

GENERAL SUSTAINABILITY POLICY

General Policy

Santander Group

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

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1 INTRODUCTION

1.1 Purpose and context

This document defines Banco Santander S.A.'s («Santander, Santander Group») sustainability approach, within the context of Responsible Banking, oriented towards creating long-term value and managing social and environmental risks, such as climate change, resource scarcity and the breaches of social rights.

Consistently generating profitability is necessary, but not enough for businesses to be sustainable in the long-run. Santander understands that sustainability is key to generating value for all stakeholders and, to that end, it is committed to managing these risks.

Under this premise, Santander has voluntarily taken on certain ethical, social and environmental commitments that go beyond its legal obligations toward its stakeholders. The Group understands that these commitments will address both the direct impact of its operations, and the indirect impact of its banking activity.

1.2 Sustainability Governance at the Group

In order to analyse the opportunities, risks and challenges from matters related to sustainability, including climate change, Santander has the following forums:

- A Responsible Banking, Sustainability and Culture Committee that assists the Board of directors in fulfilling its oversight responsibilities with respect to the responsible business strategy and sustainability issues of the Company and its Group.
- A specific forum, the Inclusive & Sustainable Banking Steering Group, that supports the Committee's works and proposes and monitors the sustainability strategy. This steering group is composed by senior managers.

The subsidiary entities, in accordance with the principle of proportionality, will establish the governing bodies necessary for the management and monitoring of sustainability issues. These are managed, in our main geographies, by local Responsible Banking Units, that come together periodically as the Responsible Banking Network.

Skills in sustainability, including climate change, will be considered as a factor for the composition of the governance bodies, as appropriate.

2 DEFINITION

This policy, which defines the general guiding principles of Santander regarding sustainability, is based on the best practices included in international conventions, initiatives and protocols, codes of conduct and internationally relevant guides on the subject (see Annex I). Among them, special attention will be given to the United Nations Sustainable Development Goals (SDG), the Paris Agreement and the

Responsible Banking Principles of the United Nations Environment Programme Finance Initiative (UNEP FI).

Initiatives and principles of this policy do not affect the strict compliance with the relevant legislation in each country where the Group operates.

This policy is complemented by other Group's policies, including: the Human Rights policy, the Corporate Culture policy, the Environmental & Social Risk sector policies and our Principles of Action in Tax Matters. All of these are publicly available.

3 SCOPE OF APPLICATION

This policy applies across the corporation and, in so far as it reflects best practices, is considered a reference document that may be used as a guide for other units in the development of the subject area in question. Group units are expected to use it as a basis for developing their own regulations, without prejudice to any adaptation that may be required for compliance with local regulations, the recommendations or requirements of their supervisory authorities, among other reasons.

The regulations transposing this policy must be validated at corporate level before being approved by the entity involved. The regulations which are valid on the date that this policy comes into force must be adapted to it.

4 SUSTAINABILITY GENERAL PRINCIPLES

4.1 Relationships with stakeholders

Under this policy, Santander sets out a number of principles and commitments, designed to create long-term value for its stakeholders.

- Employees:

Above all else, Santander's continued success depends on our employees. Therefore, Santander works to attract, retain and develop our talent to have the best professionals, always making sure they provide customers with the best service.

With regard to its employees, the Group will observe the following principles:

- Respect for diversity, and non-discrimination because of gender, race, age or any other condition.
- Promotion of employment stability, work flexibility and work-life balance, as well as a safe and healthy workplace for employees.
- Encourage equal opportunities among its employees, aspiring to have a balanced representation between men and women in all functions and responsibilities.
- Make sure employees behave in accordance with certain ethical and responsible conduct principles and rules by implementing the *General Code of Conduct*.

- Promote programmes to make employees aware of social and environmental issues, included measures for good environmental management practices, social and environmental risks and business opportunities.
- Encourage corporate volunteering to help the communities it serves prosper and increase our employees pride in belonging to this company.

- Customers:

Build long-term relationships of trust being established with customers, earning their loyalty, adapting to their needs and enhancing their satisfaction.

- Santander aims to offer products and services that are simple, personalised and adapted to the needs and risk profile of its customers and provide them with accurate, sufficient and appropriate information.
- It will give customers access to the various products and services the Bank offers through a multi-channel offering so customers may use them however, whenever, and wherever they wish based on their needs.
- The Group will also design social and environmental products and services in order to promote financial inclusion and help protect the environment and mitigate climate change.
- It will monitor exceptional situations or settings that may have an effect on certain customers in order to offer them alternative solutions, in particular, among those groups in a situation of vulnerability or risk of social exclusion.
- It will make decisions taking into account ethical, social and environmental matters and financial and risk criteria pursuant to this sustainability policy and the other *Environmental and Social Risk Sector Policies*.
- It will be particularly diligent to prevent and avoid the funding of illegal activity in compliance with the Anti-Money Laundering and Terrorist Financing rules and by taking any additional measures deemed necessary.
- Santander will promote specialized financial education with the objective of providing information to current and potential clients about products and financial services, as well as the expertise needed for decision-making. In addition, and as one of the main principles of Consumer Protection, Santander will analyse gaps found in customers' knowledge in order to update the financial education programs.

- Shareholders:

Long-term value creation and maximum information transparency are fundamental in Santander's relationship with its shareholders.

To this end, Santander:

- Will ensure equal treatment between shareholders, based on the general principle of "one share, one vote".
- Will offer thorough, clear and accurate information to all shareholders through various communication channels made available to them by the Bank.
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- Communities:

Santander also helps the communities it serves to prosper socially and economically through its social investment, with education being a main point of interest. The Group understands as well the support to education as an empowering lever that contributes to alleviating many of the major problems faced by humanity, such as poverty and hunger.

- Santander holds higher education to be the driver of growth, progress and future well-being. It is the main social investment the Bank makes and is the hallmark of its commitment towards the community. Through agreements with universities in different countries, the Bank will promote the improvement and excellence of universities, international mobility of university groups (teachers, students and researchers), research, innovation and entrepreneurship.
- The Group will promote general financial education with the aim of improving citizens' financial culture and providing them with tools and knowledge to help them in making financial decisions, in line with Group's Consumer Protection principles.
- It will also pay close attention to childhood education, entrepreneurship and job creation, as well as social welfare, and promote initiatives to raise awareness about these issues and the fight against climate change.
- It will consider within its social investment decisions to contribute towards the eradication of poverty and support the most disadvantaged groups aiming to further social inclusion.

- Suppliers:

Santander has ethical and transparent relationships with suppliers, as detailed in the *Suppliers Certification Policy*, which states that responsible banking principles will be considered when selecting suppliers, specifically mentioning:

- Ethics and conduct: as referring to compliance with principles of fair and honest treatment, transparency and honesty. It is also expected that suppliers have ethical policies and at least comply with local laws, anti-corruption measures and initiatives to ensure business integrity.
- Social aspects: such as the protection of human rights in accordance with the UN Universal Declaration of Human Rights, and in terms of health, safety requirements and diversity and inclusion in the working environment of suppliers, encouraging the observance of the UN Global Compact¹ principles.
- Environmental aspects: inviting suppliers to join the Group commitment on environmental protection and transition to a low carbon economy.

¹ Global Compact: voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals

4.2 Other general commitments

- Environment:

Santander is committed to protecting the environment, especially in relation to developing solutions to climate change challenge. To this end, the Bank undertakes to consider both the environmental impact of its facilities and internal operations and of its banking and financial activity.

a) Internal environmental management:

Santander Group promotes management systems based on internationally accepted regulatory standards and driven by the continuous improvement management model (ISO Rules).

The Group calculates, measures and controls consumption, emissions and waste of most of its facilities – captured and processed through an internally developed processing system annually audited by an independent external entity. This allows it to identify critical points that generate bigger environmental impacts. It makes the adoption of more effective prevention measures possible and establishes targets in order to improve environmental management in a systematic manner.

Regarding internal environmental management, Santander Group makes the following commitments:

- Meet the regulatory requirements and others that are related to Santander's activities, products and services.
- Promote continuous improvement of its management systems in order to improve environmental performance.
- Establish work guidelines and control mechanisms to ensure environmental protection and pollution prevention.
- Communicate the policy to employees and society and establish with its stakeholders communication channels related to environmental topics.

b) Banking and financial activity:

Santander Group is responding to the challenge posed by climate change and related regulatory demands by establishing, through its Environmental and Social Risk sector policies clear prohibitions and restrictions to the financing of activities that may have a direct environmental and social impact, including the long term effects of climate change.

The Group is also committed to meeting best practices and regulatory requirements related to the disclosure of its financial risks arising from climate change, and the actions it is taking for the identification, management and monitoring of those risks.

Climate change and Environmental and Social risks also offer the Group the possibility to identify new business opportunities. Through the development of products designed to promote sustainability, the Group supports economic growth while respecting the environment.

- Dialogue with stakeholders:

In order to receive all important feedback, Santander will maintain dialogue and consultation channels with its main stakeholders, employees, customers, shareholders, investors, suppliers, authorities, regulators, supervisors and NGOs.

5 FINANCE-RELATED ENVIRONMENTAL AND SOCIAL RISKS

Santander Group lends great importance to the environmental and social risks stemming from its customers' activities in sensitive sectors.

To this end, the Santander Group respects international best practices regarding social welfare and the environment, particularly the Equator Principles (EP), as signatory since 2009.

Furthermore, the Group has approved specific policies in sensitive sectors such as the Defense Policy and the Environmental & Social Risk Sector policies that contain the criteria for analysing risks in customers' activities in the following sectors: energy, soft commodities and mining & metals.

Each policy describes prohibited or restricted activities in each particular sector. With regards to restricted activities, there will be a particular focus on those that may have a direct impact on the environment, or a long term effect on climate change.

In addition to the prohibited and restricted activities described in each sectoral policy, Santander Group lays out the following general prohibited activities applicable to these sector policies:

- Prohibited Activities:

The following exclusion criteria described as prohibited activities will be applied to all activities and clients of Santander Group in relation to the granting of credit, or the provision of financial consulting services, equity, asset management and insurance:

- Projects or activities in areas classified as Ramsar Sites², World Heritage Sites or by the International Union for Conservation of Nature (IUCN)³ as categories I, II, III or IV.

² The Convention on Wetlands, called the Ramsar Convention, is the intergovernmental treaty that provides the framework for the conservation and wise use of wetlands and their resources.

³ The International Union for Conservation of Nature (IUCN) classifies protected areas according to their environmental management objectives: Category I: Nature Reserve and Wilderness Areas, Category II: National Park, Category III: Natural Monument or Feature, Category IV: Habitat/Species Management Area.

6 GOVERNANCE

6.1 Ownership

The Responsible Banking unit is responsible for drawing up this policy.

The owner of this policy is the Board of Directors of Banco Santander, S.A. Prior to approval, the policy was reviewed by the Responsible Banking, Sustainability and Culture Committee.

6.2 Interpretation

The Responsible Banking unit is responsible for interpreting this policy.

It will be the responsibility of the Responsible Banking unit to inform the local Responsible Banking units, in the Group's subsidiaries, of any revision or modification of this policy for its correct local adoption. This unit will also be responsible for making the proper follow-up of said local adoption.

6.3 Date of validity and periodic review

This policy will come into force on the date it is published. Its contents will be reviewed on a regular basis, and any changes or modifications considered appropriate will be made.

This policy was last revised in December 2019 and is published for general knowledge on the corporate intranet and on the website www.santander.com

7 CHANGE CONTROL

Version	Date ⁴	Comment	Approved by
1	2003	Document generation	Board of Directors of banco Santander, S.A.
2	25/04/2017	Update to reflect the Banks' commitment with financial education and introduce the consumer protection principles.	Board of Directors of banco Santander, S.A.
3	13/02/2018	Update to Group financing criteria regarding certain clients and defining prohibited and/or restricted activities, contemplated in each sectoral policies (energy, defence, soft commodities and mining & metals).	Board of Directors of banco Santander, S.A.
4	18/12/2018	Update to reflect the current governing bodies and amendment to improve the clarity around prohibitions and restrictions on applicability of international standards criteria. These changes do not modify the set prohibitions and restrictions.	Board of Directors of banco Santander, S.A.
5	17/12/2019	Updated to include Climate Change and Environmental Management Policy key aspects, (allowing the derogation of the Climate Change policy) following the Group's Policy simplification requirements and align criteria regarding protected areas with new E&S sector policy approach. More detail on the policy governance included. Update of the conventions on which the policy is based.	Board of Directors of banco Santander, S.A.

⁴ Information since the entry in force of the Policy on Regulatory Documents and Reference Documents.

8 ANNEX I: MAIN CONVENTIONS ON WHICH THIS POLICY IS BASED

- Equator Principles (International Finance Corporation guidelines);
- United Nations: Universal Declaration of Human Rights;
- UN Global Compact: United National Global Compact;
- UNEP FI: United Nations Environmental Programme for Financial Institutions;
- Principles of Responsible Banking (UNEP FI);
- United Nation Sustainable Development Goals;
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- List of Wetlands of International Importance (RAMSAR);
- The International Union for Conservation of Nature (IUCN) list of critical natural habitats;
- The 2014 United Nations list of protected areas;
- UNESCO World Heritage list;
- The European Commission Code of Conduct for European enterprises operating in developing countries;
- The United Nations Guiding Principles on Business and Human Rights;
- OECD guidelines for multinational companies;
- The International Labour Organization's (ILO) Fundamental Conventions;
- Agreements reached at the 2015 COP21 summit on climate change in Paris;
- The Spanish National Securities Market Commission's (CNMV) Code of Good Governance.
- International Wildlife Trade Financial Taskforce