 304/2014 (on anti-money laundering and terrorism financing).

Product governance and consumer protection

- Checked on customer complaints and action plans to address identified deficiencies.
- Reviewed subsidiary action plans for internal sales force pay and conduct risk from the external sales force at a joint meeting with the remuneration committee.
- Reviewed risk management and the main risks identified, as well as on concerns, priorities and actions taken by the Product Governance and Consumer Protection area regarding the management and mitigation of conduct risk with retail and vulnerable customers.

Duties	Actions taken
Capital and liquidity	
Assist the board in reviewing and approving capital and liquidity strategies and supervising their implementation	<ul style="list-style-type: none"> Reviewed and reported to the board on the annual ICAAP run by the Finance division and challenged by the Risk function in accordance with industry best practices and supervisory guidelines. Reviewed a capital plan according to the scenarios envisaged over a three-year period. Reviewed and reported to the board on the ILAAP, which was challenged by the Risk function and developed in line with the Group's business model and its liquidity needs. Reviewed liquidity risk and liquidity levels of the Group and its subsidiaries. Continuously monitored capital levels, capital management and associated tools, the 2022 securitizations plan and the analysis of the portfolio profitability versus the risk undertaken.
Governance	
Corporate governance and internal governance	<ul style="list-style-type: none"> Received quarterly updates on the matters discussed at the responsible banking, sustainability and culture committee by the chair of this committee. Furthermore, the CRO provided updates on the work of the risk control committee in his capacity as chair of that executive committee. Maintained close interaction and communication with the audit committee and reviewed in a joint session, internal auditing of the Risk and Compliance and Conduct areas, the Group's risk control environment assessment, and reports on risk model, FCC, risk culture, whistleblowing and third-party supplier risk management. Received reports from Santander España risk committee on the main items covered at its meetings to remained sighted on its activities.
Information for general meetings and corporate documents	
Shareholder information	<ul style="list-style-type: none"> Was represented by Belén Romana in reporting at the 2022 AGM committee's activities in 2021.
Corporate documents for 2022	<ul style="list-style-type: none"> Prepared this activities report which includes a performance review of the committee's functions and key priorities identified for 2023.

Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see [Board effectiveness review in 2022](#) in section 4.3.

Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Oversaw the risks generated by the war in Ukraine, inflation, price volatility in energy and commodities, interest rates hikes, among other market dislocations, and in particular, the market risk and liquidity risk on the Group's and subsidiaries' credit portfolios.
- Oversaw the risks associated with certain strategic projects, especially those relating to model risk, financial crime and anti-money laundering prevention, cyber security and climate change.
- Supervised the main risks of the core business units, geographies and new businesses, with an additional focus on emerging businesses that are relevant to the Group's strategy.
- Prioritized oversight of the Group's top risks, impacts and mitigation actions to ensure risks were appropriately managed and would remain within the board-approved risk appetite limits.
- Examined emerging and non-traditional risks to anticipate changes in business strategy (as discussed at its strategy meetings held in February and June 2022).
- Maintained close coordination with the board and its committees to ensure that risks were closely controlled and mitigated. Continued work on the committee's effectiveness

to make sure it is discharging its duties with the utmost efficacy. In particular, the committee heightened its coordination with other committees to examine matters that concerned them holistically and promoted greater presence of the first line of defence.

2023 Priorities

The committee set the following priorities for 2023:

- Continue to monitor the macroeconomic conditions, especially the energy crisis, inflation, interest rates hikes and potential recession in certain countries, and the potential impact on the Group.
- Continue to oversee the risks associated with certain strategic projects, PagoNxt and DCB, especially those relating to financial crime and money laundering prevention, IT obsolescence, climate change and model risk.
- Continue to monitor the Group's top risks, early warning indicators and mitigation actions to effective management of risks and Group's risk profile within risk appetite.
- Continue to identify emerging and non-traditional risks in order to anticipate potential impacts on our business model. Those risks will be a topic of debate at the committee's strategic meetings, which follows up on its strategic meetings held since 2020.
- Continue to enhance coordination and information exchange with core units and divisions, with Group and subsidiary-level committee chairs taking part in each other's risk supervision, regulation and compliance committee meetings. In addition, hold a convention of all chairs of the risk supervision, regulation and compliance committees of Grupo Santander to discuss global initiatives, expectations and relevant issues.

- Monitor and oversee the transition of new CRO and ensure that his onboarding is robust and effective, enabling him to be truly effective in role.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged in the most tangible and effective manner.

4.9 Responsible banking, sustainability and culture committee activities in 2022

'The committee continued to drive the responsible banking agenda, including sustainability strategy, by helping the board strive towards being a more responsible bank which will in turn strengthen our customer loyalty. This included ensuring that environmental, social and governance factors were truly embedded within the Group's strategy and culture.

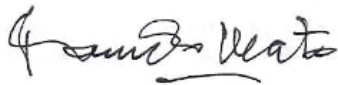
We reviewed actions proposed to align with the Task force on Climate-related Financial Disclosure (TCFD) recommendations, including targets to reduce emissions in emission intensive sectors, decarbonization strategy and commitments. Sustainable finance and green finance remained key areas of focus. The committee monitored the unit's progress and the key initiatives to swiftly integrate green finance within risk management, climate stress testing, and the new risk appetite in our three-year strategic plan.

We oversaw core initiatives, targets and metrics that underpin Santander's focus on culture, ethics, equality, diversity, wellbeing and financial inclusion. We maintained focus on vulnerable customers, support for education and our communities, and sustainability data quality and ESG reporting (in coordination with the audit committee).

We benefited from our members' mix of expertise and skills. Each provided appropriate advice, challenge to management and support to the board. I would like to thank them for their invaluable contributions during the year'.

Ramiro Mato

Chair of the responsible banking, sustainability and culture committee



This section is the report the responsible banking, sustainability and culture committee prepared regarding its activities on 20 February 2023. The board of directors approved it on 27 February 2023.

Composition

Position	Category	Appointed on
Chair	Ramiro Mato	Independent 01/07/2018 ^A
Members	Homaira Akbari	Independent 01/07/2018
	Sol Daurella	Independent 01/07/2018
	Gina Díez Barroso	Independent 31/01/2023
	Belén Romana	Independent 01/07/2018
Secretary	Jaime Pérez Renovales	

A. Committee Chair since 1 July 2018.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters it handles.

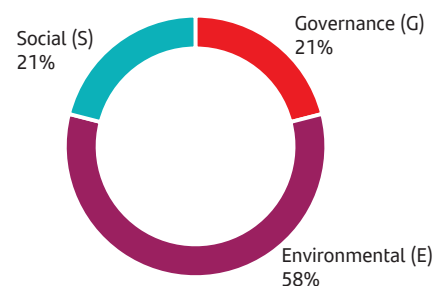
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

Álvaro Cardoso stepped down as member of the committee on 1 April 2022 and Gina Díez Barroso was appointed to the committee on 31 January 2023.

Time allocation

In 2022, the responsible banking, sustainability and culture committee held five meetings. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



Duties and activities in 2022

This section summarizes the responsible banking, sustainability and culture committee's activities in 2022.

Duties	Actions taken
Environmental (E)	
Portfolio alignment with Net Zero by 2050	<ul style="list-style-type: none"> Reviewed and provided input into the Group's climate change strategy, providing challenge to it to ensure that it remained a key enabler to achieve our ambition of net zero emissions by 2050. Reviewed three new decarbonization targets for 2030 in the energy, aviation and steel sectors. Monitored and assessed the Group's progress on its public commitments to ensure that its KPIs remained relevant and aligned with committee expectations. Reviewed climate projects and participation in the Net Zero Banking Alliance. Endorsed the priorities for 2022, such as aiding our customers' green transition and promoting a green culture. Reviewed actions proposed to align with the TCFD recommendations.
ESG in risk management	<ul style="list-style-type: none"> Reviewed the ECB's 2022 climate stress test and the feedback received from the supervisor. Analysed lessons learned and next steps in climate and environmental management. Reviewed ESG factors introduced in credit approval processes, action plans and accomplishments. Reviewed the risk appetite statement proposed to decarbonize the power generation credit portfolio.
Green Finance	<ul style="list-style-type: none"> Reviewed and discussed the status and key progress done, ambition and next steps of the Green Finance unit as well as its strategy, commitments, challenges and opportunities in retail and commercial bank and Santander Corporate & Investment Banking (SCIB). Checked on the status of the Green finance unit's initiatives on infrastructure, data, business projects, the market and considered the ambition to integrate green finance faster. Reviewed green bond issuances, annual disclosure requirements on the use of proceeds, and achievements from assigned projects. Reviewed and endorsed Santander Group Green, Social & Sustainability Funding Global Framework.
Biodiversity	<ul style="list-style-type: none"> Reviewed the biomass project to invest in a project to restore and conserve four million hectares of native forest in Brazil over the next 20 years.
Environmental Footprint	<ul style="list-style-type: none"> Reviewed the 2022 plan to offset emissions from its own activity and remain carbon neutral organization. Monitored the carbon footprint offsetting projects across the Group to fulfil public commitments.
Regulatory landscape	<ul style="list-style-type: none"> Reviewed relevant regulatory initiatives related to ESG sustainable finance in Europe which has evolved in recent years to maximize investment in transition to a low carbon economy by 2050 and increase transparency on business models and operations.
Social (S)	
Diversity, Equity and Inclusion	<ul style="list-style-type: none"> Reviewed diversity and inclusion strategy, initiatives and 2025 targets, and discussed the associated action plan for relevant dimensions of diversity, providing feedback and challenge on the same, as well as the Group's relative position in global rankings. Reviewed the talent management programme and employee wellbeing.
Customer financial wellbeing	<ul style="list-style-type: none"> Reviewed the vulnerable customers model and the guidelines for a common approach towards such customers, with awareness campaigns, fraud and over-indebtedness prevention, enhanced debt collection and mandatory training for our sales force. Reviewed a summary of initiatives developed in response to issues highlighted by elderly people in Spain, through campaigns like "Soy mayor, no soy idiota" ("I'm old, not stupid").
Financial inclusion and empowerment	<ul style="list-style-type: none"> Reviewed Santander's financial inclusion and empowerment approach to which each region and PagoNxt contributes. Discussed action plan to continue promoting financial inclusion and empowerment. Reviewed Santander Finance For All, our initiative to support financial inclusion and empowerment, and discussed its progress, targets and achievements through the access, finance and financial education lines of action. Considered opportunities to expand sustainable finance activities and financial inclusion activities.
Education and other support to communities	<ul style="list-style-type: none"> Reviewed strategy, targets and KPIs on support for education, employability and entrepreneurship at universities. Analysed the donation and contributions for social purposes, and in particular, reviewed the process to expedite the approval process of donations to help Ukrainians. Reviewed and endorsed responsible banking communications and the four key responsible banking communication pillars of diversity and inclusion, financial empowerment, climate change and Santander Universities.

Duties

Actions taken

Governance (G)

Corporate governance

- Worked with the remuneration and risk supervision, regulation and compliance committees to review corporate culture and values, responsible banking practices and sustainability.
- Reviewed, in coordination with the remuneration committee, a proposal for a responsible banking scorecard within the bonus pool qualitative assessment based and in the development of the long term incentives, key variable remuneration tools based on responsible banking targets, metrics and commitments.
- Endorsed the guiding principles of responsible banking governance for effective controls on sustainability and best practice in place to mitigate risks, including greenwashing, and harness opportunities.
- Reviewed the responsible banking progresses in the regions, units, global businesses and corporate areas on a regular basis to ensure good communication and best practices globally.
- Identified relevant ESG topics based on the outcomes of the ESG Materiality assessment, which the Responsible banking team conducts every year with other teams and an external consultant.
- Ensured that the proposed responsible banking agenda for 2022-2025 and commitments for 2025 remain aligned to Santander's strategy.
- Reviewed Banco Santander's global sustainability ratings, as well as its strengths, areas for improvement and focus points with ESG rating providers. Reviewed any resultant action plans after engaging with investors and NGOs on ESG matters.
- Checked with the remuneration committee that ESG-related metrics for senior management remuneration schemes conformed to market practice, shareholders' growing interests and corporate culture and Simple, Personal and Fair values.
- Assisted the board in ensuring that responsible banking objectives, metrics and commitments were embedded in the Group's remuneration schemes.

Culture, conduct and ethical behaviour

- Reviewed our *Canal Abierto* ethical channel, an anonymous way for employees and other persons related to Banco Santander to talk straight and report irregular practices without fear of reprisal in all Group units, in order to aid the Group's cultural transformation.
- Reviewed the findings of the new engagement survey ("Your Voice") and employee listening strategy.
- Reviewed the new T.E.A.M.S. corporate behaviours within our global culture, The Santander Way.

Policies and frameworks

- Reviewed the policies on environmental, social and climate change risk management, general sustainability, the defence sector and other responsible banking topics, ensuring that they remain up to date and effective.
- Reviewed the rationale for adding instruments to Santander global sustainable bonds framework based on best practices of the ESG funding market.
- Ensured that the new General Code of Conduct promotes the values, principles and commitments of Grupo Santander toward its employees, customers, vendors and society.
- Ensured that the corporate responsible banking framework, approved in 2021, was effectively embedded throughout the Group.

ESG reporting

- Supported the audit committee on the supervision and assessment of the preparation and presentation of non-financial information according to the applicable regulations and international standards.
- Reviewed the 2022 Group statement on non-financial information and, the independent expert's report. See the [Responsible banking](#) chapter.
- Reviewed the progress on responsible banking through specific KPIs to drive execution of the responsible banking agenda.
- Reviewed Santander's ESG requirements and plans to enhance Group reporting of our public commitments, with data collection in areas' BAU and systems, better controls and regular reporting and audit processes.
- Gave feedback on the key topics disclosed in Climate finance report, new targets for energy, metal and aviation sectors and an action plan for the power generation sector.
- Endorsed Banco Santander's 2021 Green Bond Report.

Information for general meetings and corporate documents

Shareholder information

- Was represented by Ramiro Mato in reporting at the 2022 AGM committee's activities in 2021.

Corporate documents for 2022

- Prepared this activities report, which includes a performance review of the committee's functions and key priorities identified for 2023.

Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see '[Board effectiveness review in 2022](#)' in section 4.3.

Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Assisted the board in monitoring climate change strategy and net zero carbon ambition for 2050, and continued to review risks and opportunities to develop sustainable finance proposals for a low-carbon economy. As part of that, the committee oversaw progress in relation to the implementation of the TCFD recommendations, including the introduction of targets to reduce emissions in certain climate-intensive sectors and the decarbonization strategy and commitments.
- Assisted the board in monitoring the development of green and sustainable finance propositions across the Group by monitoring unit's progress and their key initiatives.
- Assisted the board in monitoring the implementation of enablers to further embed ESG in the business and business-as-usual, including Banco Santander's performance of our responsible banking commitments and KPIs. Ensured that initiatives, targets and metrics were consistent with our commitments on diversity, equity and inclusion, financial inclusion and empowerment, vulnerability, talent management and ethical behaviour.
- Ensured that diversity and inclusion, The Santander Way, SPF values and T.E.A.M.S. corporate behaviours were being promoted throughout the Group; oversaw implementation of the associated strategic plans and monitored improvements in conduct, ethical behaviour, customer experience and satisfaction.
- Focused on ensuring the corporate responsible banking framework, approved in 2021, was effectively embedded throughout the Group.
- Oversaw the work undertaken with regulators on the stress test exercises, especially on climate risk.
- Monitored communications on the Group's achievements that built up a reputation as one of the world's most sustainable banks.

2023 Priorities

The committee set the following priorities for 2023:

- Continue to advise the board on the climate change strategy and our ambition to be net zero by 2050, monitoring the development of our green and sustainable finance proposition and customers' transition to a low-carbon economy.
- Oversee that actions and targets for climate material exposure and decarbonization strategy are consistent with the TCFD recommendations.
- Continue to assist the board in monitoring financial health and financial inclusion to foster the financial empowerment of the unbanked, underbanked and vulnerable customers.

- Review performance according on ESG analysts, addressing identified areas for improvement and specially focus on controversies and complaints received at Santander from customers or other stakeholders, to ensure root cause analysis and plan of actions are in place to remediate those.
- Provide support to the board in analysing and providing feedback on the ESG information for reporting, disclosure, and management purposes, in coordination with the audit committee.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged in the most tangible and effective manner.

4.10 Innovation and technology committee activities in 2022

'The committee continued overseeing the overall role of technology in our business strategy with the aim of being the best open financial services platform. While monitoring execution of T&O vision, the committee has remained focused on ensuring that the strategy enables business initiatives by partnering with global businesses and supporting functions, reducing risks and improving cost efficiency.'

Cybersecurity and data strategy remained top priorities. We continued our work on moving towards a data-driven organization that embraces the use of data and advanced analytics in decision making while generating business value in a responsible way. The committee has covered cyber progress and our position, evolution of the key strategic cyber-security pillars and initiatives, key trends and overall cyber threat landscape, including the challenges posed by the war in Ukraine.

An appropriate mix of members' skills, boosted by the appointment of Glenn Hutchins and Héctor Grisi, ensured that the committee remained well positioned to fulfil its responsibilities and operate effectively. I would like to take this opportunity welcome both Glenn and Héctor, and to thank R. Martín Chávez, who left the committee upon his resignation from the board, for his hard work, contributions and commitment.'

Ana Botín

Chair of the innovation and technology committee



This section is the report on the activities of the innovation and technology committee, as approved by the board of directors on 27 February 2023.

Composition

Position		Category	Appointed on
Chair	Ana Botín	Executive	23/04/2007 ^A
Members	José Antonio Álvarez	Other external	23/02/2015
	Homaira Akbari	Independent	27/09/2016
	Bruce Carnegie-Brown	Independent	23/02/2015
	Henrique de Castro	Independent	23/07/2019
	Héctor Grisi	Executive	01/01/2023
	Glenn Hutchins	Independent	20/12/2022
	Belén Romana	Independent	19/12/2017
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 19 April 2022

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters it handles.

For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

Ana Botín was appointed chair on 18 April 2022 replacing R. Martín Chávez who stepped down on the same date. Glenn Hutchins also joined the committee on 20 December 2022 and Héctor Grisi joined with effect from 1 January 2023.

Duties and activities in 2022

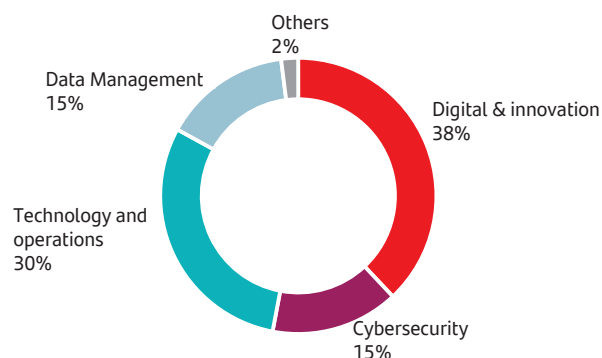
This section summarizes the innovation and technology committee's activities in 2022.

Duties	Actions taken
Digital & innovation	
Digital	<ul style="list-style-type: none"> Boosted collaboration between subsidiaries, business units and the Technology and Operations (T&O) function on the different digital initiatives, overseeing their execution. Monitored metrics in connection with the digital evolution and associated transformation, such as operations outflows, cost-to-income ratio, number of applications, cost per transaction, digital technical transaction, machine learning impact, number of application programming interfaces (BaaS APIs) and tech talent. Reviewed core digital strategies to transform business and accelerate new businesses growth.
Innovation framework	<ul style="list-style-type: none"> Reviewed the implementation of the Group's innovation agenda leveraging on our digital and data management capabilities. Identified the Group's challenges and capabilities to increase end-to-end business agile transformation. Identified new opportunities for accelerated innovation across the Group and increased the likelihood of success in new business models, technologies, systems and platforms.
Technology and operations	
Technology and operations	<ul style="list-style-type: none"> Reviewed the global technology strategy plan, reported to the board on T&O planning and activities and ensured that T&O strategy was properly focused on the Group's relevant priorities. Endorsed the Group's core strategic technology priorities to integrate key digital capabilities, leveraging five pillars: agile, cloud, core systems evolution, artificial intelligence and deep technology related skills and data. Reviewed the strategy supported by a new operating model based on global products and a common architecture. Assisted the board in supervising technological risks.

Time allocation

In 2022, the innovation and technology committee held three meetings. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



Duties**Actions taken****Cybersecurity****Cybersecurity**

- Supervised defences against increasing threats and reviewed security controls and automated security processes.
- Analysed high-profile cyber incidents in Banco Santander and specific incidents outside the Group according to their relevance and impact, as appropriate.
- Monitored closely global cybersecurity and its associated impacts due to the Ukraine war that dominated the cyber threat landscape.
- Received regular updates on cybersecurity risks, with a special focus on exercises of crisis simulation, internal data leakage protection and such external threats as ransomware, in coordination with the risk supervision, regulation and compliance committee. Assisted the board in the supervision of cybersecurity risks.
- Reviewed the progress of Santander's cyber vision for 2025, the cyber strategy defined in 2021, focusing on the analysis of trends, protection techniques and responses and cyber solutions for our customers and stakeholders.
- Reviewed employee training, internal and external cyber awareness campaigns and other initiatives.
- Reviewed the annual external cyber security assessment, including the three lines of defense, performed by an external independent company on cyber threats, cybersecurity status and associated plans.

Data management**Data management**

- Reviewed the Models & Data unit's priorities for the year to stay fully appraised on the models and data value chain to ensure their contribution to the improvement of business growth and customer experience, risk control improvement, data model development and ethical necessary principles for the proper use of the artificial intelligence within the information management.
- Assessed the adequacy of the resources of the Data function, validating their appropriateness and effectiveness for the Group and its subsidiaries.

Information for general meetings and corporate documents**Corporate documents for 2022**

- Prepared this activities report, which includes a performance review of the committee's functions and key priorities identified for 2023.

Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee will consider the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see ['Board effectiveness review in 2022'](#) in section 4.3.

Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Continuously reviewed the Group's innovation strategy, especially in regard to a business-oriented T&O transformation model, maintaining its focus on trends arising from new business models, technology and products.
- Reviewed and discussed data management trends and regulations and analytical capabilities in the Group's businesses, based amongst others on the international advisory board's feedback, to ensure appropriate effectiveness and capabilities to support the Group's strategic priorities.
- Continued to strengthen the response and innovation strategies to react to an environment of ever-changing threats, including the challenges posed in terms of cyber by the war in Ukraine.
- Prioritized digital strategy through the implementation of multidisciplinary projects for the Group, assessing initiatives, targets, commitments, KPIs and proposed metrics on cross-projects evidencing such strategy.

2023 Priorities

The committee set the following priorities for 2023:

- Support the board on the Group innovation strategy, facing the trends resulting from new business models, technologies and products.
- Continue to review the effectiveness of data management and analytics as enablers for the Group to fulfil strategic priorities.
- Continue strengthening the Group's cybersecurity and fraud ecosystems while creating additional commercial value and service for clients.
- Continue to assess and provide suggestions on initiatives, targets, commitments, KPIs and proposed metrics on cross-cutting projects that conformed the Group's digital strategy.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged in the most tangible and effective manner.

4.11 International advisory board

Composition

Position		Background
Chair	Larry Summers	Former Secretary of the US Treasury and President Emeritus and Charles W. Eliot University Professor of Harvard University
	Sheila C. Bair	Former chair of the Federal Deposit Insurance Corporation and former president of Washington College
	Mike Rhodin	Supervisory board member of TomTom and director of HzO. Former IBM Watson senior vice president
	Francisco D'Souza	Managing Partner and co-founder at Recognize
	James Whitehurst	Senior Advisor at IBM and former Chief Executive Officer of Red Hat
Members	George Kurtz	CEO and co-founder of CrowdStrike. Former Chief Technology Officer of McAfee
	Nadia Schadow	Former Deputy National Security Advisor for Strategy and former Assistant to the President of the United States
	Andreas Dombret	Former board member of Deutsche Bundesbank, Supervisory Board of the ECB former vice chair of Bank of America in Europe and former director of Bank for International Settlements
Secretary	Jaime Pérez Renovales	

Functions

Since 2016, Banco Santander's international advisory board has provided the Group with expert insight into innovation, digital transformation, cybersecurity, new technologies, capital markets, corporate governance, branding, reputation, regulation and compliance.

Its members are external and not members of the board. They are prominent and respected leaders who have extensive experience in the most relevant areas for the strategy of the Group, particularly in terms of innovation, digital transformation and the US and European markets.

Meetings

The international advisory board meets at least twice a year. In 2022, it met in May and October. It addressed such topics as simplifying the value proposition for consumers/ individuals with a new customer relationship model and an open efficient operating platform; data management strategy and intra-group data sharing; value-added cybersecurity and anti-fraud services for individuals and SMEs; and crypto strategy, web3 trends and applicable digital wallets.

4.12 Related-party transactions and other conflicts of interest

Related-party transactions

This section contains the related-party transactions report referred to in the recommendation six of the Spanish Corporate Governance Code, that the audit committee prepared on 17 February 2023.

Directors, senior managers and shareholders

Pursuant to the Rules and regulations of the board, a transaction that Banco Santander or its subsidiaries make with directors, shareholders who hold at least 10% of voting rights or sit on the board, and parties considered "related parties" under the International Financial Reporting Standards must be authorized:

- In the general meeting if it is worth 10% or more of assets on the last consolidated balance sheet; or
- By the board of directors in all other cases. Nonetheless, according to relevant rules and on the audit committee's recommendation, the board delegated authority to executive bodies, committees and competent proxies to approve related-party transactions if they:
 - are carried out under agreements with standard terms that would generally apply to customers who contract for the same product or service;
 - are made at prices or rates set by the supplier of such products or service or, where such products or service have no existing prices or rates, under regular market conditions as in business relations with similar customers; and
 - do not exceed 0.5% of the net annual income as stated in the last consolidated financial statements to have been approved at the general meeting.

The board approved an internal reporting and monitoring procedure in which the audit committee confirms twice a year that transactions authorized with delegated board powers are fair and transparent and meet the above-mentioned requirements.

The board also has an internal approval mechanism for non-banking and other transactions that do not meet the delegation requirements. It sets out minimum transaction terms and conditions in order to protect corporate and shareholder interests.

The board and audit committee check that transactions with related parties are fair and reasonable to Banco Santander and to the other shareholders.

If a related-party transaction must be approved at the general meeting or by the board, the law says that audit committee must issue a preliminary report about it. However, the law does not require the report for related-party transactions if they are approved under the board's delegated authority and meet the audit committee's requirements.

Board members must recuse themselves from all deliberations and votes on resolutions about a related-party transaction if they have a conflict of interest with it.

In 2022, the audit committee found that no director or related party, in the terms of International Financial Reporting Standards, carried out transactions deemed "significant" or material to Santander and the related party, or under non-market conditions.

The audit committee confirmed that all related-party transactions in 2022 had been performed correctly after conducting a bi-annual review on their conformity to the law,

the Rules and regulations of the board and the conditions set by board resolution, and met the requirements to be considered fair, reasonable and under market conditions (see the audit committee activities report under section [4.5 'Audit committee activities in 2022'](#)).

Banco Santander has a policy for the admission, authorisation and monitoring of financing transactions to directors and senior managers as well as to their spouse (or similar partner), a child who is a minor or legal adult and their financial dependent, or a company controlled by a director or a senior manager whose business is to hold assets for the sole purpose of managing their personal or family wealth. The policy also sets out general maximum borrowing rules, interest rates and other conditions that apply to related-party transactions, that are the same for all other employees. It dictates that the board must authorize loans, credit facilities and guarantees extended to Banco Santander's directors and senior managers, and, except the cases listed below, subsequently by the ECB:

- transactions guaranteed in a collective agreement signed by Banco Santander, with similar terms and conditions to transactions with any employee; or
- transactions made under agreements with standard conditions that generally apply to a large number of customers, if the amount granted to the beneficiary or their related parties does not exceed EUR 200,000.

Note [5.f\) 'Loans'](#) to the consolidated financial statements describes the direct risk Grupo Santander maintained with board members as of 31 December 2022. Those transactions are consistent with market conditions, have the same terms and conditions as transactions with employees, and allocate payments in kind where appropriate.

No Banco Santander shareholder holds 10% or more of voting rights or has a sit on the board.

Intra-group transactions

The law does not consider direct or indirect transactions with a wholly-owned subsidiary or investee to be "related-party" if no party related to Banco Santander holds an interest in it. To this end, Santander monitors subsidiaries or investees' observance of these rules if they can be affected by related-party transactions. Intragroup transactions have the same rules, approval competent bodies and procedures as transactions with customers, with mechanisms to ensure that they are effected under market conditions.

Note [52 'Related parties'](#) to the consolidated financial statements and note [47 'Related parties'](#) to the individual financial statements state the balance of transactions with subsidiaries, affiliates, jointly-owned entities, directors, senior managers and related parties.

Other conflicts of interest

Banco Santander has rules and procedures for preventing and managing conflicts of interest that can arise from operations or with directors and senior managers. We also have an internal policy for Group employees, directors and entities on preventing and managing conflicts of interest.

Directors and senior managers

Our directors must adopt necessary measures to avoid situations in which their direct or indirect interests may enter

into conflict with corporate interests or their duty towards Banco Santander.

Directors must refrain from using Banco Santander's name or their position to exert undue influence on private transactions; using corporate assets for private purposes; using business opportunities for personal gain; obtaining favours or remuneration from others for being directors; and engaging in activities for themselves or others that will put them and Banco Santander in competition or permanent conflict.

Directors must report to the board conflicts of interest that they or their related parties may have with Banco Santander, which are to be disclosed in the financial statements. The nomination committee verifies compliance with the rules set from time to time to avoid conflicts of interest in other roles held by directors.

In 2022, no director reported a conflict of interest with Santander. Nonetheless, there were 28 abstentions in votes on matters deliberated at board and committee meetings, including 10 instances where directors did not vote on resolutions on nominations, re-elections or board committee assignments; five instances concerning remuneration; four instances relating to a transaction between Banco Santander and a director or a company related to a director; and nine instances where directors removed themselves during the review of their status and suitability.

The Code of conduct in security markets (CCSM), which directors and senior managers follow, provides mechanisms to recognize and resolve conflicts of interest. It also dictates that directors and senior managers must provide the Compliance & Conduct area with a statement on their relations, and they must keep it up to date.

They must also disclose any matter that could put them in a conflict of interest because of their ties or otherwise, and the chief officer of their area will resolve it. Conflicts that involve several areas must be resolved by their common senior officer. In other cases, the Compliance & Conduct area should be consulted.

The CCSM also dictates that directors, senior managers and related parties should not trade Grupo Santander's securities within 30 days either from the time they are bought or sold or before the quarterly, half-year or annual results are announced and published.

The CCSM can be found on our corporate website.

Group companies

Banco Santander is the Group's only company listed in Spain, where it's not required to have mechanisms in place to resolve conflicts of interest with a listed subsidiary.

In a conflict of interest with a listed subsidiary, Banco Santander, as the parent company, must consider the interests of all its subsidiaries and how they suit the long-term interests of the Group. Subsidiaries should also consider the interests of Grupo Santander and assess the effect of their actions on the Group.

The Group structures governance on a system of rules that guarantees regulation on governance as well as proper oversight over subsidiaries (see section [7. 'Group structure and internal governance'](#)).

5. Management team

The table below shows the profiles of Banco Santander's Senior Executive Vice President. It does not include executive directors, whose profiles are described in section [4.1 'Our directors'](#)

Alexandra Brandão	GLOBAL HEAD OF HUMAN RESOURCES	Born in 1978, Alexandra Brandão joined Grupo Santander in 2003 as head of Products and Services for Individuals at Santander Totta. She was global head of Knowledge and Development at the Grupo Santander Corporate Centre from 2012 to 2016; head of Human Resources from 2016 to 2018; and head of Commercial Management and Segments at Santander Portugal from 2019 to 2020. In 2021, she was appointed global head of Human Resources.
Juan Manuel Cendoya	GROUP HEAD OF COMMUNICATIONS, CORPORATE MARKETING AND RESEARCH	Born in 1967, Juan Manuel Cendoya joined Grupo Santander in 2001 as Group Senior Executive Vice President and head of the Communications, Corporate Marketing and Research division. In 2016, he was appointed Vice Chair of the board of directors and head of Institutional and Media Relations of Santander España. Previously, he had been head of the Legal and Tax department of Bankinter, S.A. He is also a state attorney.
José Doncel	GROUP CHIEF ACCOUNTING OFFICER	Born in 1961, José Doncel joined Grupo Santander in 1989 as head of Accounting. He had also served as head of Accounting and Financial Management at Banesto (1994-2013). He was appointed Senior Executive Vice President and head of the Internal Audit division in 2013 and Group Chief Accounting Officer in 2014.
Mahesh Aditya (*)	GROUP CHIEF RISK OFFICER	Born in 1962, Mahesh Aditya joined Grupo Santander in 2017 as Chief Operating Officer of Santander Holdings USA. He became Chief Risk Officer in 2018 and Chief Executive Officer of Santander Consumer USA in 2019. Previously, he had been Chief Risk Officer at Visa and Chief Risk Officer of Retail & Mortgage Banking at JP Morgan, Capital One and Citibank.
José Antonio García Cantera	GROUP CHIEF FINANCIAL OFFICER	Born in 1966, José Antonio García joined Grupo Santander in 2003 as Senior Executive Vice President of Global Wholesale Banking of Banesto and in 2006, he was appointed Chief Executive Officer. Previously, he had served on the executive committee of Citigroup EMEA, as well as on the board of directors of Citigroup Capital Markets Int, Ltd. and Citigroup Capital Markets UK. In 2012, he was appointed Senior Executive Vice President of Global Corporate Banking before becoming Group Chief Financial Officer in 2015.
Juan Guitard	GROUP CHIEF AUDIT EXECUTIVE	Born in 1960, Juan Guitard joined Grupo Santander in 1997 as head of Human Resources at Santander Investment, S.A. and he had been general counsel and secretary of the board of Santander Investment, S.A. and Banco Santander de Negocios, S.A. In 2002, he was appointed vice secretary general of Banco Santander. In 2013, he was head of Banco Santander's Risk division. In 2014, he was appointed Group Chief Audit Executive. He is also a state attorney.
José María Linares	GLOBAL HEAD OF CORPORATE & INVESTMENT BANKING	Born in 1971, José María Linares joined Grupo Santander in 2017 as Senior Executive Vice President and global head of Corporate and Investment Banking. Previously, he served as an equity analyst at Morgan Stanley & Co. (1993-1994). He worked as Senior Vice President and senior equity analyst at Oppenheimer & Co. (1994-1997), as well as director and senior equity analyst at Société Générale (1997-1999). He joined J.P. Morgan in 1999 and was subsequently appointed managing director and head of Global Corporate Banking at J.P. Morgan Chase & Co. (2011-2017).

(*) Pending regulatory authorization. Replaces Keiran Foad.

Mónica López-Monís	GROUP HEAD OF SUPERVISORY AND REGULATORY RELATIONS	Born in 1969, Mónica López-Monís joined Grupo Santander in 2009 as general counsel and secretary of the board of Banesto. Previously, she had been general counsel at Aldeasa, S.A. She also was general counsel at Bankinter, S.A., as well as independent director at Abertis Infraestructuras, S.A. In 2015, she was appointed Senior Executive Vice President of Banco Santander and Group Chief Compliance Officer until her appointment in 2019 as group head of Supervisory and Regulatory Relations. She is also a state attorney.
Dirk Marzluf	GROUP HEAD OF TECHNOLOGY AND OPERATIONS	Born in 1970, Dirk Marzluf joined Grupo Santander in 2018 as Senior Executive Vice President and head of IT and Operations. Previously, he had served as CIO at AXA Group since 2013, leading the insurance group's technology and information security transformation and co-sponsoring its digital strategy. He also held global senior management roles at Accenture, Daimler Chrysler and Winterthur Group.
Víctor Matarranz	GLOBAL HEAD OF WEALTH MANAGEMENT & INSURANCE	Born in 1976, Víctor Matarranz joined Grupo Santander in 2012 as head of Strategy and Innovation at Santander UK. In 2014, he was appointed Senior Executive Vice President and head of the Executive Chairman's Office and Strategy until his appointment in 2017 as global head of Wealth Management & Insurance. Previously, he held several management roles at McKinsey & Company, where he had become partner.
José Luis de Mora	GROUP HEAD OF STRATEGY & CORPORATE DEVELOPMENT, FINANCIAL PLANNING AND SANTANDER CONSUMER FINANCE	Born in 1966, José Luis de Mora joined Grupo Santander in 2003 to head the Group's Strategic Plan Development and Acquisitions. In 2015, he was appointed Group Senior Executive Vice President and Group head of Financial Planning and Corporate Development. He has been head of Strategy since 2019 and head and CEO of Santander Consumer Finance since 2020.
Jaime Pérez Renovales	GROUP HEAD OF GENERAL SECRETARIAT	See profile in section 4.1 'Our directors' .
António Simões	REGIONAL HEAD OF EUROPE	Born in 1975, António Simões joined Grupo Santander in 2020 as regional head of Europe and was country head of Santander España from 2021 to 2022. He was previously at HSBC, where he held roles including Chief Executive Officer of Global Private Banking, member of the group management board and group executive committee, and chief executive of HSBC Bank PLC and chief executive of Europe, encompassing all UK and European operations for HSBC Group.
Marjolein van Hellemond-Gerdingh	GROUP CHIEF COMPLIANCE OFFICER	Born in 1964, Marjolien van Hellemond-Gerdingh joined Grupo Santander in 2019 as Senior Executive Vice President and Chief Compliance Officer. Previously, she had been Chief Compliance Officer of several banking and financial entities such as NN Group, Zurich Insurance Company and De Lage Landen International B.V.

6. Remuneration

Sections [6.1](#), [6.2](#), [6.3](#), [6.5](#), [6.6](#), [6.7](#), [9.4](#) and [9.5](#) comprise the annual report on directors' remuneration that must be prepared and submitted to the consultative vote of the general shareholders' meeting.

In addition, sections [6.4](#) and [6.5](#) sets out the directors' remuneration policy for 2023, 2024 and 2025, which is to be put to a vote at the general shareholders' meeting, which is binding.

The annual report on directors' remuneration and the directors' remuneration policy for 2023, 2024 and 2025 were approved by our board of directors on 27 February 2023. All directors were present at the time of vote casting and voted in favour.

The remuneration policy for directors in force as of the date of this report is available on our corporate website.

6.1 Principles of the remuneration policy

Directors' remuneration in their capacity as such

The board of directors sets the individual remuneration of directors (including executive directors) for the performance of supervisory and collective decision-making duties within the amount fixed by shareholders and commensurately with the roles they perform on the collective decision-making body, their committee membership and attendance, and other objective circumstances the board might consider.

Remuneration of directors for executive duties

Banco Santander's remuneration policy for executive duties (which also generally applies to Banco Santander employees) dictates that:

1. Remuneration must be in line with shareholders' interests, conducive to creating long-term value and compatible with our rigorous risk management, long-term strategy and values.
2. Fixed remuneration must make up a significant proportion of total compensation.
3. Variable remuneration must reward individuals for their role in achieving set goals within the framework of prudent risk management.
4. The global remuneration package and its structure must be competitive in order to attract and retain talent.
5. Remuneration decisions must be free of conflicts of interest and discrimination of any kind different from that based on the performance assessment of objectives and corporate behaviours. Remuneration must be free of gender-based bias and help eliminate inequalities that could result from it.

The remuneration elements the policy lays down include necessary mechanisms to ensure remuneration will be conducive to achieving strategic and long-term sustainability objectives of the Bank.

Accordingly, it bases executive directors and senior managers' variable pay on pre-determined, specific and quantifiable financial, sustainability-based and value-creation targets that are consistent with Banco Santander's interests, including in regard to environmental, social and governance matters.

For more details, see section 6.3 about the policy's application in 2022 and section 6.4 about the remuneration policy for 2023 and subsequent years.

Lastly, the remuneration committee and the board enlisted the assistance of Willis Towers Watson to:

- Compare markets and entities similar to the Group in size, characteristics and operations using relevant data for setting remuneration.
- Analyse and confirm compliance with certain quantitative metrics required to evaluate accomplishment of objectives.
- Estimate the fair value of variable remuneration linked to long-term objectives.

6.2 Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2022

A. Composition and limits

According to our Bylaws, the remuneration of directors in their roles consists of a fixed annual amount set at the general shareholders' meeting. This amount remains in effect until shareholders vote to amend it, even though the board may reduce it in the years it deems appropriate. At the annual general shareholders' meeting, remuneration for 2022 was set at EUR 6 million, which included (a) annual allotment and (b) attendance fees.

Santander has taken out a civil liability insurance policy for directors subject to usual terms proportionate to its circumstances.

Directors can receive shares, share options or other forms of share-based compensation, subject to prior approval at the general meeting. Directors can also receive other compensation following a proposal made by the remuneration committee and upon resolution by the board of directors, as may be deemed appropriate, in consideration for the performance of other duties in Banco Santander, whether they are executives duties or not, in addition to their oversight and collective decision-making as board members.

Non-executive directors do not have the right to receive any benefit on the occasion of their removal from office.

B. Annual allotment

Each director received the amounts for serving on the board and its committees and positions held in them included in the chart below for 2021 and 2022.

In accordance with the remuneration policy approved at the general shareholders' meeting on 1 April 2022, the amounts for serving and holding roles on the board and committees was the same amount as initially approved for 2021, with the exception of the yearly amount for serving on the board of directors, which was modified from 90,000 euros to 95,000 euros. Applicable amounts were:

Amount per director in euros	2022	2021
Members of the board of directors	95,000	90,000
Members of the executive committee	170,000	170,000
Members of the audit committee	40,000	40,000
Members of the nomination committee	25,000	25,000
Members of the remuneration committee	25,000	25,000
Members of the risk supervision, regulation and compliance committee	40,000	40,000
Members of the responsible banking, sustainability and culture committee	15,000	15,000
Members of the innovation and technology committee	25,000	25,000
Chair of the audit committee	70,000	70,000
Chair of the nomination committee	50,000	50,000
Chair of the remuneration committee	50,000	50,000
Chair of the risk supervision, regulation and compliance committee	70,000	70,000
Chair of the responsible banking, sustainability and culture committee	50,000	50,000
Chair of the innovation and technology committee	70,000	70,000
Lead independent director ^A	110,000	110,000
Non-executive Vice Chair	30,000	30,000

A. Since 2015, Bruce Carnegie-Brown has been allocated EUR 700,000 in minimum total annual pay (including annual allowances and attendance fees) for his services to the board and its committees, particularly as Chair of the nomination and remuneration committees and as lead independent director; and for the required time and dedication to perform these roles.

C. Attendance fees

Pursuant to resolutions approved by the board on the remuneration committee's recommendations, attendance fees for board and committees meetings (with the exception of the executive committee, for which no fees are set) totalled the amounts included in the chart below for the last two years.

For 2022, the board voted to keep the same amounts set out in the 2021 policy.

Attendance fees per director per meeting in euros	2022	2021
Board of directors	2,600	2,600
Audit committee and risk supervision, regulation and compliance committee	1,700	1,700
Other committees (excluding executive committee)	1,500	1,500

D. Breakdown of Bylaw-stipulated emoluments

Total director Bylaw-stipulated emoluments and attendance fees received in 2022 amounted to EUR 4.7 million (EUR 4.8 million in 2021). This is 22% less than the amount approved at the general meeting. Each director earned the following amounts for these items:

Amount in euros														
2022													2021	
Directors	Execu- tive	Non- execu- tive	Annual allotment									Board and committee attendance fees	Total By-law stipulated emoluments and attendance fees	
			Board ^F	EC	AC	NC	RC	RSRCC	RBSCC	ITC	Total			
Ana Botín		—	95,000	170,000	—	—	—	—	—	74,000	339,000	40,900	379,900	330,000
José Antonio Álvarez		—	95,000	170,000	—	—	—	—	—	25,000	290,000	39,400	329,400	330,000
Bruce Carnegie-Brown		I	279,600	170,000	—	75,000	75,000	—	—	25,000	624,600	75,400	700,000	700,000
Homaira Akbari		I	95,000	—	40,000	—	—	—	15,000	25,000	175,000	68,800	243,800	247,800
Javier Botín ^A		N	95,000	—	—	—	—	—	—	—	95,000	33,800	128,800	129,000
Álvaro Cardoso ^B		I	24,010	—	—	—	—	—	3,791	—	27,801	10,800	38,601	182,100
R. Martín Chávez ^C		I	47,500	—	—	12,500	7,569	10,778	—	28,500	106,847	39,600	146,447	374,400
Sol Daurella		I	95,000	—	—	25,000	25,000	—	15,000	—	160,000	69,800	229,800	239,000
Henrique de Castro		I	95,000	—	40,000	—	25,000	—	—	25,000	185,000	76,100	261,100	266,800
Gina Díez Barroso		I	95,000	—	—	25,000	—	—	—	—	120,000	51,800	171,800	129,685
Luis Isasi		N	95,000	170,000	—	—	25,000	40,000	—	—	330,000	81,600	411,600	406,000
Ramiro Mato		I	95,000	170,000	40,000	—	—	40,000	65,000	—	410,000	89,800	499,800	498,900
Sergio Rial		N	95,000	—	—	—	—	—	—	—	95,000	36,400	131,400	129,000
Belén Romana		I	95,000	170,000	40,000	—	—	110,000	15,000	25,000	455,000	94,300	549,300	532,400
Pamela Walkden		I	95,000	—	110,000	—	—	40,000	—	—	245,000	78,000	323,000	303,067
Germán de la Fuente ^D		I	65,972	—	31,111	—	—	—	—	—	97,083	39,600	136,683	—
Glenn Hutchins ^E		I	3,123	—	—	822	822	—	—	822	5,589	4,100	9,689	—
			1,560,206	1,020,000	301,111	138,322	158,391	240,778	113,791	228,322	3,760,921	930,200	4,691,121	4,798,152

A. All amounts received were reimbursed to Fundación Botín.

B. Stepped down as director on 1 April 2022.

C. Stepped down as director on 1 July 2022.

D. Director since 1 April 2022.

E. Director since 20 December 2022.

F. Also includes emoluments for other roles in the board.

P: Proprietary I: Independent N: Non-external (neither proprietary nor independent).

EC: executive committee AC: audit committee NC: nomination committee RC: remuneration committee

RSRCC: risk supervision, regulation and compliance committee. RBSCC: responsible Banking, sustainability and culture committee. ITC: innovation and technology committee.

6.3 Remuneration of directors for executive duties

The policy on directors' remuneration for executive duties in 2022 was approved by the board of directors and put to a binding vote at the 2022 general shareholders' meeting, with 93.83% votes in favour. The table below summarizes the remuneration policy of Ana Botín and José Antonio Álvarez.

Component	Type	Policy	Effective in 2022
Gross annual salary	Fixed	<ul style="list-style-type: none"> • Paid in cash on a monthly basis. 	<ul style="list-style-type: none"> • Ana Botín: EUR 3,176 thousand. • José Antonio Álvarez: EUR 2,541 thousand.
Variable remuneration	Variable	<ul style="list-style-type: none"> • Individual benchmark reference. • Calculated against annual quantitative metrics and a qualitative assessment on account of individual performance. • 50% of each payment is instruments, consisting of Banco Santander, S.A shares, Banco Santander, S.A. share options and restricted stock units (RSUs) of PagoNxt, S.A., split as: <ul style="list-style-type: none"> ◦ the amount of PagoNxt RSUs set for each year; and ◦ the rest, shares and share options in equal parts, unless the director chooses to receive options only. • The number of instruments is set at the time of the award. • 40% paid in 2023; • 60% deferred in five years. <ul style="list-style-type: none"> ◦ 24% paid in equal parts in 2024 and 2025. ◦ 36% paid in equal parts in 2026, 2027 and 2028, provided certain long-term objectives are met (2022-2024). 	<ul style="list-style-type: none"> • See section 6.3 B ii for details on annual metrics and assessment. • See section 6.3 B iv for details on long-term metrics. • See section 6.3 B iii for details on individual variable pay.
Pension scheme	Fixed	<ul style="list-style-type: none"> • Annual contribution of 22% of base salary. 	<ul style="list-style-type: none"> • No change since 2018
	Variable	<ul style="list-style-type: none"> • Annual contribution of 22% of 30% of the average of variable remuneration in the last three years 	<ul style="list-style-type: none"> • See section 6.3 C for details on annual contributions and pension balance.
Other remuneration	Fixed	<ul style="list-style-type: none"> • Includes life, accident and medical insurance, and other in-kind compensation. • Includes a fixed remuneration supplement in cash (not considered salary or pensionable) since supplementary death and disability benefits were eliminated. 	<ul style="list-style-type: none"> • No change for Ana Botín or José Antonio Álvarez since 2018.
		<ul style="list-style-type: none"> • Payment for non-compete commitment 	
Shareholding policy	N/A	<ul style="list-style-type: none"> • Executive directors also have the obligation to hold them for three years from their award date, unless the director already holds shares for an amount equivalent to 200% of their net annual salary (calculated on the basis of their gross annual salary). In such case, the regulatory obligation to hold shares is for one year from their grant date. And share options shall not be exercisable until one year after their delivery. 	<ul style="list-style-type: none"> • Policy updated during 2020 to assure compliance with recommendation 62 to the Good Governance Code for Listed Companies of the CNMV. Ana Botín and José Antonio Álvarez both maintain an amount in shares higher than 200% of their fixed pay.

A. Gross annual salary

The board resolved to maintain the same gross annual salary for Ana Botín and José Antonio Álvarez for 2022 as in 2021.

It also maintained the fixed pension contribution of 22% of gross annual salary it had agreed in 2021 for 2022.

Executive directors' gross annual salary and fixed annual contribution to pensions for 2022 and 2021 were as follows:

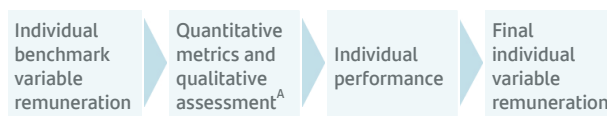
EUR thousand	2022			2021		
	Gross annual salary	Fixed annual pension contribution	Total	Gross annual salary	Fixed annual pension contribution	Total
Ana Botín	3,176	699	3,875	3,176	699	3,875
José Antonio Álvarez	2,541	559	3,100	2,541	559	3,100
Total	5,717	1,258	6,975	5,717	1,258	6,975

B. Variable remuneration

i) General policy for 2022

The board approved the executive directors' variable remuneration on the remuneration committee's recommendation, according to the policy approved at the general shareholders' meeting:

- Variable components¹ (including the variable part of the contributions to the benefit systems) of executive directors' total remuneration in 2022 should amount to less than 200% of fixed components, as established by resolution of the general shareholders' meeting on 1 April 2022.
- At the beginning of 2023, on the remuneration committee's recommendation, the board approved the final amount of the 2022 incentive, based on the set bonus pool in accordance with the directors' remuneration policy approved at the general shareholders' meeting on 1 April 2022, in consideration of:
 - Short-term quantitative metrics measured against annual objectives.
 - A qualitative assessment that cannot adjust the quantitative result by more than 25 percentage points upwards or downwards.
 - Any exceptional adjustment that must be supported by evidence.
 - The final figure is adjusted to executive directors' individual variable remuneration benchmark according to the current model and (i) their individual objectives (which generally match the Group's and cover financial, risk management and solvency position, as well as fostering the global initiatives PagoNxt and Digital Consumer Bank, and accelerating the transformation of the Bank into One Santander, with a special focus on IT, people and the responsible banking agenda); and (ii) how they achieve them in consideration of how they manage employees and follow the corporate values.



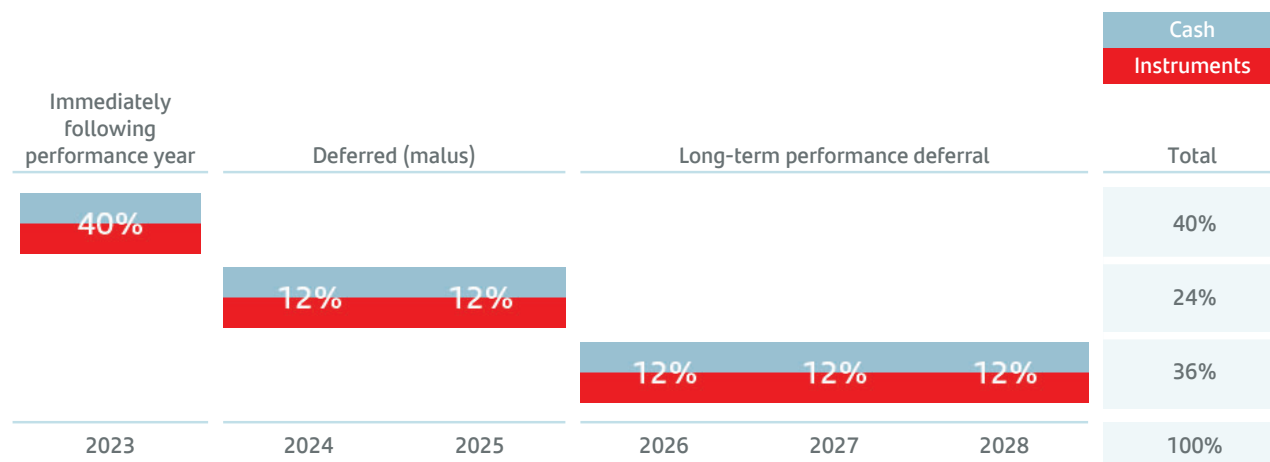
A. Any exceptional adjustment supported by evidence

Quantitative metrics and qualitative assessment aspects are described below.

- Payment of the approved incentive is split equally into cash and instruments, the latter as follows:
 - EUR 608,000 and EUR 410,000 in PagoNxt, S.L. RSUs for Ana Botín and José Antonio Álvarez, respectively.
 - The rest in equal parts of Banco Santander, S.A. shares and share options with a 10-year vesting period, unless the executive director chooses to receive options only. In 2022, they both chose to receive half in shares and half in share options.
- 40% is paid in 2023, once the final amount has been set. The remaining 60% will be deferred in equal parts over five years (subject to long-term metrics) as follows:
 - The deferred amount payable in 2024 and 2025, (24% of the total) will be paid if none of the malus clauses described below are triggered.
 - The deferred amount payable in 2026, 2027 and 2028, (36% of the total) will be paid if the malus clauses are not triggered and the multi-year targets described below are reached. These targets can reduce these amounts and the number of deferred instruments, or increase them up to a maximum achievement ratio of 125%, so executives have the incentive to exceed their targets.
- When the deferred amount is paid in cash, the beneficiary may be paid the amount adjusted for inflation up to the date of payment.
- All payments in shares are subject to a three year retention period, unless the director already holds shares for an amount equivalent to twice his/her annual fix remuneration, in which case the shares would be subject only to the regulatory one year retention period obligation.
- The hedging of the instruments received during the retention and deferral periods is expressly prohibited. The sale of shares is also prohibited for one year from time they are received. And the share options may be exercised one year after the time each share option is delivered and until their expiry, which shall take place 10 years after the initial date.

¹ As indicated in the first chart in section 6.3 pension contributions include both fix and variable components, the latter of which also form part of total variable remuneration.

The payment schedule of the incentive is illustrated below.



All deferred payments can be subject to malus, even if they are not subject to long-term objectives. Similarly, Santander can claw back paid incentives in the scenarios and for the period dictated in the Group's malus and clawback policy.

ii) Quantitative metrics and qualitative assessment for 2022

Executive directors' variable remuneration for 2022 has been based on the corporate centre executives' common bonus pool, which calculation comes from the quantitative and qualitative metrics approved by the board at the beginning of 2022 on the remuneration committee's recommendation. This also takes into account the input from the human resources committee, which for this purpose counts on the participation of the senior

management in charge of the group's Risk, Compliance, Audit, Human Resources and Legal and Financial accounting and control functions, who among others provided input on risk, solvency, liquidity, results' quality and recurrence, and compliance and control. The quantitative and qualitative results for the bonus pool (shown in the chart below) resulting from the process above, which are considered by the board, upon recommendation from the remuneration committee are included in 2022 remuneration policy approved in the annual general meeting. In 2022, the board of directors, following a proposal made by the remuneration committee, did not make any exceptional adjustment to the final result obtained by quantitative metrics and the qualitative assessment.

Category and (weight)	Quantitative metrics				Qualitative		Total weighted score
	Metrics	% Achievement over target	Assessment	Weighted assessment ^A	Component	Assessment	
Customers (30%)	Net Promoter Score ^C (NPS) (10%)	Average of local results ¹ weighted by # Loyal Customers (Individuals + SMEs) per country as of December 2021	86.4 %	8.64 %	Measurement of additional and qualitative customer satisfaction metrics	+0% - Increase in score for our Mobile customer service in markets where a new version of our app is available (enhanced functionality, more user-friendly and greater availability), while in other markets improvements are being developed for roll out soon.	
	Number of total customer (10%)	Total and loyal customers' scores ² are based on absolute numbers for all the countries except the UK, based on delta variance, as mature country	104.2 %	10.42 %	Conduct risk performance and customer due diligence	+2.22% - Achievement of targets to improve numbers, with a focus on increasing the first line of defence's involvement in conduct risk management. General improvement also in key customer indicators; and positive progress in the implementation of actions in relation to vulnerable customers and the improvement of the design of sales teams' remuneration schemes.	
	Number of loyal customers (10%)		105.3 %	10.53 %			
	Total Customers			29.59%		+2.22%	31.81%
Shareholders (70%)	RoTE ^D (Return on tangible equity): (30%)	Target: 13.3% Achieved: 16%	120.1 %	36.03 %	CET1 - Efficient capital adequacy management	+2.74% - Positive Evolution of CET1 ratio with active management of regulatory and markets (e.g. available for sale portfolios) headwinds throughout the year.	
					Appropriate management of operational risk, risk appetite and recorded breaches	+1.75% - Significant improvement in risk management and control on the back of a better balance sheet, owing to a reduction in risk exposure in Spain and SCUSA; over 130 regulatory model enhancements submitted to the ECB; more use of machine learning, artificial intelligence and other advanced techniques; and progress with strategic and transformation initiatives.	
	RoRWA ^D (Return on risk weighted assets) (40%)	Target: 1.79% Achieved: 2.13%	149.2 %	59.68 %	Sustainable and sound results and efficient cost management	+2.61% - Santander posted record results in 2022 and fulfilled all its public commitments, despite a challenging economic and geopolitical context. Costs rose below inflation in all regions and efficiency ratio improved.	
					Suitability of business growth compared to the previous year in view of market conditions and competition	+1.49% - In a difficult year, Santander outperformed its peers in revenue and provisions, and remains as one of the world's most efficient banks. This enabled us to achieve above-average profit and net margin net of provisions growth (where Santander was the second biggest bank in terms of size, continuing to reduce the gap with the first).	
					Progress on Responsible banking targets, with focus on green finance (including climate), financial inclusion and diversity	+2.81% - (i) Women in senior leadership positions (from 26.3% in 2021 to 29.3% -and ahead of 2022 target of 27.9%-); (ii) over 10 million people financially empowered (amount achieved three years ahead of schedule). For 2022 the target was 9.1 million; (iii) EUR 94 bn in green finance since 2019 (more than EUR 28 bn added in 2022 compared with the target of EUR 17 bn). Likewise, EUR 53 bn in AuM in socially responsible investments; (iv) and setting decarbonization targets in power generation, energy, aviation and steel as established in business plan.	
	Total Shareholders			95.71%		+11.40%	107.10%
TOTAL							138.91%

A. The weighted assessment is the result of multiplying each objective's assessment by its weighting per category. The five qualitative components under the RoTE and RoRWA category have same weighting.

B. Result of adding or subtracting the qualitative assessment to/from the weighted assessment.

C. The net promoter core (NPS) measures customers' willingness to recommend Santander. The assessment is based on the number of the group's core markets where Santander's NPS scores, as well as on its performance against competitors.

D. For this purpose, these metrics have been adjusted by the board, following a proposal from the remuneration committee, due to inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, corporate transactions, share buybacks or restructuring procedures) which have affected the suitability of the metric and achievement scale established, resulting in an impact not related to the performance of the executive directors and executives being evaluated. Furthermore, in RoRWA scale there is an accelerator in the final assessment to foster an efficient use of capital.

1. Argentina: 94.5%; Brazil: 91%; Chile: 115.5%; Uruguay: 115.8%; Spain: 119.5%; Poland: 100%; Portugal: 105.0%; UK: less than 75%; Mexico: 115%; SCF: 100%.

2. Total customers: Argentina: 103%; Brazil: 97%; Chile: does not score (less than 75%); Uruguay: 119%; Spain: 100%; Poland: 102%; Portugal: 100%; UK: 150%; Mexico: 104%; USA: 88%; SCF: 91%; Openbank: 150%. Loyal customers: Argentina: 101%; Brazil: 90%; Chile: 81%; Uruguay: 124%; Spain: 102%; Poland: 102%; Portugal: 107%; UK: 150%; Mexico: 100%; USA: 103%; Openbank: 150%.

The following section details the individual variable remuneration approved by the board.

iii) Determination of the individual variable remuneration for executive directors set in 2022

The board approved executive directors' variable remuneration on the remuneration committee's recommendation based on the policy mentioned in the paragraphs above and the result of the quantitative metrics and qualitative assessment described above.

The board also verified that none of the following circumstances have occurred:

- The Group's ONP² for 2022 was not more than 50% less than for 2021. Otherwise, variable remuneration would not have been greater than 50% of the benchmark incentive.
- The Group's ONP was not negative. Otherwise, the incentive would have been zero.

The board voted to maintain the same benchmark incentive for Ana Botín and José Antonio Álvarez in 2022 as in 2021.

Variable contributions to pensions were not modified in 2022, so the amounts are the 22% of the 30% of the last three assigned bonus' average.

Breakdown of immediately payable and deferred remuneration

In 2022, the very good business performance (which enabled Banco Santander to reach a 13.37% underlying RoTE, 0.64 p.p. above 2021), the excellent execution of our strategy (with the highest attributable profit ever: EUR 9,605 million, 18% above 2021), and efficient capital management, have led to the 138.91% bonus pool detailed above. However, this bonus pool is smaller than 2021's of 151.23%, which was the result of different metrics and weightings (including a very high result in the capital metric). As a result, there has been a reduction in Ana Botín's and Jose Antonio Álvarez's bonus of 8% from 2021 to 2022, as detailed below, despite even better 2022 results.

The immediately payable variable remuneration in deferred amounts not contingent on long-term metrics and variable remuneration deferred and contingent on long-term objectives approved by the board of directors, following a proposal by the remuneration committee resulting from the aforementioned process are:

Immediately payable and deferred (not linked to long-term objectives) variable remuneration

EUR thousand	2022					2021		
	In cash	In shares (A)	In share options (A)	In RSUs (A)	Total	In cash	In shares	Total
Ana Botín	2,702	1,229	1,229	243	5,403	2,941	2,941	5,883
José Antonio Álvarez	1,823	830	830	164	3,647	1,985	1,985	3,970
Total	4,525	2,059	2,059	407	9,050	4,926	4,926	9,853

A. The amounts in the foregoing table correspond to a total of 667 thousand shares in Banco Santander, 1,795 thousand share options and 8 thousand RSUs (1,587 thousand shares in 2021).

The following chart states deferred variable remuneration at fair value, which will only be received in 2026, 2027 and 2028 if the long-term multi-year targets are met (see section 6.3 B iv)) and beneficiaries continue to be employed at Grupo Santander, in accordance with the terms approved in the general shareholders' meeting, and no circumstances triggering malus clauses occur³:

Deferred variable remuneration linked to long-term objectives (fair value)

EUR thousand	2022					2021		
	In cash	In shares (A)	In share options (A)	In RSUs (A)	Total	In cash	In shares	Total
Ana Botín	1,064	404	404	255	2,128	1,158	1,158	2,316
José Antonio Álvarez	718	273	273	172	1,436	782	782	1,563
Total	1,782	677	677	428	3,564	1,940	1,940	3,880

A. The number of shares in the table total 219 thousand shares in Banco Santander, 590 thousand share options and 9 thousand RSUs of PagoNxt S.L. (625 thousand shares in 2021).

Fair value has been determined on the grant date based on the valuation of an independent expert, Willis Towers Watson. Based on the design of the plan for 2022 and success levels of similar plans at peer entities, the fair value was considered to be 70% of total value linked to long-term objectives assigned.

² For this purpose, ONP is attributed ordinary net profit, adjusted upwards or downwards for transactions the board believes have an impact not connected to the performance of evaluated directors, for which extraordinary profit, corporate transactions, impairments, or accounting or legal adjustments that may occur during the year are evaluated. The exclusion in the calculation for these purposes of goodwill impairments is aligned with the supervisors' criteria on their recommendations on dividend distributions.

³ Corresponds to the fair value of the maximum amount to be received over a total of 3 years, subject to continued service -with certain exceptions-, non- applicability of malus clauses and compliance with set goals. Fair value was estimated at the plan award date on account of several scenarios for the variables in the plan during the measurement periods.

The maximum amount of shares and share options to be delivered under the plan (corresponding to EUR 3,268 thousand in shares and EUR 3,268 thousand in share options) is within the maximum amount of the award to be delivered in shares (EUR 5,750 thousand) and in share options (EUR 5,750 thousand) approved by 2022 general shareholders' meeting for executive directors. This number of shares and option shares has been calculated with the weighted average daily volume of weighted average listing prices of Santander shares in the 15 trading sessions prior to the Friday (not inclusive) before 31 January 2023 (the date on which the board approved the 2022 bonus for executive directors), which was EUR 3.088 per share. With this price set, the share options are worth EUR 1.147. According to independent experts, the price per PagoNxt, S.L. RSU equals EUR 48.08.

iv) Multi-year targets linked to the payment of deferred amounts in 2026, 2027 and 2028

The multi-year targets linked to the payment of the deferred amounts payable in 2026, 2027 and 2028 are:

	Metrics	Weight	Target and compliance scales (metrics ratios)
A	Banco Santander's consolidated Return on tangible equity (RoTE) target in 2024	40%	<p>If RoTE in 2024 is $\geq 15\%$, then metric ratio is 1.5</p> <p>If RoTE in 2024 is $\geq 12\%$ but $< 15\%$, then metric ratio is $0 - 1.5^B$</p> <p>If RoTE in 2024 is $< 12\%$, then metric is 0</p>
B	Relative Total Shareholder Return (TSR) ^A in 2022-2024 within a peer group	40%	<p>If ranking Santander above or equal percentile 100, then metric ratio is 1.5</p> <p>If ranking Santander between percentiles 75 and 100 (not inclusive), then metric ratio is $1 - 1.5^C$</p> <p>If ranking Santander between percentiles 40 and 75 (not inclusive), then metric ratio is $0.5 - 1^C$</p> <p>If ranking Santander below percentile 40, then metric ratio is 0</p>
			<p>If % women in senior leadership positions in 2024 is $\geq 30.5\%$, then metric ratio is 1.25</p> <p>If % women in senior leadership positions in 2024 is $\geq 30\%$ but $< 30.5\%$, then metric ratio is $1 - 1.25^D$</p> <p>If % women in senior leadership positions in 2024 is $\geq 28\%$ but $< 30\%$, then metric ratio is $0 - 1^D$</p> <p>If % women in senior leadership positions in 2024 is $< 28\%$, then metric ratio is 0</p>
			<p>If number of financially empowered people between 2019 and 2024 (in million) is ≥ 14, then metric ratio is 1.25</p> <p>If number of financially empowered people between 2019 and 2024 (in million) is ≥ 13 but < 14, then metric ratio is $1 - 1.25^D$</p> <p>If number of financially empowered people between 2019 and 2024 (in million) is ≥ 9 but < 13, then metric ratio is $0 - 1^D$</p> <p>If number of financially empowered people between 2019 and 2024 (in million) is < 9, then metric ratio is 0</p>
C	Five ESG (environmental, social and governance) metrics with same weighting	20%	<p>If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is ≥ 170, then metric ratio is 1.25</p> <p>If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is ≥ 160 but < 170, then metric ratio is $1 - 1.25^D$</p> <p>If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is ≥ 120 but < 160, then metric ratio is $0 - 1^D$</p> <p>If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is < 120, then metric ratio is 0</p>
			<p>If number of sectors with decarbonisation targets in 2024 is ≥ 11, then metric ratio is 1.25</p> <p>If number of sectors with decarbonisation targets in 2024 is $= 10$, then metric ratio is 1^D</p> <p>If number of sectors with decarbonisation targets in 2024 is ≥ 0 but < 10, then metric ratio is $0 - 1^D$</p>
			<p>If % of emission intensity reduction of our power generation portfolio in 2024 versus 2019 is $\geq 17\%$^E, then metric ratio is 1.25</p> <p>If % of emission intensity reduction of our power generation portfolio in 2024 versus 2019 is $\geq 13.5\%$ but $< 17\%$^E, then metric ratio is $1 - 1.25^D$</p> <p>If % of emission intensity reduction of our power generation portfolio in 2024 versus 2019 is $\geq 0\%$ but $< 13.5\%$^E, then metric ratio is $0 - 1^D$</p>

A. TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2022 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2025 (exclusive) (to calculate the final value). The peer group consists of BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.

B. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2024 within this bracket of the scale.

C. Proportional increase in the TSR ratio based on the number of positions moved up in the ranking.

D. Increase of the coefficient is proportional to its position on this line of the scale.

E. In the Climate Finance Report published in July 2022, we assessed the 2019 financed emissions of our power generation portfolio, including guarantees and other types of off-balance exposure to our customers that do not entail current funding. According to the PCAF standard, such exposure should not be calculated if its attribution factor is "outstanding", we were over-attributed with our corporate customers' emissions. Therefore, the 2019 baseline emissions intensity has been restated from 0.23 to 0.21. With this change, we have updated the % of reduction from 15% to 13.5%, and from 18.75% to 17%. Although the % of reduction required is lower, the emissions intensity brackets are below previous calculations and thus closer to the net zero decarbonization target for 2030. The 2030 target remains unchanged.

To determine the annual amount of the deferred portion linked to objectives corresponding to each board member in 2026, 2027 and 2028, the following formula shall be applied to each of these payments ('final annuity') without prejudice to any adjustment deriving from the malus clauses:

$$\text{Final annuity} = \text{Amt.} \times (2/5 \times A + 2/5 \times B + 1/5 \times C)$$

where:

- 'Amt.' is one third of the variable remuneration amount deferred conditional on performance (i.e. Amt. will be 12% of the total variable pay set in early 2023).

- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2024.
- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2022-2024.
- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the five Responsible Banking targets for 2024 described above.
- In any event, if the result of $(2/5 \times A + 2/5 \times B + 1/5 \times C)$ is greater than 1.25, the multiplier will be 1.25.

v) Malus and clawback

Deferred amounts (whether or not contingent on multi-year targets) will be earned if the beneficiary continues to work with the Group⁴, and none of the circumstances triggering the malus clause arise before each payment, according to the section on malus and clawback clauses in the remuneration policy.

Similarly, Banco Santander can clawback any paid variable amounts in the scenarios and for the period dictated by the terms and conditions in the said policy.

Variable remuneration for 2022 can be clawed back until the beginning of 2029.

Malus and clawback clauses are triggered by poor financial performance of Banco Santander, a division or area, or exposures from staff as a result of an executive(s)'s management of, at least, one of these factors:

Category	Factors
Risk	Significant failures in risk management by Banco Santander, or by a business or risk control unit.
Capital	An increase in capital requirements at the Banco Santander or one of its business units not planned at the time that exposure was generated.
Regulation and internal codes	Regulatory penalties or legal convictions for events that might be attributable to the unit or staff responsible for them. In addition, failure to comply with Banco Santander's internal codes of conduct.
Conduct	Improper conduct, whether individual or collective. Negative effects deriving from the marketing of unsuitable products and the liability of persons or bodies making such decisions will be considered especially significant.

And among the specific cases that could lead to the application of these clauses, of note the restatement of the annual financial

statements that does not result from a regulatory change, but from incorrect application of accounting regulations or criteria, as appreciated by supervisors and as long as it results in a lower variable remuneration to be settled than that initially accrued or where no remuneration would have been paid in accordance with the variable remuneration system of the Entity or a specific unit.

The application of malus or clawback clauses for executive directors shall be determined by the board of directors, at the proposal of the remuneration committee, and cannot be proposed once the retention period for the final payment in shares under the plan has elapsed in early 2029. Therefore, the board determines the specific deferred incentive amount to be paid as well as any amount that could be subject to clawback, upon on the remuneration committee's recommendation and depending on the level of compliance with the conditions for applying malus clauses.

C. Main features of the benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012, which covers contingencies due to retirement, disability and death.

According to the 2012 system, contracts for executive directors (and other senior managers) with defined benefit pension obligations were transformed into a defined contribution system. The new system gives executive directors the right to receive benefits upon retirement, even if they are not active at Banco Santander at the time, based on contributions to the system. It also replaces their previous right to receive a pension supplement in the event of retirement.

The initial amount for each executive director in the new defined contribution pension scheme corresponded to the market value of the assets for which the provisions for due obligations were recognized when the previous pension commitments had been transferred to the new pension scheme.

Every year since 2013, Banco Santander has been contributing to the pension scheme for executive directors and senior executives in proportion to their pensionable bases until their departure from the Group, retirement, death or disability (even during pre-retirement). The pensionable base for executive directors is the sum of fixed remuneration plus 30% of the average of their last three variable remuneration amounts. Contributions will be 22% of pensionable bases in all cases.

Pursuant to remuneration regulations, contributions calculated on the basis of variable remuneration are subject to the discretionary pension benefits scheme. Therefore, under the policy, malus and clawback clauses can be enforced on them in place at any given time and during the same period in which

⁴ When the beneficiary's relationship with Banco Santander or another Group entity terminates because of retirement, early retirement or pre-retirement; a dismissal ruled by the courts to be wrongful; unilateral withdrawal for good cause by an employee (which includes the situations set forth in article 10.3 of Royal Decree 1382/1985, of 1 August, governing the special relationship of senior management, for the persons subject to these rules); permanent disability or death; mandatory redundancy; or because an employer other than Banco Santander ceases to belong to Santander Group, the right to receive shares and deferred amounts in cash and any amounts of the deferred amounts in cash adjusted for inflation will remain under the same conditions in force as if none of such circumstances had occurred. In the case of death, the right will pass to the beneficiary's heirs.

In cases of justified temporary leave due to temporary disability, suspension of contract due to maternity or paternity leave, or leave to care for children or a relative, there will be no change in the beneficiary's rights. If the beneficiary goes to another Group company (even through international assignment and/or expatriation), these rights will likewise not change. If the relationship terminates by mutual agreement or because the beneficiary obtains a leave not mentioned above, the terms of the termination or temporary leave agreement will apply.

None of those circumstances attach the right to receive the deferred amount in advance. If beneficiaries or their heirs maintain the right to receive deferred pay in shares and cash and any deferred amounts in cash adjusted for inflation, it will be delivered within the periods and under the terms dictated by the rules for the plans.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive the deferred remuneration in shares and cash and, where applicable, the amounts arising from the adjustment for inflation of the deferred amounts in cash, it shall be delivered within the periods and under the terms provided in the rules for the plans.

variable remuneration is deferred. Furthermore, these contributions must be invested in shares in Banco Santander for five years from the date of the executive director's retirement, or from the date on which executive directors leave the group. Once that period has elapsed, the amount invested in shares will be paid to them or their beneficiaries if some contingency covered by the pension scheme was happened or will be added to the remainder of their cumulative balance until their retirement age when the total amount will be paid.

The benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. The economic rights of the directors previously mentioned belong to them even if they are not active at Banco Santander at the time of their retirement, death or disability. Their contracts do not stipulate any severance payment outside the extent of the law for termination of contract or the aforementioned annual allowance for pre-retirement.

The provisions recognised in 2022 for retirement pensions amounted to EUR 1,892 thousand (EUR 1,825 thousand in 2021), as broken down below.

EUR thousand	2022	2021
Ana Botín	1,081	1,041
José Antonio Álvarez	811	783
Total	1,892	1,825

The amounts corresponding to each executive director as of 31 December 2022 and 2021 in the pension scheme are:

EUR thousand	2022	2021
Ana Botín	46,725	48,075
José Antonio Álvarez	18,958	18,821
Total	65,683	66,896

D. Other remuneration

Grupo Santander also takes out insurance policies for life, health and other contingencies for its executive directors. This other remuneration component includes the fixed supplement approved for Ana Botín and José Antonio Álvarez to replace the supplementary benefits from the pension scheme eliminated in 2018, in addition to the cost for insuring death or disability until they retire. Executive directors are also covered under the Group's civil liability insurance policy.

[Note 5](#) to the Group's consolidated financial statements describes other benefits received by executive directors in detail.

E. Shareholdings

In 2016, on the remuneration committee's recommendation, the board of directors approved a shareholding policy to better align executive directors with shareholders' long-term interests.

According to this policy, in addition to the executive directors' commitment to maintaining a significant holding of shares in the Group for as long as they have their role, executive directors active on 1 January 2016 would have five years to demonstrate that their personal assets include shares in Banco Santander that amount (net of taxes) to twice their gross annual salary on that date. Executive directors have complied with this policy. The following table shows the ratio, with a share price of EUR 3.088:

	2022		
	Gross annual salary (thousand)	Number of shares (thousand)	X
Ana Botín	3,176	26,857	26.1
José Antonio Álvarez	2,541	2,288	2.8

Likewise, in addition to the regulatory obligation for executive directors not to sell the shares they receive as remuneration for a year from their award, which is included in the shareholding policy, and will apply to all cases, this policy has also been updated in 2020 to include the obligation for executive directors not to sell the shares they receive as remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her fix annual remuneration.

F. Remuneration of board members as representatives of Banco Santander

The executive committee has resolved that the remuneration received by directors who represent Banco Santander on boards of companies where it owns equity and were appointed after 18 March 2002 will accrue to the Group. No executive director received remuneration for this type of representation in 2022 or 2021.

However, in their personal capacity, in 2022 Álvaro Cardoso was paid BRL 150 thousand (EUR 28 thousand) as member of sustainability committee of Banco Santander Brasil, S.A., Homaira Akbari was paid USD 169 thousand (EUR 161 thousand) as member of the board of Santander Consumer USA Holdings, Inc. and EUR 200 thousand as member of the Board of PagoNxt S.L., and Henrique de Castro and R. Martín Chávez were each paid the same EUR 200 thousand as members of the board of PagoNxt. Likewise, Pamela Walkden was paid GBP 125 thousand (EUR 147 thousand) as member of the Santander UK plc and Santander UK Group Holdings boards. And Sergio Rial, as non executive Chair of Ebury Partners Limited received a total pay of GBP 244 thousand (EUR 286 thousand) and as Chair of the board of directors of Banco Santander Brasil, S.A. was paid BRL 10,981 thousand (EUR 2,000 thousand).

Likewise, Luis Isasi was paid EUR 1,000 thousand for his role as non-Executive Chair of Santander España and for Santander España board and committees meetings (amount included in the chart below as "other remuneration" as it is paid by Banco Santander, S.A.).

Additionally, Héctor Grisi has received at the end of 2022 a payment of EUR 2,500 thousand as relocation expenses for settling in Spain to carry out his CEO role effectively from 1 January 2023. Because the payment is based on his annual allowance capitalized over five years, in accordance with corporate practices and policies, if the CEO terminates his contract before said period, he will reimburse the proportional share of that amount.

Below is a breakdown of each director's short-term salary (payable immediately) and deferred remuneration not based on long-term performance for 2022 and 2021. Statistical information on remuneration required by the CNMV (9.5) and Note 5 to the Group's consolidated financial statements contains disclosures on shares delivered in 2022 under the deferred remuneration schemes of previous years where conditions for their delivery were met in the related years.

G. Individual remuneration of directors for all items in 2022

Directors	EUR thousand									2021
	2022									
	Bylaw-stipulated emoluments		Salary and bonus of executive directors							
	Board and board committees annual allotment	Board and committee attendance fees	Fixed Salary	Immediate payment bonus (50% in instruments)	Deferred payment bonus (50% in instruments)	Total	Pension Contribution	Other remuneration ^F	Total	
Ana Botín	339	41	3,176	3,377	2,026	8,579	1,081	961	11,001	11,435
José Antonio Álvarez	290	39	2,541	2,279	1,368	6,188	811	1,758	9,086	9,160
Bruce Carnegie-Brown	625	75	—	—	—	—	—	—	700	700
Homaira Akbari	175	69	—	—	—	—	—	—	244	248
Javier Botín ^A	95	34	—	—	—	—	—	—	129	129
Álvaro Cardoso ^B	28	11	—	—	—	—	—	—	39	183
R.Martín Chávez ^C	107	40	—	—	—	—	—	—	147	374
Sol Daurella	160	70	—	—	—	—	—	—	230	239
Henrique de Castro	185	76	—	—	—	—	—	—	261	267
Gina Díez Barroso	120	52	—	—	—	—	—	—	172	130
Luis Isasi	330	82	—	—	—	—	—	1,000	1,412	1,406
Ramiro Mato	410	90	—	—	—	—	—	—	500	499
Sergio Rial	95	36	—	—	—	—	—	—	131	879
Belén Romana	455	94	—	—	—	—	—	—	549	533
Pamela Walkden	245	78	—	—	—	—	—	—	323	303
Germán de la Fuente ^D	97	40	—	—	—	—	—	—	137	—
Glenn Hutchins ^E	6	4	—	—	—	—	—	—	10	—
Total 2022	3,762	931	5,717	5,656	3,394	14,767	1,892	3,719	25,071	—
Total 2021	3,764	1,036	6,467	6,158	3,694	16,319	1,824	3,542	—	26,485

A. All amounts received were reimbursed to Fundación Botín.

B. Stepped down as director on 1 April 2022.

C. Stepped down as director on 1 July 2022.

D. Director since 1 April 2022.

E. Director since 20 December 2022.

F. Other remuneration includes for Luis Isasi EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

The following table provides each executive director's salary contingent on multi-year targets. It is only paid if they remain active in the group, malus clauses do not apply and set multi-year targets are achieved (as depending on their achievement, the amounts will be increased (limited to 125%), reduced, or even be zero, if the related minimum thresholds are not achieved):

	EUR thousand	
	2022 ^A	2021 ^A
Ana Botín	2,128	2,316
José Antonio Álvarez	1,436	1,563
Total	3,564	3,880

A. Fair value of the maximum amount receivable over a total of 3 years (2026, 2027 and 2028), which was estimated when the plan was granted, based on several scenarios relating to variables in the plan during the measurement periods.

H. Ratio of variable to fixed pay components in 2022

At the 2022 AGM, shareholders approved a maximum ratio of 200% of variable to fixed components in executive directors' pay.

The table below shows the ratio of variable components to fixed components for each executive director's total pay in 2022. This ratio decreased from 2021 by 13 pp for Ana Botín and by 13 pp for José Antonio Álvarez.

Executive directors	Variable Components / fixed components (%)
Ana Botín	169 %
José Antonio Álvarez	115 %

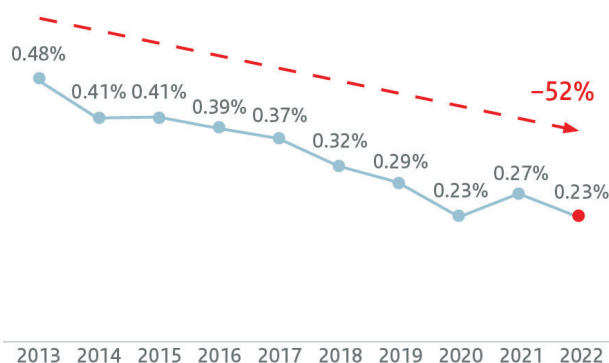
For these purposes:

- Variable components include all items of this nature, such as any contributions to the pension scheme calculated on directors' variable pay.
- Fixed components consist of the other items each director receives for executive duties, including contributions to pension schemes calculated on the basis of fixed remuneration and other benefits, as well as all Bylaw-stipulated emoluments that the director is entitled to receive in his or her capacity as such.

I. Comparative analysis of directors' remuneration, company performance and average remuneration of employees

This chart summarizes directors' compensation (short-term remuneration, deferred variable remuneration and/or deferred variable remuneration linked to multi-year targets included) for executive duties in relation to underlying attributable profit. The weight of executive directors' remuneration relative to underlying attributable profit continues to decline since 2013.

Ratio of executive directors' total remuneration to underlying attributable profit



The following chart shows the comparative analysis between the directors' remuneration, the company performance (underlying profit attributable to the Group, audited profit before taxes and ordinary ROTE) and the average remuneration of Santander employees in the last 5 years:

Directors' remuneration ¹ (EUR thousand)	2022	% var. 22/21	2021	% var. 21/20	2020	% var. 20/19	2019	% var. 19/18	2018
• Executive Directors									
Ana Botín	11,001	(4)%	11,435	68%	6,818	(32)%	9,954	(5)%	10,483
José Antonio Álvarez	9,086	(1)%	9,160	52%	6,018	(27)%	8,270	(4)%	8,645
• Non-Executive Directors²									
Bruce Carnegie-Brown	700	—	700	18%	595	(15)%	700	(4)%	732
Sergio Rial	131	—	879	—	63	—	—	—	—
Javier Botín ^A	129	—	129	6%	122	(11)%	137	13%	121
Sol Daurella	230	(4)%	239	12%	214	(11)%	240	12%	215
Belén Romana	549	3%	533	28%	417	(21)%	525	27%	414
Homaira Akbari	244	(2)%	248	23%	202	(11)%	226	14%	199
Ramiro Mato	500	—	499	16%	430	(14)%	500	11%	450
Álvaro Cardoso ^B	39	(79)%	183	(25)%	243	(12)%	276	86%	148
Henrique de Castro	261	(2)%	267	23%	217	152%	86	—	—
Pamela Walkden	323	7%	303	42%	214	529%	34	—	—
Luis Isasi	1,412 ^F	—	1,406	49%	943	—	—	—	—
R. Martín Chávez ^C	147	(61)%	374	911%	37	—	—	—	—
Gina Díez Barroso	172	32%	130	—	4	—	—	—	—
Germán de la Fuente ^D	137	—	—	—	—	—	—	—	—
Glenn Hutchins ^E	10	—	—	—	—	—	—	—	—
Company's performance									
Underlying profit attributable to the Group (EUR mn)	9,605	11%	8,654	70%	5,081	(38)%	8,252	2%	8,064
Consolidated results of the Group ³ (EUR mn)	15,250	5%	14,547	—	(2,076)	—	12,543	(12)%	14,201
Ordinary RoTE	13.37%	5%	12.73%	71%	7.44%	(37)%	11.79%	(2)%	12.08%
Employees' average remuneration⁴ (EUR)	56,262	1%	55,673	18%	47,130	(12)%	53,832	2%	52,941

1. Deferred variable remuneration linked to long-term objectives not included.

2. Non-executive directors' remuneration fluctuations are caused by joining or leaving the board of directors and the difference in the amount of meetings they assist during the year. Hence there is no correlation between their remuneration and the company performance.

3. Group operating profit/(loss) before tax.

4. Employee average remuneration includes all concepts, including other remuneration. Full-time equivalent data. The percentage of variable remuneration over fixed remuneration in an average employee is lower than that of the executive directors. Variable remuneration data accrued in the current year, both for employees and executive directors. Evolutive data also impacted by exchange rate performance in the group's geographies. Full time equivalent data considered.

A. All amounts received were reimbursed to Fundación Botín.

B. Stepped down as director on 1 April 2022.

C. Stepped down as director on 1 July 2022.

D. Director since 1 April 2022.

E. Director since 20 December 2022.

F. Includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

J. Summary of link between risk, performance and remuneration

Banco Santander's remuneration policy and its application in 2022 have promoted sound and effective risk management, at the same time as supported the fulfilment of long-term business objectives.

The key elements of the remuneration policy for executive directors making alignment between risk, performance and reward in 2022 were as follows:

Key words	Aspect aligning risk, performance and remuneration
Metrics balance	The balance of quantitative metrics and qualitative assessments, including customer, risk, capital and profitability in relation to risk, used to determine the executive directors' variable remuneration.
Financial thresholds	The adjustment to variable remuneration if certain financial thresholds are not reached, which may limit the variable remuneration to 50% of the previous year's amount or lead to it not being awarded at all.
Long-term objectives	The long-term objectives linked to the last three portions of the deferred variable remuneration. These objectives are directly associated with return to shareholders relative to a peer group, return on tangible equity (RoTE) and the five public targets linked to our Responsible banking agenda.
Individual performance	The discretion of the board to consider the performance of each executive director in the award of their individual variable remuneration.
Variable remuneration cap	200% of fixed remuneration.
Control functions involvement	The work undertaken by the human resources committee aided by senior managers leading Control functions in relation to the analysis of quantitative metrics information and undertaking qualitative analysis.
Malus and clawback	Malus can be applied to unvested deferred pay and clawback can be applied to vested or paid compensation under the conditions dictated by the Group's remuneration policy.
Payment in shares	At least 50% of variable pay is in instruments and subject to retention or prohibition from exercise of at least one year from their delivery.

6.4 Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote

Remuneration policy principles and remuneration system

A. Directors' remuneration in their capacity as such

Director's remuneration is regulated by article 58 of Banco Santander's Bylaws and article 33 of the Rules and regulations of the board of directors. For 2023, 2024 and 2025, no changes to the principles and composition of directors' remuneration for supervisory and collective decision-making duties are planned with respect of those in 2022. They are described in sections [6.1](#) and [6.2](#).

B. Executive directors' remuneration

Executive directors are entitled to be paid the remuneration (e.g., salaries, incentives, bonuses, severance payments for early termination from such duties, and amounts to be paid by Banco Santander for insurance premiums or contributions to savings schemes) deemed appropriate for performing executive functions following a proposal from the remunerations committee and by resolution of the board of directors, subject to the limits set by law.

While there are no planned changes to the principles on executive directors' remuneration for executive duties in 2023, 2024 and 2025 (sections [6.1](#) and [6.3](#)), changes to the corporate bonus scheme are being proposed as detailed below.

First, to further support the Group's transformation strategy, short-term corporate bonus metrics will include the new strategic priorities released at the 2023 Investor Day, maintaining the focus on clients (with active customers as the main metric), as well as RoTE (which continues to be part of the scheme). The third pillar to be included as a metric is capital, to

outline the importance of capital generation throughout the business.

With the purpose of further promoting value creation for investors, a relative performance multiplier is included, which may reduce or increase the result from the metrics above, based on results versus top peers in each market on metrics considered more relevant for each country/business (and for Group, the weighted average of countries results): NIM, NPS, C/I, CoR, NPLs and Net Margin after provisions. Thus assuring that our teams not only push to exceed budget, but also to outperform peers.

The qualitative assessment for the short-term bonus is simplified by reducing the items included in it from 7 to 4 the possible adjustments made, covering risk, compliance, network collaboration and ESG aspects (Responsible Banking).

Second, variable remuneration in 2023 for executive directors will be paid 50% in cash and 50% in instruments. The part to be received in instruments split as follows:

- EUR 500,000 and EUR 420,000 in PagoNxt, S.L. RSUs for Ana Botín and Héctor Grisi, respectively.
- The rest, all in instruments of Banco Santander, S.A. The executive director must decide between receiving such amount all in shares, or receiving in equal parts shares and share options of Banco Santander, S.A (while for 2024 and 2025, the board agreed, upon proposal from remuneration committee, that executive directors receive half in shares and half in share options).

For the rest of identified staff, variable remuneration will be paid as follows, according to each executive's choice:

- 50% in cash and 50% in Banco Santander, S.A. shares; or,

- 50% in cash, 25% in shares and 25% in Banco Santander, S.A. share options.

This decision would mean the effective introduction of options as part of the yearly bonus for identified staff (excluding executive directors who already received options for 2022), as the board voted in 2022 to postpone introducing share options for this group.

Third, it is proposed to maintain the long-term performance metrics, prioritising in this way shareholder returns and the Group's profitability in the long-term, as well as sustainability of the balance sheet and its activities and how they are carried out. Therefore these metrics will be:

- Relative performance of Banco Santander's total shareholder return (TSR) compared to our peer group; with a threshold at which executives begin to accrue remuneration of 40%. Its weight will be 40% of the total.
- Return on tangible equity (RoTE), as an indication of long-term value creation. Its weight will be 40% of the total.
- Four ESG (environmental, social and governance) metrics linked to the progress we make on our targets to implement the Group's Responsible banking agenda. Their weight will be 20% of the total.

The maximum achievement ratio will remain at 125% so executives have the incentive to exceed their targets; however, the maximum achievement ratio for effectively paid remuneration will not exceed the thresholds approved at the AGM.

Additionally, with the aim of providing a strong alignment with PagoNxt's success, the Executive Chair and the Chief Executive Officer will continue to receive restricted stock units (RSUs) of PagoNxt, S.L.

The RSUs substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay.

Specifically, as regards 2023, Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

This plan is subject to the same principles of risk alignment, variable remuneration caps, deferrals and malus and clawback as the incentive which applies to executive directors described herein, but with payment being done in PagoNxt instruments.

Finally, every year, Banco Santander conducts a comparative analysis of total compensation for executive directors and other senior executives. For 2023, the analysis will consist of a 'peer group' made up by BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.

Principle of equal pay for equal work and equal employment conditions for Santander executives and employees

Santander applies the equal pay principle included in the Corporate remuneration policy of Grupo Santander for executive

directors and employees alike, which forbids any type of differential treatment that is not exclusively based on an assessment of performance results and corporate behaviours, and promotes equal pay for men and women.

Furthermore, our remuneration framework rewards Santander employees for their contribution based on such common principles as:

- Meritocracy: Non-discrimination based on sex, age, culture, religion or ethnicity.
- Consistency: Remuneration consistent with the level of responsibility, leadership and performance within the Group, to promote retention of key professionals and attract the best talent.
- Sustainability: A remuneration framework that is sustainable in terms of associated costs, cost control, and related objectives (as described in the policy) that ensure variable remuneration is commensurate with the Group's performance, disincentivize short termism and promote long-term sustainability. The remuneration scheme for the 1,029 identified staff also includes deferrals of up to 60% of variable remuneration, payment 50% in Santander instruments (subject to one-year retention) and malus and clawback clauses.
- Also, performance objectives for annual variable remuneration have included since 2020 ESG components aligned with our Responsible banking goals. From 2022, with the purpose of increasing focus on the Group's responsible banking agenda and highlight sustainability as a core long-term strategy, ESG metrics are included (described in the next section) for the last deferred variable remuneration payments.
- Social responsibility: Employees' pay cannot be lower than the legal minimum wage or the living wage in the country where they work. Additionally, in order to give our social responsibility prominence in remuneration, the Group's responsible banking objectives for employee remuneration include the people financially empowered metric.
- Performance-based pay: Variable remuneration is subject to the achievement of (i) annual objectives (set out in section 6.4.B.ii.B), which reflect customer and profitability strategy, promote proper risk management and cost-effective capital allocation, and discourage short-term management focus; and (ii) long-term objectives (see section 6.4.B.ii.B), which support a sustainable balance sheet, shareholder return, the Group's profitability and sustainability of the Group's activities and the way they are carried out.

Directors' remuneration for 2023

A. Directors' remuneration in their capacity as such

In 2023, directors, in their capacity as such, will receive remuneration for supervisory and collective decision-making duties for a total of up to EUR 6 million as authorised by the shareholders at the April 2022 AGM (which will again be put to a vote at the 2023 AGM). It consists of:

- annual allocation, and
- attendance fees.

After several years with practically no review of directors' remuneration, the board has proposed, for 2023, an increase of EUR 3,000 in the annual allotment for board and committee membership (except for the executive committee) and without a comprehensive review of the remuneration. All other board related amounts for 2023, including board and board committees fees are the same as for 2022 (see sections 6.2.B and C above).

The specific amounts and the form of payment are determined by the board of directors in the manner described in section 6.2 above, based on the objective circumstances of each director.

Additionally, as indicated in the description of the director remuneration system, Banco Santander will pay its directors' the corresponding civil liability insurance premium in 2023. The related policy is common to all executives and was taken out under usual market condition, proportionate to Banco Santander's situation.

B. Executive directors' remuneration for the performance of executive duties

The board, on the remuneration committee's recommendation and with effect from 1 January 2023, resolved for Héctor Grisi to have the same target pay as José Antonio Álvarez received until he stepped down as CEO, based on the fact that he is a professional with a proven expertise and performed a similar role for Santander México and as head of the Group's North America region, plus the cost savings derived from not hiring an external candidate.

i) Fixed remuneration components

A) Gross annual salary

After five years with no review of gross annual salary, and further to the remuneration committee's recommendation, the board resolved that Ana Botín's gross annual salary would increase a 3% in respect of 2022 (this would mean an effective total rise in her total compensation of around 1% versus 2022, taking into account the sum of fixed salary, pension contribution and target bonus). In connection with this, it is worth noting that an increase of 4.5% in the base salary subject to collective agreement has been applied to the general Santander workforce in Spain.

In turn, the new CEO Héctor Grisi will receive a gross annual salary of EUR 3 million, which is the same fixed compensation as the former CEO. The board agreed on this amount upon proposal of the remuneration committee, based on his proven expertise as a successful CEO with Santander Mexico and Group's North America regional head. Also, as Héctor Grisi's appointment is internal, it does not entail any additional buyout or sign-on bonus expenses, as would normally be the case with an external candidate.

Their gross annual salary amounts may increase owing to adjustments made to the fixed remuneration mix based on the criteria approved by the remuneration committee, provided this does not entail any cost increase for Banco Santander.

B) Other fixed remuneration components

- Benefit systems: defined contribution schemes as set out in section 'Benefit schemes'⁵.

- Supplement to fixed salary: Ana Botín will receive EUR 525,000 as a supplement to her fixed pay in 2023. This had been approved in 2018 when the supplementary death and disability pension schemes were eliminated. Héctor Grisi will not receive a supplement.
- Social welfare benefits: executive directors will also receive social welfare benefits such as life insurance premiums, travel grants, medical insurance and the allocation of remuneration to employee loans, in accordance with Banco Santander's general policy for senior management, and in the same terms as the rest of employees.
- Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee. This information can also be found under the 'Benefit plans' section.

ii) Variable remuneration components

The board approved the policy on executive directors' variable remuneration for 2023 on the remuneration committee's recommendation, based on the remuneration policy principles described under section 6.3.

Executive directors' variable remuneration consists of a single incentive scheme, linked to the achievement of short-and long-term objectives. It is structured as follows:

- The final amount of variable remuneration will be set at the start of the following year (2024) based on the benchmark amount and subject to compliance with the annual objectives described under section B) below.
- 40% of the incentive will be paid immediately once the final amount has been set, and 60% will be deferred in equal parts paid out over five years and subject to long-term metrics:
- The amount deferred over the first two years (24% of the total) will be paid in 2025 and 2026 on the condition that no malus clauses described under section 6.3 B v) are triggered.
- The amount deferred over the next three years (36% of the total) will be paid in 2027, 2028 and 2029, on the condition that no malus clauses are triggered and long-term targets – described in section D) Deferred incentive subject to long-term performance objectives– are met.

The Group can claw back incentives already paid in the cases and during the term set out in its malus and clawback policy, described under section 6.3 B v).

Exceptionally, when a new executive director joins Banco Santander, his/her variable pay may include a sign-on bonus and/or buyouts.

Variable components in executive directors' total remuneration for 2023 cannot exceed the limit of 200% of fixed components submitted for approval to the 2023 AGM. However, under EU regulations on remuneration, certain variable components can be excluded.

⁵ As indicated in the next section, executive directors contribution to the benefit systems includes both fixed and variable components

A. Variable remuneration benchmark

Variable remuneration for executive directors in 2023 will be set based on a standard benchmark contingent upon the full achievement of their set individual targets, which for 2022 among others include, both for the Executive Chair and the CEO, pushing CET1 and sustainability targets.

The board of directors may revise the variable pay benchmark on the remuneration committee's recommendation and following market and internal contribution criteria.

Hector Grisi's variable remuneration target will be EUR 4,200 thousand, which aligns with the former CEO's variable remuneration target until his departure and following the same rationale explained above for gross annual salary.

B. Setting of final variable remuneration based on yearly results

Based on that standard benchmark, 2023 variable remuneration for executive directors will be based on this new corporate bonus scheme proposal:

- Three categories of quantitative metrics (business transformation, sustainable profitability and capital) to increase alignment with increasing shareholder value and capital generation.
- A relative performance multiplier versus market which will multiply by 0.7 to 1.3 the result of the quantitative metrics above, based on performance versus top peers in each market on metrics considered more relevant for each country/business (and for Group, the weighted average of countries results): with net interest margin (NIM), cost to income, CoR, NPLs, net promoter score (NPS) and Net Margin after provisions as references.
- A simpler qualitative assessment with four components (risk, compliance, network collaboration and ESG) instead of seven, to cover regulatory requirements and stakeholders' concerns more efficiently. The assessment cannot raise or lower the above result by more than 25%.
- An exceptional adjustment that must be duly supported and may involve changes owing to control and/or risk deficiencies, negative assessments from supervisors or unexpected material events.

These changes align the new scheme with the strategic priorities we announced at our Investor Day on 28 February 2023. Capital generation will become an important part of key employees' remuneration (including executive directors) in order to ensure an efficient use of capital, alongside RoTE, which we are keeping in the scorecard to incentivize sustainable, long-term growth. Customers continue to be part of the quantitative metrics, with special focus on active customers. Lastly, executives' focus on outperforming the market in aspects directly related with shareholder value is increased.

The proposed quantitative metrics and weightings are:

Category	Quantitative metrics
Transformation: Weight: 45%	Total and active customers (growth) (Weight: 20%)
	Operative cost per active customer (Weight: 15%)
	Revenue per active customer (Weight: 10%)
Capital Weight: 30%	CET1 ratio ^A
Sustainable Profitability Weight: 25%	RoTE ^A (Return on tangible equity)

A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, share buybacks, legal changes or restructuring procedures) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

A relative performance multiplier (from 0.7 to 1.3) based on performance versus best-in-class peers is applied to the total result of these metrics.

And finally, to the result obtained above, we add or subtract the qualitative assessment according to this table:

Qualitative assessment	Weight
Risk	+/-5%
Compliance	+/-5%
Network collaboration	+/-10%
ESG targets	+/-5%

Lastly, as additional conditions for determining the incentive, the following circumstances must be confirmed to set variable pay:

- If the Group's ONP for 2023 were 50% less than in 2022, variable pay would in no case exceed 50% of the benchmark incentive for 2023.
- If the Group's ONP were negative, the incentive would be zero.

When setting individual bonuses, the board will also consider restrictions to the dividend policy imposed by supervisors.

C) Forms of payment of the incentive

Variable remuneration of executive directors will be paid 50% in instruments, split as:

- the amount of PagoNxt RSUs set for each year (which cannot exceed 10% of their variable pay); and
- the rest, all in instruments of Banco Santander, S.A. The executive director must decide between receiving such amount all in shares, or receiving in equal parts shares and share options of Banco Santander, S.A.

One portion will be paid in 2024 and the other will be deferred for five years and contingent on long-term metrics:

- 40% of variable remuneration is paid in 2024 net of tax, with 50% in cash and 50% in instruments.
- 60% paid, if applicable, in five equal parts in 2025, 2026, 2027, 2028 and 2029 (net of tax), with 50% in cash, 50% in instruments, under the conditions stipulated in section E).

The final three payments will also be subject to long-term objectives described in section D) below.

Shares shall be subject to a three-years retention period, unless the executive directors already hold shares for an amount equivalent to 200% of their fix annual remuneration -in which case the regulatory one year retention period will apply. Share options shall not be exercisable or sold until one year after their delivery. The exact exercise period for the options shall be determined by the board, upon the recommendation from remuneration committee, in the terms approved by the general shareholders' meeting.

Additionally, a proposal to increase the number of trading sessions used to determine the share price used for executive directors and identified staff bonus from 15 to 50, to soften the impact on the share price of events (positive or negative) that may occur within a short period will be put to vote at the 2023 AGM. Under the Remuneration policy for 2023 and beyond, the maximum number of shares (and/or share options) will be calculated based on the daily volume-weighted average of the weighted average Santander share price in the 50 trading sessions before the last Friday (not included) before the board meeting at which executive directors' bonus is agreed.

D) Deferred variable pay subject to long-term objectives

As indicated above, the amounts deferred in 2027, 2028 and 2029 will be paid on the condition that the group achieves its long-term targets for 2023-2025, in addition to the terms described in section E).

As advanced in section B) on the principles of the remuneration policy, the long-term targets are:

- Banco Santander's consolidated Return on tangible equity (RoTE) target in 2025. The RoTE ratio for this target is obtained as follows:

RoTE in 2025 (%)	'RoTE Ratio'
≥ 17%	1.5
≥ 14% but < 17%	0 – 1.5 ^A
< 14%	0

A. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2025 within this bracket of the scale.

To verify compliance with this objective, the board, following a proposal from the remuneration committee, may adjust it to remove the effects of any regulatory change to its calculation rules or any extraordinary circumstances (such as impairments,

corporate transactions, share buybacks or restructuring procedures) that have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

- Relative performance of Banco Santander's total shareholder return (TSR) in 2023-2025 in respect of the weighted TSR of a peer group comprising 9 credit institutions, with the appropriate TSR ratio based on the group's TSR among its peers.

Ranking of Santander TSR	'TSR Ratio'
The 100 th percentile	1.5
Between the 75 th and 100 th percentiles (not inclusive)	1 – 1.5 ^A
Between the 40 th and 75 th percentiles (not inclusive)	0.5 – 1 ^A
Less than the 40 th percentile	0

A. Increase in the TSR ratio proportional to the number of positions moved up in the ranking.

TSR⁶ measures the return on shareholders' investment. It is the sum of the change in share price plus dividends and other similar items (including the Santander Scrip Dividend programme) shareholders can receive during the period.

The peer group comprises BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

- ESG (environmental, social and governance) metrics.

Achievement will depend on the progress made on the Group's Responsible Banking actions lines and associated targets (described below)⁷:

- Women in senior leadership positions by 2025:

Women in senior leadership positions ^B (%)	Coefficient
≥ 36%	1.25
≥ 35% but < 36%	1 – 1.25 ^A
≥ 29.3% but < 35%	0 – 1 ^A
< 29.3%	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Senior leadership positions make up 1% of the total workforce.

- Financial inclusion between 2023 and 2025:

Financial inclusion ^B (millions)	Coefficient
≥ 6	1.25
≥ 5 but < 6	1 – 1.25 ^A
≥ 3 but < 5	0 – 1 ^A
< 3	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Banking proposals for unbanked and underbanked regarding access to basic financial services (i.e.: cash-in/cash-out services in remote locations) or tailored finance (i.e.: for micro-entrepreneurs to set up or grow a business or customers in financial distress).

⁶ TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2023 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2026 (exclusive) (to calculate the final value).

⁷ There are thresholds that go beyond current public targets, which should not be considered a revision of them, but a way to further motivate our management team, in order to progress beyond targets on ESG main strategic lines.

3. Green finance and socially responsible investment. This third ESG goal is split into two subcategories: cumulative green finance raised and facilitated between 2019 and 2025 and socially responsible investments AuMs in 2025, with a weight of 70% and 30%, respectively.

Green finance raised and facilitated ^B (EUR Bn)	Coefficient
≥ 240	1.25
≥ 220 but < 240	1 – 1.25 ^A
≥ 160 but < 220	0 – 1 ^A
< 160	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Grupo Santander's contribution to green business: SCIB, Retail & Commercial banking and Digital Consumer Bank. It is measured with cumulative data since 2019.

Socially responsible investments ^B (EUR Bn)	Coefficient
≥ 102	1.25
≥ 100 but < 102	1 – 1.25 ^A
≥ 53 but < 100	0 – 1 ^A
< 53	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Funds registered under article 8 and 9 (SFDR) in the EU, including third-party funds and SAM's Latin American funds that meet equivalent criteria.

4. Reduction of the exposure in thermal coal-related power and mining portfolios:

Thermal coal-related power & mining ^B (EUR bn)	Coefficient
≤ 3.8	1.25
< 5.8 but > 3.8	1 – 1.25 ^A
= 5.8	1
> 5.8	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Credit risk exposure with customers affected by the thermal coal 2030 phase-out target: power generation customers with more than 10% of revenues coming from thermal coal and thermal coal-mining customers.

Each of the four Responsible Banking action lines has the same weighting and this formula to calculate them:

$$C = (1/4 \times \text{Coefficient 1} + 1/4 \times \text{Coefficient 2} + 1/4 \times \text{Coefficient 3} + 1/4 \times \text{Coefficient 4})$$

The following formula will be used to set the annual amount of performance-based deferred variable remuneration in 2027, 2028 and 2029 ('final annuity'), without prejudice to any adjustment deriving from the application of the malus policy (see section 6.3 B v):

$$\text{Final annuity} = \text{Amt.} \times (2/5 \times A + 2/5 \times B + 1/5 \times C)$$

where:

- 'Amt.' is one third of variable remuneration deferred conditional on performance (i.e. Amt. will be 12% of the total incentive set in early 2024).
- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2025.

- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2023-2025.

- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the four Responsible banking targets for 2025 (see section (c) above).

- In any event, if the result of $(2/5 \times A + 2/5 \times B + 1/5 \times C)$ is greater than 1.25, the multiplier will be 1.25.

The estimated maximum amount to be delivered in instruments to executive directors is EUR 11.5 million.

E) Other terms of the incentive

Payment of the deferred amounts (including those linked to long-term targets) will occur only if they remain in the Group and none of the circumstances triggering malus clauses arise (as per the malus and clawback section in the Group's remuneration policy) under terms similar to those indicated for 2022 (detailed in section 6.3 B v)). Furthermore, the group can claw back paid incentives under the scenarios, period and terms and conditions set out in the remuneration policy.

Hedging the value of Santander shares and share options received during the retention and deferral periods is expressly prohibited.

The effect of inflation on the deferred amounts in cash may be offset.

Selling shares is also prohibited for at least one year since the delivery.

The remuneration committee may propose to the board adjustments in variable remuneration under exceptional circumstances owing to internal or external factors, such as requirements, orders or recommendations issued by regulatory or supervisory bodies. Such adjustments will be described in detail in the report on the remuneration committee and the annual report on directors' remuneration put to a non-binding vote at the annual general meeting.

iii. Shareholdings

As described in section 6.3.E, in addition to the regulatory obligation not to sell shares they receive as remuneration for a year since from their award date, in order to comply with recommendation 62 of the Spanish Corporate Governance Code, the policy on shareholdings includes the obligation for executive directors not to sell the shares they receive as variable remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her annual salary.

Directors' remuneration for 2024 and 2025

A. Directors' remuneration in their capacity as such

For 2024 and 2025, no changes to directors' remuneration are planned in respect of what is foreseen herein for 2023. However, shareholders at the 2024 or 2025 annual general meeting may approve an amount higher than the six million euros currently in force, or the board may approve an alternative allocation of that amount to directors in accordance with the criteria in article 58.2 of Banco Santander's Bylaws (i.e. duties and responsibilities; positions held on the board;

membership and attendance at committee meetings; and other objective circumstances).

B. Directors' remuneration for the performance of executive duties

Executive directors' remuneration will conform to principles similar to those applied in 2023, with the following changes.

i) Fixed components of remuneration

A) Gross annual salary

Executive directors' annual gross fixed pay may be adjusted each year based on the criteria approved by the remuneration committee at any given time. For 2024 and 2025 and going forward, the proposal of the board, upon recommendation from the remuneration committee, is to increase their annual gross salary by an amount equivalent to 75% of the average salary increase applied to the general workforce in the Group, provided that it may not increase above 5% of their gross annual salary in respect of the previous year.

The 5% increase mentioned above may be higher for one or several directors provided that, when applying the rules or requirements or supervisory recommendations, and if so proposed by the remuneration committee, it is appropriate to adjust their remuneration mix and, in particular, their variable remuneration, in view of the functions they perform.

This should not increase executive directors' total remuneration. Otherwise, it must be disclosed in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at annual general meeting.

B) Other fixed remuneration components

No changes planned in respect of the terms for 2023.

ii) Variable remuneration components

The policy on executive directors' variable remuneration for 2024 and 2025 will be based on the same principles as in 2023, following the same single-incentive scheme described above, and subject to the same rules of operation and limitations.

A) Setting variable remuneration

Executive directors' variable remuneration for 2024 and 2025 will be set based on the corporate bonus pool and a benchmark approved for each year which takes into account:

- a set of short-term quantitative metrics measured against annual objectives and aligned with the Group's strategic plan. These metrics will also cover, at least, shareholder return targets, capital and customers. They can be measured at Group level and, where applicable, at division level, for a specific business division headed by an executive director. The results of each metric can be contrasted with the budget for the financial year, as well as with growth from the previous year.
- a relative performance multiplier in some key metrics (from 0.7 to 1.3) versus our best-in-class peers.
- a qualitative assessment that cannot raise or lower the result of the quantitative metrics and the multiplier above by more than 25%. It will be conducted for the same categories as the quantitative metrics, including risk, compliance, network collaboration and ESG targets.

- an exceptional adjustment that must be duly substantiated and may involve changes owing to control and/or risk shortfalls, negative assessments from supervisors or unexpected material events.

The quantitative metrics, relative performance accelerator, the qualitative assessment and potential extraordinary adjustments will ensure main objectives are considered from the perspective of the various stakeholders and that the importance of risk and capital management is factored in.

Once the corporate bonus pool is fixed according to the criteria above, the board of directors, further to a proposal from the remunerations committee, decides on the individual bonus, taking into consideration the level of achievement of their individual objectives, which in general terms coincide with the bonus pool metrics, their compliance with corporate values and risk culture.

Lastly, the following circumstances must be confirmed to set variable remuneration:

- If ONP does not reach a certain compliance threshold, the incentive cannot exceed 50% of the year's incentive benchmark.
- If the group's ONP were negative, the incentive would be zero.
- When setting individual variable pay, the board will also consider restrictions to the dividend policy imposed by supervisors.

B) Forms of payment of the incentive

The variable remuneration of executive directors for 2024 and 2025, will be paid as follows:

- 50% in cash;
- and 50% in instruments, split as follows:
 - the amount of PagoNxt, S.L. RSUs set for each year (as described below); and
 - the rest, half in shares and half in share options of Banco Santander, S.A.

It is also envisaged that for 2024 and 2025 Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

The RSUs will substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay in any event.

C) Deferred variable remuneration subject to long-term objectives

The last three annual payments of each deferred variable remuneration amount will be made in accordance with the terms described under section E) above and if the Group fulfils long-term objectives for at least three years. This may confirm,

reduce or increase payment amounts and the number of deferred instruments.

Long-term metrics will, at least, cover value creation and shareholder returns as well as capital and sustainability over a minimum period of three years. They will be aligned with the Group's strategic plan and main priorities towards its stakeholders. They can be measured for the entire Group or by country or business, when appropriate, and subsequently compared to a group of peers.

The portion paid in shares cannot be sold until one year has elapsed since delivery.

D) Other terms of the incentive

No changes to the continuity, malus and clawback clauses of the remuneration policy for 2023 described in section E are expected. Furthermore, no changes are planned in respect of the clauses on hedging instruments or the deferred amounts in cash adjusted for inflation.

iii) Shareholdings

The policy on shareholdings approved in 2016, with the amendment introduced in 2020 relating to not selling the shares they receive as variable remuneration for a period of three years detailed in section 6.3.E above will apply in 2024 and 2025, unless the remuneration committee proposes it be amended to the board in light of exceptional circumstances (regulations, orders or recommendations from regulators or supervisors). Such amendments would be described in detail in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at the annual general meeting.

iv) Principle of equal pay

The same principle of equal pay that applies for executive directors and any other Santander employee described in respect of 2023 apply for 2024 and 2025.

Terms and conditions of executive directors' contracts

Executive directors' terms of service are governed by board-approved contracts they sign with Banco Santander. The basic terms and conditions, besides those relating to the remuneration mentioned above, are the ones described herebelow.

A. Exclusivity and non-competition

Executive directors may not contract with other companies or entities to perform services, unless expressly authorised by the board of directors. In all cases, they are bound by a duty of non-competition in relation to companies and activities similar in nature to Banco Santander and its consolidated group.

In addition, executive director contracts impose prohibitions on competing and attracting customers, employees and suppliers, which can be enforced for two years after their termination in their executive duties for reasons other than a breach by Banco Santander. In regard to Ana Botín and Héctor Grisi, the compensation to be paid by Banco Santander for this duty of non-competition is twice the amount of the fixed remuneration.

B. Code of Conduct

Executive directors are obliged to adhere strictly to the group's General Code and the Code of Conduct in Securities Markets,

especially in terms of confidentiality, professional ethics and conflicts of interest.

C. Termination

The length of executive directors' contract is indefinite. Contracts do not provide for any severance payment upon termination apart from what the law provides.

If Ana Botín's contract is terminated by Banco Santander, she must remain available to the group for four months in order to ensure proper transition. During this period, she would continue to receive her gross annual salary.

D. Benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012. It covers retirement, disability and death. Banco Santander makes annual contributions to executive directors' benefit plans schemes. Annual contributions are calculated in proportion to executive directors' pensionable bases, and the Group will continue to make them until the executive directors' leave the Group or until their early retirement within the Group, their death or disability (including during pre-retirement). The pensionable base of executive directors' annual contributions is their fixed remuneration plus 30% of the average of their last three variable remuneration amounts. For Héctor Grisi, the average for the first three years will be calculated according to these criteria:

- For 2023, his gross variable remuneration agreed in that exercise.
- For 2024, the average of his gross variable remuneration agreed for 2023 and 2024 exercises.
- For 2025, the average of his gross variable remuneration agreed for 2023, 2024 and 2025 exercises.

Contributions will be 22% of pensionable bases.

The pension amount that corresponds to contributions linked to variable remuneration will be invested in Santander shares for five years from the earlier of the date of retirement or cessation. It will be paid in cash after the five years have elapsed or on the retirement date (if later). Moreover, the malus and clawback clauses for variable remuneration contributions will apply for the same period as the related bonus or incentive.

This benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. Executive directors' economic rights under the scheme belong to them even if they are not active in the group at the time of their retirement, death or disability. Their contracts do not provide for any severance pay upon termination apart from what the law provides and in the case of pre-retirement, the aforementioned annual allotment.

E. Insurance and other remuneration and benefits in kind

Ana Botín will receive the supplement to their fixed remuneration approved when the supplementary life and health benefits were eliminated in 2018. It will be paid in 2023, 2024 and 2025 in the same amount and continue to be paid until they reach retirement age (even if they are still active).

The Group has life and health insurance policies taken out for directors. Insurance premiums for 2023 include standard life insurance and the life insurance cover with the supplement to

their fixed remuneration mentioned above. In 2024 and 2025, premiums could vary if directors' fixed pay or actuarial circumstances change.

Furthermore, executive directors are covered by Banco Santander's civil liability insurance policy and may receive other benefits in kind (such as employee loans) pursuant to the group's general policy and subject to the corresponding tax treatment.

Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee

F. Confidentiality and return of documents

Directors are bound to a strict duty of confidentiality during their relationship and subsequent to termination. Executive directors are required to return any documents and items relating to their activities and in their possession to Banco Santander.

Agreements with non-executive members of the board

José Antonio Álvarez signed a contract to become a strategic adviser to Grupo Santander, effective on 1 January 2023. The contract stipulates that Mr Álvarez will aid in the handover to the new CEO and attend executive risk committee meetings and engaging supervisors, international bodies, sector organizations and others in institutional matters as necessary. Mr Álvarez will receive fixed remuneration of EUR 1,750 thousand. For this contract, he will retain some of the benefits he enjoyed under his former contract, including health and life insurance, and the supplement he had been receiving for having waived the death and disability policy in the amount stated under section 6.3 (see "Other remuneration" in table 6.3 G) of this Annual Report. Moreover, the post-contractual non-compete commitment in his previous contract will remain in force until this one expires. He will not be entitled to any other payment in connection with the termination of this contract.

Luis Isasi has a contract since 4 April 2020 to act as non-Executive Chair of the board of Santander España (for which he receives EUR 925 thousand a year) and to serve as a member of the board of Santander España (for which he receives EUR 75 thousand a year). His contract is permanent and does not entitle him to any compensation if terminated.

Appointment of new executive directors

The components of remuneration and basic structure of the agreements described in this remunerations policy will apply to any new director that is given executive functions at Banco Santander, notwithstanding the possibility of amending specific terms of agreements so that, overall, they contain conditions similar to those previously described.

Directors' total remuneration for executive duties cannot exceed the highest remuneration received by the group's current executive directors under the remuneration policy approved by shareholders. The same rules apply if a director assumes new duties or becomes an executive director.

If a director takes up executive functions in a specific division or local unit, the board of directors, on the remuneration committee's recommendation, can adapt the metrics for setting and paying incentives to take that division or local unit into account in addition to the Group.

Remuneration paid to directors in that capacity will be included within the maximum amount set by shareholders to be distributed by the board of directors in the terms described above.

A new director coming from an entity outside Santander Group could be paid a buyout to offset any variable remuneration foregone for having accepted a contract with the group; and/or a sign-on bonus for leaving to join Banco Santander.

This compensation could be paid fully or partly in shares, depending on the delivery limits approved at the annual general shareholders' meeting. Authorization is expected to be sought at the next general shareholders' meeting in order to deliver a maximum number of shares to any new executive directors or employees to whom buyout regulations apply.

Furthermore, sign-on bonuses can only be paid once to new executive directors, in cash or in shares, and in each case they will not exceed the sum of the maximum variable remuneration awarded for all executive directors.

Mr Grisi's appointment as CEO (with effect from 1 January 2023) did not entail a buyout or sign-on bonus since he was already part of Grupo Santander.

Temporary exceptions to the remuneration policy

According to section 6 of Article 529 *novedecies* of the Spanish Companies Act, specific exceptions may apply to components in the remuneration policy, based on particular business needs or macroeconomic context in the Group's geographies, provided that they are required to serve the long-term interests and sustainability of the entity; ensure its viability; and require to be adopted urgently.

Such exceptions include:

- Complex macroeconomic scenarios where the ordinary course of the business is severely impacted.
- The appointment of a new Executive Chair or chief executive officer, or the need to retain an executive director to avoid a vacancy at the head of the Group (*vacatio regis*) during especially complex times for the business.
- The need to adapt to regulatory change.

To apply, exceptions must be supported by:

- a reasoned remuneration committee proposal; and
- board of directors analysis and approval.

Any applied exception will be explained in the *Annual report on directors' remuneration*.

6.5 Preparatory work and decision-making for the remuneration policy; remuneration committee involvement

Section 4.7 'Remuneration committee activities for 2022', (the report on the remuneration committee) states:

- Pursuant to Banco Santander's Bylaws and the Rules and regulations of the board of directors, the duties relating to the remuneration of directors performed by the remuneration committee.
- How the remuneration committee is composed on the date the report is approved.
- The number of meetings it had in 2022, including joint sessions with the risk, compliance and regulation supervision committee.
- The date of the meeting in which the report was approved.

The 2021 annual report on directors' remuneration was approved by the board of directors and put to a binding vote at the 2022 AGM, with 88.01% of the votes in favour. The tally of the votes was:

	Number	% of total ^A
Votes	11,589,809,297	97.18 %

	Number	%
Votes for ^B	10,193,385,775	88.01 %
Votes against ^B	1,389,271,674	11.99 %
Blank ^C	7,151,848	0.06 %
Abstentions ^C	336,389,901	2.82 %

A. Percentage on total valid votes and abstentions.

B. Percentage of votes for and against.

C. Percentage of share capital present and attending by proxy at the ordinary shareholders' meeting.

Decision process for the development, review and application of the policy

Pursuant to Article 529 *novodecies* of the Spanish Companies Act, the remuneration committee issues the report on the proposed remuneration policy for 2023, 2024 and 2025 herein. The board of directors then submits it to the 2023 AGM as a separate item on the agenda and an integral part of this text. See section 6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'.

Banco Santander's Compensation function prepares the remuneration policy with the suggestions, requests and comments received during the year from the human resources committee, remuneration committee and the board of directors. A first draft of the policy is submitted to the remuneration committee for review every January. The review considers the suggestions, requests and comments the Chair and lead independent director receive through shareholder and stakeholder engagement during the year on our corporate governance and our remuneration structures. Regulators' recommendations and legal requirements that may have come to light since the last time the director remuneration policy was

submitted for approval by the annual general meeting are also considered.

The committee also makes sure the policy is consistent with the Group's culture and our Simple, Personal and Fair values. The Compensation function then prepares the final draft for the remuneration committee to submit to the board of directors for approval in February.

Based on the analysis carried out in the context of the 2022 annual remuneration report elaboration and its continued supervision of the remuneration policy, the remuneration committee believes the director remuneration policy for 2023, 2024 and 2025 which is included in section 6.4 above is consistent with the principles of Banco Santander's remuneration policy and its remuneration scheme set out in the Bylaws.

The policy aims, among other aspects, (i) to maintain a simple executive remuneration scheme, with three categories of quantitative metrics (business transformation, sustainable profitability and capital) to further align with value creation and capital generation; (ii) outperform peers in value creation aspects; and, (iii) regarding metrics linked to multiyear objectives, to prioritize long-term profitability for shareholders and Santander and a sustainable balance sheet (total shareholder return, RoTE and ESG-related metrics related to our responsible banking targets) in order to follow best market practice and meet our stakeholders' needs.

In 2022, no deviations from, or temporary exceptions to, the application of the remuneration policy occurred.

6.6 Remuneration of non-director members of senior management

2022 variable remuneration was approved by the board of directors on 31 January 2023 in view of the recommendation from the 30 January 2023 remuneration committee. It was set according to Banco Santander's general remuneration policy as well as specific details pertaining to senior management.

In general, senior management variable remuneration packages were calculated with the quantitative metrics and qualitative assessment used for executive directors (see section 6.3 B ii).

Some contracts of members of senior management were amended in 2018 in the same manner described under 6.3.D in respect of Ana Botín, with a pension scheme of 22% of their pensionable bases, the elimination of supplementary benefits, an increase of the insured sum of life insurance and a supplement to fixed remuneration in cash which is included under "Other remuneration".

The following table shows the amounts of short term remuneration (immediately payable) and deferred remuneration (not linked to multi year targets) for senior management as of 31 December 2022 and 2021, excluding those of executive directors. This amount has been reduced by 35% compared to that reported in 2014 (EUR 80,792 thousand):

EUR thousand

Year	Number of people	Short-term and deferred salary remuneration					Total
		Fixed	Immediately receivable variable remuneration (50% in shares) ^A	Deferred variable remuneration (50% in shares) ^B	Pension contributions	Other remuneration ^C	
2022	14	18,178	15,466	6,797	5,339	6,956	52,736
2021	15	19,183	16,804	7,296	5,542	5,055	53,880

A. The amount immediately payable in shares in 2022 was 2,504 thousand Santander shares (2,707 thousand Santander shares in 2021).

B. The amount of deferred shares in 2022 was 1,101 thousand Santander shares (1,175 thousand Santander shares in 2021).

C. Includes life insurance premiums, health insurance and relocation packages, other remuneration items and RSUs of PagoNxt S.L., as members of board of directors of this entity.

This table breaks down remuneration linked to multi-year targets for senior management (excluding executive directors) at 31 December 2022 and 2021, which they will only receive if they meet the terms of continued service; non-applicability of malus clauses; and long-term goals are met during deferral periods.

Thousands of euros

Year	Number of people	Deferred variable remuneration subject to long-term metrics ^A (50% in shares) ^B
2022	14	7,137
2021	15	7,660

A. In 2022, this corresponds to the fair value of maximum annual payments for 2026, 2027 and 2028 in the seventh cycle of the plan for deferred variable remuneration linked to multi-year targets. In 2021, this corresponds to the estimated fair value of maximum annual payments for 2025, 2026 and 2027 in the sixth cycle of the plan for deferred variable pay linked to multi-year targets. Fair value in the plan was determined on the authorization date based on the valuation report of independent expert Willis Towers Watson. Based on the plan for 2022 and success levels of similar plans at peer entities, the fair value was considered to be 70% of the value linked to long-term metrics.

B. The number of shares in Santander as deferred variable pay subject to long-term metrics shown in the table above was 1,156 thousand in 2022 (1,234 thousand shares in Santander in 2021).

The long-term goals are the same as those for executive directors. They are described in section 6.3 B iv).

Additionally, senior executives who stepped down from their roles in 2022 consolidated salary remuneration and other remuneration for a total amount of EUR 3,691 thousand (EUR 5,294 thousand in 2021). They also have the right to receive, in total, EUR 447 thousand in variable pay subject to long-term objectives (this right has been generated in 2021 for a total amount of EUR 55 thousand).

The board of directors approved the 2022 Digital Transformation Incentive which is a variable remuneration scheme split in two different blocks:

- the first one, with the same desing as in previous years, that delivers Santander shares and share options if the Group hits major milestones on its digital roadmap. This is aimed at a group of up to 250 employees whose functions are deemed essential to Santander's growth. No senior executives are included within this plan in 2022.
- And the second one, which delivers PagoNxt, S.L. RSUs and premium priced options (PPOs), and is aimed at up to 50 employees whose roles are considered key to PagoNxt's success, including 1 senior executive who will receive EUR 500 thousand under it.

See Note 46 to the 2022 Group's consolidated financial statements for further information on the Digital Transformation Incentive.

In 2022, the ratio of variable to fixed pay components was 120% of the total for senior managers, well within the maximum limit of 200% set by shareholders.

See note 5 of the Group's 2022 consolidated financial statements for further details.

6.7 Prudentially significant disclosures document

On the remuneration committee's recommendation, the board approves the key remuneration elements of managers or employees who, while not belonging to senior management, take on risks, carry out control functions (i.e. internal audit, risk management and compliance) or who receive global remuneration that places them in the same remuneration bracket as senior management and employees who take on risk. These are typically those whose professional activities may have an important impact on the Group's risk profile (all of these, together with the senior management and Banco Santander's board of directors form the so called 'Identified Staff' or 'Material Risk Takers')

Every year, the remuneration committee reviews and, where applicable, updates identified staff in order to include individuals within the organization who qualify as such. The Remuneration Policies chapter in the 2022 Pillar III disclosures report⁸ of Banco Santander, S.A. explains the criteria and regulations followed to identify such staff.

At the end of 2022, 1,029 Group executives (including executive directors and non-director senior managers) were considered identified staff (1,018 in 2021), which accounts for 0.50% of the total final workforce (0.52% in 2021).

Identified staff have the same remuneration standards as executive directors (see sections 6.1 and 6.3), except for:

- Category-based deferral percentages and terms.
- The possibility in 2022 of certain less senior manager categories of only having deferred variable pay subject to malus and clawback clauses (and not to long-term targets).

⁸ The 2022 Pillar III disclosures report can be found on our corporate website.

- The portion of variable remuneration paid or deferred as shares for Group executives in Brazil, Chile and Poland that can be delivered in shares or similar instruments of their own listed entities (as in previous years).

In 2023, the board will maintain its flexibility to determine full or partial payment in shares or similar instruments of Banco Santander and its subsidiaries in the proportion it deems appropriate (according to the maximum number of Santander shares allocated at the general meeting and to any regulatory restrictions in each jurisdiction).

The aggregate amount of variable remuneration for identified staff in 2022, the amounts deferred in cash and instruments, and the ratio of the variable to fixed remuneration components are explained in the remuneration policies chapter of Banco Santander's Pillar III disclosures report for 2022.

7. Group structure and internal governance

Grupo Santander is structured into legally independent subsidiaries whose parent company is Banco Santander, S.A. Its registered office is in Santander (Cantabria, Spain), while its corporate centre is located in Boadilla del Monte (Madrid, Spain). It has a Group-Subsidiary Governance Model (GSGM) and good governance practices in place for its core subsidiaries. Any references to subsidiaries in this section are to the Group's most prominent entities.

The key features of the GSGM are:

- The subsidiaries' governing bodies must ensure their rigorous and prudent management and economic solvency while pursuing the interests of their shareholders and other stakeholders.
- The subsidiaries are managed locally by teams that possess extensive knowledge on, and experience with, their customers and markets, while benefiting from the synergies and advantages of belonging to the Group.
- The subsidiaries are subject to local authority regulation and supervision, although the ECB supervises the Group overall.
- Customer funds are secured by the deposit guarantee schemes in the subsidiaries' countries and are subject to local laws.

The subsidiaries finance their own capital and liquidity. The Group's capital and liquidity are coordinated by corporate committees. Intra-group risk transactions are limited, transparent and carried out under market conditions. Grupo Santander retains a controlling interest in subsidiaries listed in certain countries.

Each subsidiary runs independently and has its own recovery plan, limiting the contagion of risk between them and reducing systemic risk.

7.1 Corporate Centre

Banco Santander's GSGM is supported by a corporate centre, which brings control and support units together with such functions as strategy, risk, compliance, auditing, finance, accounting, technology and operations, human resources, legal services, internal governance, communications and marketing. It adds value to the Group by:

- enhancing governance under robust corporate frameworks, models, policies and procedures to implement strategies and ensure effective Group oversight;
- making the Group's units more efficient through cost management synergies, economies of scale and a common brand;

- sharing best practices in global connectivity, commercial initiatives and digitalization; and
- ensuring the "know your structure" governance principle is effectively applied with a Procedure for appointing key positions and assessing suitability that applies to the entire Group.

7.2 Internal governance

Grupo Santander's internal governance model outlines a set of principles that regulate three types of relationships with its subsidiaries:

- The subsidiaries' governing bodies are subject to the Group's rules and procedures for structuring, forming and running boards of directors and audit, nomination, remuneration and risk committees, according to international standards and good governance practices. This includes embedding other Group rules and regulations on the suitability, appointment, remuneration and succession plans of governing body members, which fully comply with local regulations and supervisory standards.
- The relationship between regional and country heads and the Group CEO.
- The relationship between local and global heads of key control positions, following a three lines of defence model: chief officers for risk (CRO), compliance (CCO), audit (CAE), finance (CFO) and accounting (CAO), as well as other key support and business functions (Technology and Operations, HR, General Counsel, Legal Services, Marketing, Communications, Strategy, SCIB, Wealth Management & Insurance and Global Cards and Digital Solutions).

The Group has three regional heads who report to the Group CEO and are responsible for consolidating and streamlining the management and coordination of its core subsidiaries in the three geographic areas where it operates: Europe, South America and North America. They must undertake their key responsibilities in compliance with European Union and country-specific laws and regulations, and ensure that the country heads' role and accountability (including regulatory responsibilities) are not undermined.

Since 2020, the Europe region (Spain, Portugal, Poland and the UK) has had the mandate to execute a pan-European operating model to deliver benefits of scale and efficiency that leverage common product and regional management structures in those countries. Specific coordination elements and organizational structures were defined to ensure the effective discharge of the Europe regional head's responsibilities, fully respecting local

governance. Business and functional roles were also created to support and control those responsibilities.

The GSGM dictates rules for appointing those officers, setting their objectives (weighted 50% local and 50% group/regional) and variable pay, assessing their performance and planning their succession. It also explains how Group officers should coordinate and interact with their subsidiary counterparts.

Grupo Santander has corporate frameworks for matters considered to have a material impact on its risk profile. They cover risk, capital, liquidity, compliance, financial crime, technology, auditing, accounting, finance, strategy, human resources, outsourcing, cybersecurity, special situations management communications and brand and Responsible banking. Our frameworks also specify:

- how the Group should supervise and exert control over subsidiaries; and
- the Group's involvement in subsidiaries' decision-making (and vice versa).

The Banco Santander board approves the GSGM and corporate frameworks for the subsidiary governing bodies to formally adhere to them. They consider subsidiaries' local requirements and are revised every year as required by the Group board to adapt to new legislation and international best practices.

The functions draw on corporate frameworks to prepare internal regulatory documents that are given to subsidiaries as a reference for implementing those frameworks effectively, cohesively and in compliance with local laws and supervisory requirements. This approach ensures consistency throughout the Group. Every year, the functions conduct an assessment to ensure that the Group's internal regulations are embedded locally and carry out an annual certification process to ensure the internal regulation under their scope is fit for purpose. The internal governance office presents the findings to the board of directors.

The Group's internal governance office and subsidiary general counsels are responsible for embedding the governance model and corporate frameworks. Every year, the Group assesses their performance in reports sent to governing bodies.

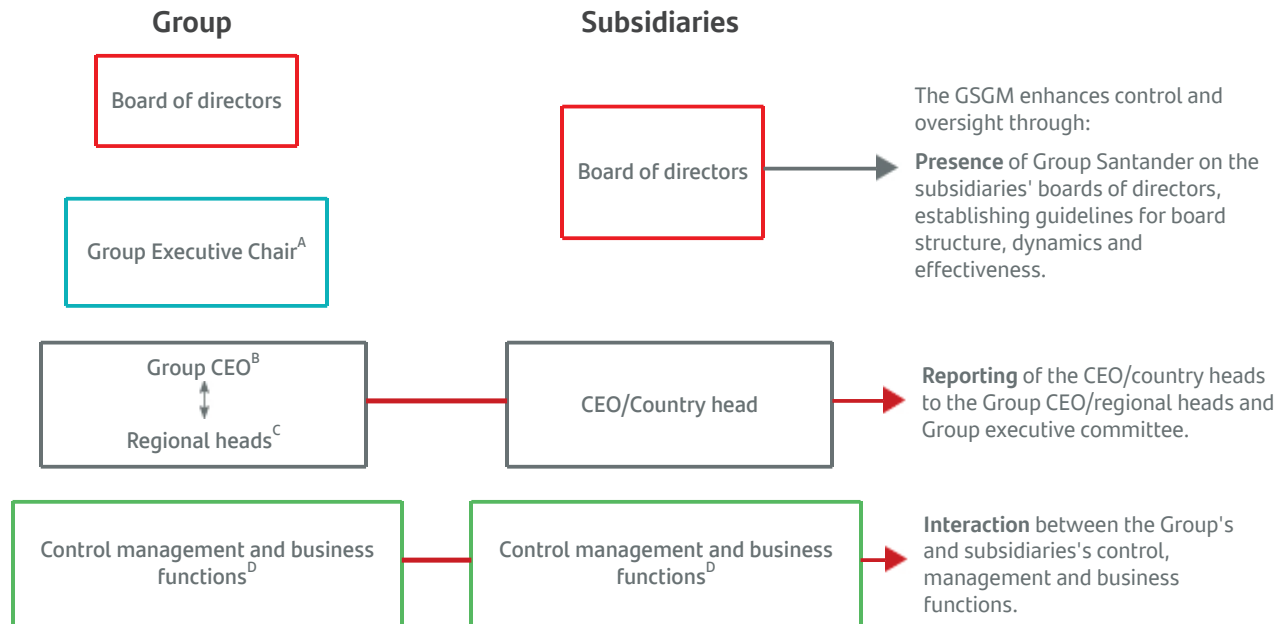
Since 2019, a policy on the governance of non-GSGM subsidiaries has enhanced the governance and control system that has been applied to those companies thus far.

PagoNxt, a wholly-owned subsidiary of Banco Santander structured as a dedicated holding company with a set of key initiatives on digitalizing the Group's financial services and with payments at its core, has had its own governance model since 2020. This model sets out an organizational and governance framework for PagoNxt and its subsidiaries against the backdrop of Group-wide arrangements. It covers the scope, principles, roles and responsibilities, key processes and governance bodies that should be in place to ensure that PagoNxt is managed in alignment with Group, legal and supervisory expectations.

Also since 2020, Santander Corporate and Investment Banking (SCIB) and Wealth Management and Insurance (WM&I) have had specific governance models to ensure robust, Group-wide oversight of those businesses as set out in the GSGM. In 2022, a new global business has been created for Global Cards and digital solutions with a similar governance model and approach to those of SCIB and WM&I.

In 2022, the Group decided to review the Digital Consumer Bank (DCB) governance model to streamline its governance arrangements given the already high degree of board membership overlap of Openbank and Santander Consumer Finance, whilst fully respecting the distinct nature of the legal entities that these banking subsidiaries need to discharge. This facilitates a more efficient operation of the DCB governance and helps ensure ongoing governance effectiveness.

The following charts show the three levels of the GSGM, as well as the main actions to ensure an effective relationship and solid internal governance system for the Group.



A. First executive.

B. Second executive, who reports to the board of directors.

C. Europe, North America and South America, reporting to Group CEO.

D. Audit, Risk, Compliance, Finance, Financial Accounting & Control, IT & Operations, Human Resources, General Secretariat, Marketing, Communications, Strategy, Santander Corporate & Investment Banking and Wealth Management & Insurance.

Best practices and talent sharing across the whole Group and between subsidiaries is **key to our success**.

Multiple point of entry structure that has proved to be a **key resilience instrument** and is a result of our diversification strategy.

Continuous collaboration and daily interaction between local and corporate teams.

A common set of corporate frameworks and policies across the Group adapted to local market conditions.

Synergies and economies of scale across the Group.

Planning and implementation of new Group-wide and local initiatives to keep developing our management and control model.

8. Internal control over financial reporting (ICFR)

This section describes the key aspects of Grupo Santander's ICFR in respect of financial reporting. It includes:

- control environment.
- risk assessment in financial reporting.
- control activities.
- reporting and communication.
- system monitoring.
- the external auditor's report.

8.1 Control environment

Governance and control bodies

The board of directors approves the financial reports Banco Santander must publicly disclose as a listed company. It is the body that oversees and guarantees the integrity of the Group's internal information and communication systems. The abovementioned includes the operational and financial control and legal compliance.

The board of directors has an audit committee that assists with supervising the Group's financial reporting and internal control systems. See section [4.5 'Audit committee activities in 2022'](#).

The audit committee works with the external auditor to address every aspect that impacts on the ICFR identified in audits. It also makes sure the external auditor issues a report on the Group's system for ICFR.

Responsibilities, General Code of Conduct, whistleblowing channel and training

Lead functions

Grupo Santander, through its corporate organization function, countries and businesses, draws up, implements and maintains the units' organizational structures, catalogue of roles and size. The corporate Costs & Organization function sets out and documents the corporate model for managing structures and workforces, which is used as a reference across the Group.

The organizational units are in charge of identifying and drawing-up the main functions under the responsibility of each structural unit, ensuring that the organization has a solid ICFRS model.

Grupo Santander has implemented a responsibility scheme to identify potential risks and their mitigating controls under a three-pronged defence model (business, risks and internal

audit) that establishes lines of authority and accountability including:

The head of the financial accounting and control function (Chief Accounting Officer) of the countries and businesses, which has the following functions concerning the generation of financial information, amongst others:

- Integrating the Group's corporate accounting policies into its management and adapting them to local needs.
- Ensuring that appropriate organizational structures are in place to carry out the tasks assigned, as well as a suitable hierarchical-functional structure.
- Running critical procedures (control models) based on corporate technology.
- Implementing the corporate accounting and management information systems and adapting them to the specific needs of each unit.

In order to preserve its independence, the subsidiaries' CAO reports hierarchically to the head of the entity or country in which it exercises its responsibilities (country head) and functionally to the head of the Group's Financial Accounting and Control division.

The corporate Non-Financial Risk Control function is responsible for:

- establishing and circulating the methodology for documenting the Group's Internal Control System (ICS) and its evaluation and certification, which covers the ICFRS and other regulatory and legal requirements. Grupo Santander's ICS makes sure the board of directors, senior managers and other Group staff can provide reasonable assurance they will achieve their objectives.
- encouraging document maintenance to align with organizational and regulatory changes and, alongside the Financial Accounting and Control division and representatives of the divisions and/or companies involved (where applicable), to present the ICS evaluation to the audit committee. Similar functions in each unit report to the corporate Non-Financial Risk control area.

General Code of Conduct (GCC)

The Group's GCC sets out board approved guidelines employees' conduct, accounting standards and financial reporting. The GCC can be viewed on our corporate website.

All the Group's employees, including members of its governance bodies, adhere to the Code of Conduct, even though some are

also subject to the Code of Conduct in Securities Markets and other codes of conduct specific to their area or business.

Santander employees have access to e-learning courses on the GCC. The Compliance and Conduct function answer employees' queries on ethics and rules in the GCC.

The Human Resources function is the one competent to take disciplinary measures due to GCC's breaches and to recommend corrective actions (including labour-related sanctions), irrespective of any related administrative or criminal penalties.

In 2022, the board amended the GCC, with new sections on use of social media and control of individual employee expenses in connection with their professional activity for the Group. See the 'General Code of Conduct' section [3.2 'Conduct and ethical behaviour'](#) in the 'Responsible banking' chapter.

Canal Abierto

Banco Santander's ethical channel is called Canal Abierto. It is a confidential and anonymous means for employees to report unlawful acts, violations of the GCC and other behaviour contrary to corporate values. The channel enable communications by other people related to Banco Santander other than employees, such as shareholders, customers, suppliers and other third parties, ensuring that they are treated confidentially and anonymously. The Canal Abierto can be found on our corporate website.

It can also be used to report accounting or auditing irregularities under Sarbanes-Oxley (SOX) to the Compliance and Conduct function, which will forward them to the audit committee for appropriate measures to be taken. Only certain Compliance and Conduct function officers analyse reports to determine if matters pertain to accounting or auditing in order to submit them to the audit committee.

Canal Abierto is supervised jointly by the audit committee and the risk supervision, regulation and compliance committee, depending on the subject of the complaint. The SOX attributes the authority to supervise the such channel to the audit committee in matters that fall under its remit (specifically financial and accounting, including those audit related), while the risk supervision, regulation and compliance committee oversees reports of breaches of regulatory requirements, corporate behaviours and internal governance.

For more details on the number of complaints filed on the channel and their type, see the 'Ethical Channels' section in [3.2 'Conduct and ethical behaviour'](#) in the 'Responsible banking' chapter.

Training

Group employees who help prepare or analyse financial information take part in training programmes and regular refresher courses specifically designed to teach them the concepts and skills they require to discharge their duties properly.

The participating functions of the SCIIF promotes, designs and oversees these programmes and courses. It has support from the Human Resources function.

Training takes the form of both e-learning and on-site sessions monitored and overseen by the Human Resources function to

guarantee that employees duly complete them and learning properly.

Training programmes and refresher courses in 2022 have focused on matters directly and indirectly relating to financial reporting: (i) risk analysis and management; (ii) accounting and financial statement analysis; (iii) the business, banking and the financial environment; (iv) financial management, costs and budgeting; (v) mathematical skills; and (vi) calculations and statistics.

56,090 employees in all the Group's markets completed training programmes. Over 395,000 training hours were spent at the corporate centre in Spain and remotely via e-learning. Furthermore, local units develop their own training programmes based on Banco Santander's.

8.2 Risk assessment in financial reporting

The Group has a specific process to identify the companies that must be included in its scope of consolidation, which the Financial Accounting and Control division and the General Secretariat division oversee.

This process enables us to identify the entities that Grupo Santander controls through voting rights that grant direct or indirect ownership of their capital and through mutual funds, securitization funds, structured entities and other means. We analyse whether the Group has control over an entity, whether it has rights to the variable returns of the entity or is exposed to them, and whether it can influence the amount of such variable returns. If the Group is considered to have control, the entity is included in the scope of consolidation under the global integration method.

Otherwise, we analyse whether there is significant influence or joint control. If so, the entity is also included in the scope of consolidation and measured using the equity method.

For entities with the greatest impact on the preparation of the Group's financial information, we implement an ICS using a homogeneous methodology to make sure the relevant controls are included and all significant risks to financial reporting are covered.

The Group's ICS complies with the strictest international standards, particularly the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) set out in its last published Internal Control framework in 2013, which covers control targets for effective and efficient operations, reliable financial reporting and regulatory compliance.

The risk identification process considers all the Group's activities, the scope of which is greater than all the risks directly related to the preparation of the Group's financial information.

The identification of potential risks that must be covered by the ICS is based on management's knowledge and understanding of the business and its operations in relation to the importance and qualitative criteria associated with the type, complexity or structure of the business.

Banco Santander ensures there are controls to cover risks of errors and fraud in financial reporting, as well as risks that may concern (i) the existence of assets, liabilities and transactions at

the relevant date; (ii) whether the items are assets or rights or liabilities and obligations of the Group; (iii) the timely and correct recording and proper valuation of assets, liabilities and transactions; and (iv) the correct application of accounting principles and rules, as well as appropriate breakdowns.

The main features of the Group's ICS are:

- It is a corporate model that involves the entire organizational structure through a direct set of individual responsibilities.
- Management of the ICS documents is decentralized to the various units, while coordination and monitoring falls to the non-financial risk control area, which provides general criteria and guidelines to standardize procedure documents, control assessments, criteria for classifying potential deficiencies and regulatory adaptations.
- It is a global model primarily aimed at documenting activities to produce consolidated financial information and other procedures carried out by each entity's support areas that, without having a direct impact on the accounts, could lead to possible losses or contingencies in the event of incidents, errors, breaches of regulations and/or fraud.
- It is dynamic and is under constant evolution in order to reflect the reality of the group's business, risks and controls to mitigate them.
- It produces comprehensive documents on the processes within its scope and includes detailed descriptions of operations, assessment criteria and reviews.

All ICS documents of the Group's companies are compiled on a corporate IT application that is used by employees of different levels of responsibility in the assessment and certification of the Group's internal control system.

8.3 Control activities

Revision and approval of financial information

The audit committee and the board of directors oversee the preparation and submission of the financial information required of Banco Santander and the Group, which includes the non-financial information and its integrity, and the compliance with regulatory requirements, the scope of consolidation and the correct application of accounting standards, ensuring that such information is permanently updated on corporate website.

The production, revision and approval of financial information and the description of ICFR is documented in a corporate tool that integrates the control model into risk management, including a description of activities, risks, tasks and controls associated with all operations that may have a significant effect on the financial statements. This documentation covers recurrent banking operations and one-off transactions and aspects related to judgements and estimates to correctly record, evaluate, present and break down financial information.

The audit committee is responsible for reporting to the board on the financial information that the Group must publish regularly, ensuring that it is prepared in accordance with the same principles and practices as the annual accounts and is as equally reliable as the financial statements for the board to adopt the corresponding resolutions.

The most significant aspects when closing and reviewing relevant judgements, estimates, measurements and projections are:

- Impairment losses on certain assets.
- The assumptions used in the actuarial calculation of post-employment benefit liabilities and other obligations.
- The useful life of tangible and intangible fixed assets.
- The valuation of consolidation goodwill.
- The calculation of provisions and contingent liabilities.
- The fair value of certain unquoted assets and liabilities.
- The recoverability of tax assets.
- The fair value of acquired identifiable assets and the liabilities assumed in business combinations.

Grupo Santander also has a corporate accounting and financial management information committee, which is responsible for governing and supervising accounting, financial management and control, and ensuring that these matters are disclosed in accordance with law and such disclosure is fair, accurate and not misleading.

The Non-financial Risk Control area checks potential changes in the Group's control environment to make sure the ICS operates correctly. Annual pyramid assessment and certification of the ICS help the area review the criticality of risks and the effectiveness of controls. The process begins with an assessment of control activities by those responsible for them. The assessment is then challenged and ratified by senior officers, so that the CEO, CFO and CAO can confirm the ICS's effectiveness.

Grupo Santander also has an internal control forum chaired by the heads of the Risk and Financial Accounting & Control divisions. It continuously monitors the Group's control environment and ICS strategy and performance.

Internal control policies and procedures for IT systems

The Technology and Operations division draws up the Group's corporate policies on IT systems used directly or indirectly in relation to the financial statements. These systems implement special internal controls to prepare and post financial information correctly.

The internal control on these matters are particularly important:

- Updated and divulged internal policies and procedures for system security and access to applications and computer systems according to functions and ratings of each unit/role.
- The Group's methodology, under which new applications are developed and existing applications are maintained or adapted through a circuit that formulates, develops and tests them so as to treat financial information reliably.
- Once applications are developed according to regularly defined requirements (detailed documentation of processes to be implemented), they are run through comprehensive tests by a specialist development laboratory.

- Before they are rolled out, a complete software testing cycle is run in a pre-production computerized environment that simulates real situations. Testing includes technical and functional tests, performance tests, user-acceptance tests and pilot and prototype tests, which are defined by the entities.
- The Group's continuity plans for key functions in disasters or other events that could suspend or disrupt operations, as well as highly automated back-up systems that support critical systems and require little manual intervention owing to redundant systems, high availability systems and redundant communication lines.

Internal control policies and procedures for outsourced activities and valuation services from independent experts

The Group's action framework and specific policies and procedures fittingly cover outsourcing risks. All Group companies must adhere to this framework, which meets the EBA's requirements for outsourcing and risk management with third parties. It consists of:

- Tasks to initiate, record, process, settle, report and account for transactions and asset valuations.
- IT support in terms of software development, infrastructure maintenance, incident management, security and processing.
- The provision of other material support services not directly related to financial reporting, such as supplier management, property management and HR management, amongst others.

Key control procedures include:

- Documenting relations between Group companies with comprehensive service agreements.
- Documentation and validation by the Group's service providers of processes and controls for the services they perform.
- External suppliers undergoing an approval process to ensure that the relevant risks associated with the services they provide remain within acceptable levels, in accordance with the Group's risk appetite.

Grupo Santander reviews estimates internally according to its control model guidelines. It will hire a third party to help with specific matters upon confirming their expertise and independence and approving their methods and rationale of assumptions through relevant procedures.

Furthermore, there are controls make sure information relating to external suppliers of services that could affect the financial statements is accurately and comprehensively detailed in service level agreements.

Responsible function for accounting policies

The Financial Accounting and Control division has an area called Regulation Accounting, which has the following responsibilities:

- To set out how the transactions that constitute Banco Santander's activity are accounted for in accordance with their economic nature and the regulations governing the financial system.

- To draw up and keep up-to-date the Group's accounting policies and resolve any queries or conflicts arising from their interpretation.
- To enhance and standardize the Group's accounting practices.

The corporate accounting and financial reporting and management framework sets out the principles and guidelines to prepare accounting, financial and management information that must apply to all Grupo Santander entities as a key element of their good governance.

Grupo Santander's structure makes it necessary to establish these principles and standard guidelines for their application, and for each of the Group entities to have effective consolidation methods and employ homogeneous accounting policies. The framework's principles are reflected appropriately in the Group's accounting policies.

Accounting policies should be understood as a complement to local financial and accounting rules. Their overarching aims are (i) for statements and financial information to be available to management bodies, supervisors and other third parties, providing accurate and reliable information for decision-making in relation to the Group, and (ii) timely compliance with legal obligations by all Group entities.

Accounting policies are revised at least once a year and when relevant regulations are amended.

Every month, the Accounting Policies area publishes an internal bulletin on new accounting regulation and their most significant interpretations.

The Group entities, through their operations or accounting heads, maintain open communication with the Regulation Accounting area, as well as with the other areas of the Financial Accounting and Control division.

8.4 Information and communication

The CAO meets with the audit committee at least every quarter to submit the Group's financial statements for validation. He explains the criteria used to make important estimates, assessments and conclusions.

The Non-financial Risk Control area prepares detailed reports on the Group's control environment and mitigation plan developments at least every quarter and makes them available to the internal control forum.

The Non-financial Risk Control area, the Finance & Management Control division and, if necessary, representatives of concerned divisions and companies, present the findings of the ICS assessment to the audit committee at least every half-year after first presenting them to the risk control committee.

The Non-financial Risk Control area also prepares a report on the main conclusions on units' ICS assessment and major shortcomings uncovered during the year. It is additional information for management and the audit committee that details corrected shortcomings and plans in place to correct others. It also includes all information that CEO, CFO and CAO need to confirm the effectiveness of the SCI.

8.5 Monitoring

2022 ICFR monitoring activities and results

The board of directors approved an internal audit framework that details the function and how it should conduct its work.

Internal Audit is a permanent, independent function that guarantees the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thus contributing to the protection of the organization's value, solvency and reputation as well as the board of directors and senior managers. It reports to the audit committee and periodically, at least twice a year, to the board of directors. As an independent unit, it also has direct access to the board when required.

Internal Audit assesses:

- The efficiency and effectiveness of the processes and systems referred to above.
- Compliance with applicable regulations and supervisory requirements.
- The reliability and integrity of financial and operational information.
- Asset integrity.

Internal Audit is the third line of defence, independent of the other two. Its scope of action includes:

- All entities over which the Group exercises effective control.
- Separated assets (for example, mutual funds) managed by the entities mentioned in the previous section.
- Any entity (or separated assets) not included in the above points, with which the Group has entered into an agreement to provide internal audit functions.

This subjective scope includes, in any case, their activities, businesses and processes carried out (either directly or through outsourcing), their organization and, where applicable, commercial networks. Internal Audit may also conduct audits for other investees that are not included in the preceding points when the Group has reserved such right as a shareholder, as well as on outsourced activities in accordance with the established agreements.

The audit committee supervises the Group's Internal Audit function. See section [4.5 'Audit committee activities in 2022'](#).

As at 2022 year-end, Internal Audit had 1,233 exclusively dedicated employees, of which 273 were based at the Corporate Centre and 960 in the local units in the main geographies where the group is present.

Every year, it prepares an audit plan based on a risk self-assessment and is solely responsible for executing the plan. Reviews may lead to recommendations, which are prioritized in accordance with their relative importance and monitored continuously until full implementation.

At its meeting on 21 February 2022, the audit committee reviewed the 2022 audit plan, which was reported to, and approved by, the board at its meeting on 24 February 2022.

As regards the review of the ICFR, Internal Audit reports mainly aim to:

- Verify compliance with the provisions contained in sections 302, 404, 406, 407 and 806 of the SOX Act.
- Check governance with regard to information on the internal control system for financial reporting, including the risk culture.
- Review the duties performed by the internal control departments and by other departments, areas and divisions that work to ensure compliance with the SOX Act.
- Make sure the supporting documents relating to the SOX Act are up to date.
- Confirm the effectiveness of a sample of controls based on an internal audit risk assessment methodology.
- Assess the accuracy of the unit's certifications, especially their consistency of the certifications with respect to the observations and recommendations made by Internal Audit, the external auditors of the annual accounts or supervisors.
- Ratify the implementation of audit plan recommendations.

In 2022, the audit committee and the board of directors were informed of the Internal Audit function's work (according to its annual plan) and of other matters related to it. See section [4.5 'Audit committee activities in 2022'](#).

Detection and management of deficiencies

The audit committee oversees to supervise the financial reporting process and the internal control systems. It is responsible for discussing with the external auditor any significant weaknesses detected in the audit.

The audit committee also assesses the results of the Internal Audit function's work and may take the necessary measures to correct any deficiencies identified in the financial information, that could affect the reliability and accuracy of the annual accounts. It may refer to other areas of the Group involved in the process to obtain necessary information and seek clarification. It also assesses the potential impact of any errors detected in the financial information.

In 2022, the audit committee was informed of the ICS evaluation and certification for the 2021 financial year. See section [4.5 'Audit committee activities in 2022'](#).

8.6 External auditor report

The external auditor issued an independent reasonable assurance report on the design and effectiveness of the ICFR and on the ICFR description that is provided in this section 8.

The report is included in the following pages.



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent reasonable assurance report on the design and effectiveness of Internal Control over Financial Reporting (ICFR)

To the Board of Directors of Banco Santander, S.A.:

We have carried out a reasonable assurance engagement of the design and effectiveness of the Internal Control over Financial Reporting (hereinafter, ICFR) and the description that is included in the attached Report that forms part of the corresponding section of the Annual Corporate Governance Report of the Directors' Report accompanying the consolidated financial statements of Banco Santander, S.A., (hereinafter, the Parent Company) and its subsidiaries (hereinafter, the Group or Grupo Santander) as at December 31, 2022. This system is based on the criteria and policies defined by the Group in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework" report, in its most recent framework published in 2013.

An Internal Control over Financial Reporting is a process designed to provide reasonable assurance over the reliability of financial information in accordance with the applicable financial reporting framework and includes those policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it and (iii) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, use or sales of the Group assets that could have material effect on the financial information.

Inherent limitations

In this regard, it should be borne in mind that, given the inherent limitations of any system of Internal Control over Financial Reporting, regardless of the quality of the design and operation of the system, it can only allow reasonable, but not absolute security, in relation to the objectives it pursues, which may lead to errors, irregularities or fraud that may not be detected. On the other hand, the projection to future periods of the evaluation of internal control is subject to risks such as such internal control being inadequate as a result of future changes in the applicable conditions, or that in the future the level of compliance of the established policies or procedures may be reduced.

Director's responsibility

The Parent Company's Directors are responsible for taking the necessary measures to reasonably guarantee the implementation, maintenance and supervision of an adequate Internal Control over Financial Reporting, as well as the evaluation of its effectiveness, the development of improvements of ICFR and the preparation and establishment of the content of the attached information relating to the ICFR.

Our Responsibility

Our responsibility is to issue a reasonable assurance report on the design and effectiveness of the Internal Control over Financial Reporting of the Group, based on the work we have performed and on the evidence we have obtained. We have performed our reasonable assurance engagement in accordance with "International Standard on Assurance Engagements 3000 (ISAE 3000)" (Revised), "Assurance Engagements other than Auditing or Reviews of Historical Financial Reporting", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



A reasonable assurance report includes the understanding of the Internal Control over Financial Reporting, assessing the risk of material weaknesses in the internal control, that the controls are not properly designed or they do not operate effectively, the execution of tests and evaluations on the design and effective implementation of this ICFR, based on our professional judgment, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained provides a sufficient and adequate basis for our opinion.

Our Independence and quality management

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a quality management system that includes policies or procedures related to compliance with ethical requirements, professional standards and requirements, applicable laws and regulations.

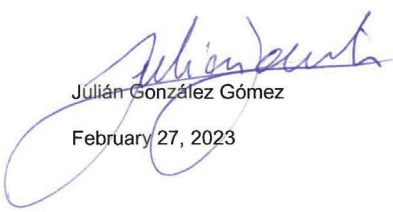
Opinion

In our opinion, Grupo Santander, maintained as at December 31, 2022, in all material respects, a system of Internal Control relating to Financial Reporting included in the consolidated financial statements of the Group as at December 31, 2022 effective, which is based on the criteria and the policies defined by the Group's management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control - Integrated Framework" report, in its most recent framework published in 2013.

In addition, the attached description of the ICFR Report as at December 31, 2022, has been prepared, in all material respects, in accordance with the requirements established by article 540 of the Consolidated Text of the Capital Companies Act and with the Circular 5/2013 of June 12 of the CNMV, and subsequent amendments, the most recent being Circular 3/2021, of September 28, of the CNMV for the purposes of describing the ICFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit of accounts nor is it subject to the regulations governing the activity of the audit in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations. However, we have audited under separate engagement, in accordance with the regulations governing the audit activity in force in Spain, the consolidated financial statements of Grupo Santander prepared by the Parent Company's Directors in accordance with the International Financial Reporting Standards adopted by the European Union and other provisions of the financial reporting standards applicable to the Group, and our report dated February 27, 2023 expresses a favorable opinion on those consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.


Julián González Gómez

February 27, 2023

9. Other corporate governance information

Since 12 June 2018 CNMV allows the annual corporate governance and directors' remuneration reports Spanish listed companies must submit to be drafted in a free format, which is what we selected for our corporate governance and directors' remuneration reports since 2018.

The CNMV requires any issuer opting for a free format to provide certain information in a format it dictates so that it can be aggregated for statistical purposes. This information is included (i) for corporate governance matters, under section [9.2 'Statistical information on corporate governance required by the CNMV'](#), which also covers the section 'Degree of compliance with corporate governance recommendations', and (ii) for remuneration matters, under section [9.5 'Statistical information on remuneration required by the CNMV'](#).

Some shareholders or other stakeholders may be used to the formats of the corporate governance and directors'

remuneration reports set the by the CNMV. Therefore, each section under this format in sections [9.1 'Reconciliation with the CNMV's corporate governance report model'](#) and [9.4 'Reconciliation to the CNMV's remuneration report model'](#) include a cross reference indicating where this information may be found in the 2022 annual corporate governance report (drafted in a free format) and elsewhere in this annual report.

We have normally completed the 'comply or explain' section for all recommendations in the Spanish Corporate Governance Code to clearly show the ones we complied with, and explain the ones we partially complied or failed to comply with. In section [9.3 'Table on compliance with or explanations of recommendations in corporate governance'](#), we have included a chart with cross-references showing where information supporting each response can be found in this corporate governance chapter and elsewhere in this annual report.

9.1 Reconciliation with the CNMV's corporate governance report model

Section in the CNMV model	Included in statistical report	Comments
A. OWNERSHIP STRUCTURE		
A.1	Yes	See sections 2.1 'Share capital' , 3.2 'Shareholder rights' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.2	Yes	See section 2.3 'Significant shareholders' .
A.3	Yes	See 'Tenure and equity ownership' in section 4.2 and sections 6.3 'Remuneration of directors for executive duties' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.4	No	See section 2.3 'Significant shareholders' .
A.5	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.6	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.7	Yes	See sections 2.4 'Shareholders' agreements' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.8	Yes	Not applicable. See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.9	Yes	See section 2.5 'Treasury shares' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.10	No	See section 2.5 'Treasury shares' .
A.11	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.12	No	See section 3.2 'Shareholder rights' .
A.13	No	See section 3.2 'Shareholder rights' .
A.14	Yes	See section 2.6 'Stock market information' .

Section in the CNMV model	Included in statistical report	Comments
B. GENERAL SHAREHOLDERS' MEETING		
B.1	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2.
B.2	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2.
B.3	No	See 'Rules for amending our Bylaws' in section 3.2.
B.4	Yes	See 'Quorum and attendance' in section 3.4, in relation to financial year 2022, and section 9.2 'Statistical information on corporate governance as required by the CNMV' , in relation to the financial 2020, 2021 and 2022 year.
B.5	Yes	See 'Voting results and resolutions' in section 3.4.
B.6	Yes	See 'Shareholder participation at general meetings' in section 3.2 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
B.7	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2.
B.8	No	See 'Corporate website' in section 3.1.
C. MANAGEMENT STRUCTURE		
C.1 Board of directors		
C.1.1	Yes	See 'Size' in section 4.2.
C.1.2	Yes	See section 1.1 'Board skills and diversity' , 4.1 'Our directors' , 'Tenure and equity ownership' in section 4.2, and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.3	Yes	See sections 2.4 'Shareholders' agreements' , 4.1 'Our directors' , 'Composition by director type' in section 4.2, 'Duties and activities in 2022' in section 4.6 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.4	Yes	See 'Diversity' and 'Board skills and diversity matrix' in section 4.2, in relation to financial year 2022, and section 9.2 'Statistical information on corporate governance as required by the CNMV' , in relation to the remaining financial years.
C.1.5	No	See 'Diversity' in section 4.2 and 'Duties and activities in 2022' in section 4.6.
C.1.6	No	See 'Diversity' in section 4.2 and 'Duties and activities in 2022' in section 4.6 and, regarding top executive positions, see 1.1 'Highlights 2022' and 3.3 'A talented and motivated team' in 'Responsible banking' chapter.
C.1.7	No	See 'Diversity' in section 4.2 and 'Duties and activities in 2022' in section 4.6.
C.1.8	No	Not applicable, since there are no proprietary directors. See 'Composition by director type' in section 4.2.
C.1.9	No	See 'Group Executive Chair and Chief Executive Officer' in section 4.3 and 'Functions' in section 4.4 .
C.1.10	No	See section 4.1 'Our directors' .
C.1.11	Yes	See sections 4.1 'Our directors' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.12	Yes	See 'Board and committees attendance' in section 4.3.
C.1.13	Yes	See sections 6. 'Remuneration' and 9.2 'Statistical information on corporate governance as required by the CNMV' . Additionally, see Note 5 to the consolidated financial statements.
C.1.14	Yes	See sections 5. 'Management team' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.15	Yes	See 'Board's regulation' in section 4.3.
C.1.16	No	See 'Election, renewal and succession of directors' in section 4.2.
C.1.17	No	See 'Board effectiveness review and actions to continuously improve its operation' in section 1.2, 'Board effectiveness review in 2022' in section 4.3 and 'Annual assessment of the committee' in section 4.6.
C.1.18	No	Not applicable as it was not carried out with the help of an independent external advisor. See 'Board effectiveness review in 2022' in section 4.3.
C.1.19	No	See 'Election, renewal and succession of directors' in section 4.2.
C.1.20	No	See 'Board operation' in section 4.3.
C.1.21	Yes	Not applicable since there are no specific requirements, other than those applying to directors generally, to be appointed chair.
C.1.22	No	See 'Diversity' in section 4.2.
C.1.23	Yes	See 'Election, renewal and succession of directors' in section 4.2 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.24	No	See 'Board operation' in section 4.3.
C.1.25	Yes	See 'Lead Independent Director' and 'Board and committee preparation and attendance' in section 4.3, 'Duties and activities in 2022' in sections 4.4 , 4.5 , 4.6 , 4.7 , 4.8 , 4.9 and 4.10 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.26	Yes	See 'Board and committee preparation and attendance' in section 4.3, section 4.6 'Nomination committee activities in 2022' and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.27	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.28	No	See 'Duties and activities in 2022' in section 4.5.
C.1.29	Yes	See section 4.1 'Our directors' and section 'Secretary of the board' in section 4.3.

Section in the CNMV model	Included in statistical report	Comments
C.1.30	No	See section 3.1 'Shareholder communication and engagement' , 'Report on the independence of the external auditor' and 'Duties and activities in 2022' in section 4.5.
C.1.31	Yes	See 'External auditor' in section 4.5 and section 9.2 'Statistical information on corporate governance required by CNMV' .
C.1.32	Yes	In accordance with the CNMV's instructions, see 'External auditor's independence. Possible threats and protective measures' in section 4.5 and sub-section C.1.32 of section 9.2 'Statistical information on corporate governance required by the CNMV' . Per the CNMV's instructions on preparing annual reports on corporate governance, sub-section C.1.32 provides the fee ratios of non-audit services to total audit services, with these differences in the ratio set out in Regulation (EU) No 537/2014 that is included in section 4.5 'Audit committee activities in 2022' : (a) the ratios in sub-section C.1.32 have two perimeters to the one established by Regulation (EU) No 537/2014: fees for the approved services to be performed by PricewaterhouseCoopers Auditores, S.L. (PwC) for Banco Santander and fees for the approved services to be performed by PwC and other firms in its network for all other Grupo Santander entities, in and outside Spain; and (b) the ratios' denominator is the fees amount for audit services in 2022 and not the average fee value from the past three consecutive years that Regulation (EU) No 537/2014 dictates.
C.1.33	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.34	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.35	Yes	See 'Board operation' and 'Committee operation' in section 4.3.
C.1.36	No	See 'Election, renewal and succession of directors' in section 4.2.
C.1.37	No	Not applicable. See 'Duties and activities in 2022' in section 4.6.
C.1.38	No	Not applicable.
C.1.39	Yes	See sections 6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote' , 6.7 'Prudentially significant disclosure document' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.2 Board committees		
C.2.1	Yes	See 'Structure of board's committees' and 'Committee operation' in section 4.3, 'Duties and activities in 2022' in sections 4.4 , 4.5 , 4.6 , 4.7 , 4.8 , 4.9 and 4.10 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.2.2	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.2.3	No	See 'Board's regulation' and 'Structure of board's committees' , 'Committee operation' in section 4.3 and 'Duties and activities in 2022' in sections 4.4 , 4.5 , 4.6 , 4.7 , 4.8 , 4.9 and 4.10 .
D. RELATED PARTY AND INTRAGROUP TRANSACTIONS		
D.1	No	See 'Related-party transactions' in section 4.12.
D.2	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.3	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.4	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
D.5	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.6	No	See 'Other conflicts of interest' in section 4.12.
D.7	Yes	Not applicable. See section 2.3 'Significant shareholders' and 'Other conflicts of interest' in section 4.12.
E. CONTROL AND RISK MANAGEMENT SYSTEMS		
E.1	No	See chapter 'Risk management and compliance' , in particular section 2. 'Risk management and control model' and sections 3.1 'A strong and inclusive culture: The Santander Way' and 3.2.4 'Principles of action in tax matters' in the 'Responsible banking' chapter.
E.2	No	See Note 53 to the consolidated financial statements, section 2.3 'Risk and compliance governance' in the 'Risk management and compliance' chapter, and sections 3.1 'A strong and inclusive culture: The Santander Way' and 3.2.4 'Principles of action in tax matters' in the 'Responsible banking' chapter.
E.3	No	See sections 2.2 'Key risk types' , 3. 'Credit risk' , 4. 'Market, structural and liquidity risk' , 5. 'Capital risk' , 6. 'Operational risk' , 7. 'Compliance and conduct risk' , 8. 'Model risk' and 9. 'Strategic risk' in the 'Risk management and compliance' chapter. See also the 'Responsible banking' chapter and, for our capital needs, see section 3.5 'Capital management and adequacy. Solvency ratios' of the 'Economic and financial review' chapter.
E.4	No	See section 2.4. 'Management processes and tools' in the Risk management and compliance chapter and sections 3.1 'A strong and inclusive culture: The Santander Way' and 3.2.4 'Principles of action in tax matters' in the 'Responsible banking' chapter.
E.5	No	See 3. 'Credit risk' , 4. 'Market, structural and liquidity risk' , 5. 'Capital risk' , 6. 'Operational risk' , 7. 'Compliance and conduct risk' , 8. 'Model risk' , 9. 'Strategic risk' and in 10. 'Climate and environmental risk' the 'Risk management and compliance' chapter. Additionally, see Note 25e to the consolidated financial statements.
E.6	No	See sections 2. 'Risk management and control model' , 3. 'Credit risk' , 4. 'Market, structural and liquidity risk' , 5. 'Capital risk' , 6. 'Operational risk' , 7. 'Compliance and conduct risk' , 8. 'Model risk' , 9. 'Strategic risk' and 10. 'Climate and environmental risk' in the 'Risk management and compliance' chapter.

Section in the CNMV model	Included in statistical report	Comments
F. ICFRS		
F.1	No	See section 8.1 'Control environment' .
F.2	No	See section 8.2 'Risk assessment in financial reporting' .
F.3	No	See section 8.3 'Control activities' .
F.4	No	See section 8.4 'Information and communication' .
F.5	No	See section 8.5 'Monitoring' .
F.6	No	Not applicable.
F.7	No	See section 8.6 'External auditor report' .
G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS		
G	Yes	See 'Degree of compliance with the corporate governance recommendations' in section 9.2 and section 9.3 'Table on compliance with or explanations of recommendations on corporate governance' .
H. OTHER INFORMATION OF INTEREST		
H	No	See 'Board's regulation' in section 4.3. Banco Santander also complies with the Polish Code of Best Practices, except in areas where regulation is different in Spain and Poland. In addition, see sections 3.2 'Conduct and ethical behaviour' and 2.4 'Policies' , in particular, 5.1 'Stakeholder engagement' , in the Responsible banking chapter.

9.2 Statistical information on corporate governance required by the CNMV

Unless otherwise indicated all data as of 31 December 2022.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company Bylaws contain the provision of double loyalty voting:

Yes ☐ No ☒

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
30/06/2022	8,397,200,792	16,794,401,584	16,794,401,584

Indicate whether different types of shares exist with different associated rights:

Yes ☐ No ☒

A.2 List the direct and indirect holders of significant ownership interests at year-end, including directors with a significant shareholding:

Name or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
BlackRock Inc.	0	5.08	0	0.346	5.43
Dodge & Cox	0	3.04	0	0	3.04
Norges Bank	3.01	0	0	0	3.01

Details of the indirect shares:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights
BlackRock Inc.	Subsidiaries of BlackRock Inc.	5.08	0.346	5.43
Dodge & Cox	Funds and portfolios managed by Dodge & Cox	3.04	0	3.04

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or corporate name of director	% of voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ana Botín-Sanz de Sautuola y O'Shea	0.01	0.18	0.00	0.00	0.19	0.00	0.00
José Antonio Álvarez Álvarez	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Bruce Carnegie-Brown	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Homaira Akbari	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Javier Botín-Sanz de Sautuola y O'Shea	0.03	0.12	0.00	0.00	0.15	0.00	0.00
Sol Daurella Comadrán	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Germán de la Fuente	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Henrique de Castro	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gina Díez Barroso	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luis Isasi Fernández de Bobadilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ramiro Mato García Ansorena	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sergio Rial	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Belén Romana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pamela Walkden	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% total voting rights held by the board of directors					0.35		
% total voting rights represented on the board of directors					0.74		

Details of the indirect holding:

Name or corporate name of director	Name or corporate name of direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
-	-	-	-	-	-

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Companies Act (LSC). If so, provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes ☒ No ☐

Parties to the shareholders' agreement	% of share capital affected	Brief description of agreement	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.61	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056