

RESPONSIBLE BANKING, AND SUSTAINABILITY POLICY

Grupo Santander

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1 INTRODUCTION

This policy outlines the approach of Banco Santander, S.A. and its Group to Responsible Banking and Sustainability and sets out the principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conduct.

It draws inspiration from best practices described in international conventions and protocols, codes of conduct, and international guidelines on sustainability (see Appendix 1).

This policy delineates Corporate Framework for Responsible Banking approved by the Board of Directors, the Responsible Banking Model and by other policies and guidelines¹, the scope of which is systematically reviewed to ensure compliance with international best practices.

2 DEFINITION

A business needs to generate profitability, but it must be sustainable over time. Grupo Santander understands that Responsible Banking and Sustainability is based on creating long-term value for all its stakeholders and is committed to developing opportunities and managing the risks involved.

Fulfilling our mission to contribute to the progress of people and companies, we grow as a business and help society to face the main global challenges by setting our ambition in the ESG areas:

In the environment: Achieving our goal of reaching net-zero carbon emissions by 2050, with decarbonization targets, support for our customers' transition to a more sustainable economy and carbon-neutral operations.

In society: Fostering inclusive growth with education and financial empowerment; support for learning, business and employment; and diverse and talented teams.

In good governance: Introducing behaviours, processes and policies that will ensure we always act responsibly by listening to our stakeholders and treating them in a Simple, Personal and Fair way, with robust governance and prudent risk management.

3 SCOPE OF APPLICATION

This policy is prepared by Banco Santander, S.A., as parent entity of the Santander Group, and is directly applicable to the corporation, and 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 Group entities are responsible for their internal regulations and for drawing up and approving in their respective governing bodies the internal regulations that enable the provisions contained therein to be applied, with the strictly necessary adjustments, if any, to ensure compliance with local legislation

¹Main policies: General Code of Conduct; Corporate Culture Policy; Environmental, Social and Climate Change Risk Management Policy; Sensitive Sectors Policy; and this Sustainability Policy.

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. All of these are available on [Santander.com](https://www.santander.com)

Main guides: Sustainable Finance Classification System (available on [Santander.com](https://www.santander.com)), Financial Education, Transition Classification System, and Materiality.

and regulatory requirements and expectations. Such approval shall be subject to prior validation by the Corporation.

4 RESPONSIBLE BANKING AND SUSTAINABILITY PRINCIPLES

The following principles comprises in the Responsible Banking Framework reflect the minimum Group expectations regarding the Responsible Banking activities and Sustainability. These principles must be applied at all times.

- **Alignment with ESG challenges.** Santander will promote the alignment of the Responsible Banking and Sustainability Agenda with the challenges and needs of people and society to help and meet their needs in accordance with the best international standards.
- **Grupo Santander's common responsible banking and sustainability approach (One Santander).** ESG requires full coordination between Corporation and Subsidiaries in order to ensure the effective implementation of the management and control of the ESG criteria following a common approach set by the Group direction. Santander entities should act in a homogeneous manner, with common tools and methodologies that ensure the performance of activities and their control under the same standards.
- **Involvement of Senior Management.** The Board of Directors is responsible for supervising and approving the strategy and will promote the embedding of ESG criteria in the overall business strategy (in the short, medium and/or long term), and in the risk management framework. As a result, ESG matters will be duly included, as appropriate, in the agenda of the existing governance bodies. Likewise, Subsidiaries will consider the knowledge, skills and experience of its members in Responsible Banking for the composition of the Board of Directors and its committees.
- **Involvement of Employees.** Santander encourages all employees to do their part in supporting sustainable and inclusive growth.
- **Customer-oriented.** Establishment of responsible customer relations that encourage sustainable practices and facilitate business activities that create prosperity for the current and future generations.
- **Commitment towards stakeholders.** Active listening is necessary to improve cooperation with, and commitment to, stakeholders to help society prosper.
- **Measurement and transparency.** Establishment of key performance indicators and public commitments aligned with our strategy and the measurement of their progress and impact. Specifically, the identification and management of positive and negative impacts that our operations, products and services may have on society and the environment. Ensure transparency in the disclosure of Santander's performance in the Responsible Banking field and its contribution to society.

5 COMMITMENTS ON RESPONSIBLE BANKING AND SUSTAINABILITY

The environmental, social and governance commitments that Grupo Santander has voluntarily taken on to create long-term value exceed its legal obligation to stakeholders and affect both the direct and indirect of its banking activity.

5.1. Santander employee relations

Our employees are, above all, the key to ensuring business Responsible Banking and sustainability. Grupo Santander strives to attract, retain and engage the best professionals who will give customers

the best service. Grupo Santander's *General code of conduct* sets out the ethical principles and rules of conduct that employees must follow.

Prevention of discrimination and practices that offend people's dignity

Santander is committed to maintaining a decent work environment for its employees. Equal opportunity in work and career development, and non-discrimination on the basis of gender, race, age, visible disabilities, personal and professional experience, education, religion, values and beliefs, invisible disabilities, sexual orientation, personality. Santander is committed to keeping the workplace free of harassment, abuse, intimidation and violence.

Opposition to any form of forced labour and child exploitation

Santander will not wittingly resort to any form of forced or coerced labour. The Group stands against child labour and will abide by the more stringent of the International Labour Organization (ILO) Convention and the national minimum working age.

Respect for freedom of association and collective bargaining

Santander recognizes the fundamental right of workers to form or join trade unions and other representative bodies; freedom of speech; union action; collective bargaining; and the protection of workers' representatives, in accordance with each country's labour laws.

Employees' safety and health

Santander values its employees' safety and health at the workplace and makes better working conditions a priority. The Group will abide by each country's labour laws and take whichever measures are needed to safeguard safety and health at the workplace.

Decent employment

Santander gives employees decent compensation, commensurate with their education, experience, duties and functions, in accordance with legislation and socio-economic conditions. It also guarantees its employees the right to rest as defined by law in each country. Where no such legal right exists, Santander will set the conditions needed to ensure that its employees can exercise it.

Reconciling work and family life

Santander is committed to providing its employees with flexible working practices to reconcile their working life with other interests and responsibilities. The aim is to create a work environment that adapts to the personal and family circumstances of each employee, without losing the demands and focus on results.

Ensuring security

Santander will ensure that all aspects of security measures are developed in such a way as to guarantee compliance with our ESG commitments. The professionals who carry out these functions must accredit their suitability for the position and receive the appropriate training.

Santander safeguards the right of its employees to the protection of their personal data and privacy.

5.2. Relations with customers and vendors**Fair treatment of customers**

Santander commits to building up customers' long-term trust, earning their loyalty, adapting to their needs and improving their level of satisfaction.

Employees will follow Santander's *General code of conduct* and *Conduct Risk with Customers Management Model* to focus on offering customers only products and services that will suit their circumstances and needs; help them understand terms and conditions, benefits, risks and costs of Santander's product proposition.

In promoting respect for our social commitments as human rights in relation to customers, Santander has made public commitments such as the Equator Principles, as well as the application of its policies that include measures around the exercise of due diligence to prevent, mitigate and manage impacts on environmental and social impacts throughout the customer's life cycle that are eligible under local regulations.

Fair treatment of suppliers

Grupo Santander maintains ethical and transparent dealings with vendors in line with its Third-party certification policy, according to which it must hire vendors based on responsible banking principles.

Santander will encourage respect for its ESG commitments throughout its supply chain and, in particular, will encourage the commitments contained in this policy to be extended to its suppliers and their employees, always respecting their management autonomy and following the practices and procedures contained in the Group's procurement regulations.

Environmental protection

Santander understands communities' right to a clean and safe environment. It will take action to minimize the impact of its operations on the environment by:

- Assume obligation to analyse and identify negative environmental impacts during the screening process of financing and investment activities in a manner consistent with international benchmarking standards.
- Commit to aligning our portfolios to reflect and finance the low-carbon, climate-resilient economy needed to limit global warming.
- Manage the environmental impact of our facilities by driving management systems based on international regulatory standards and continuous improvement, and by controlling key consumption, waste and emissions.

5.3. Community relations

Elimination of corruption

As a signatory to the United Nations Global Compact, Grupo Santander will work to fight extortion, bribery and all other forms of corruption.

Santander is a founder member of the Wolfsberg Group, whose principles and guidelines are a major benchmark in the fight against money laundering, corruption, terrorism and other serious crimes.

Social Commitment

Santander holds education to be a driver of growth, progress and well-being. Education is a primary focus of its community outreach. Through agreements with universities in various countries, Santander will support academic excellence; experiences abroad for instructors, students and researchers;

research; innovation; and entrepreneurship.

In keeping with the Group's Conduct Risk with Customers Management Model, Santander will support general financial literacy to broaden people's financial skills, with resources and concepts that will help them make decisions.

Santander will orientate community investment programmes particularly towards childhood education, entrepreneurship, job creation and social well-being.

Santander will make social investment decisions with a view to ending poverty, supporting underserved groups and promoting social inclusion.

Santander will also encourage employees to take part in volunteering projects.

5.4. Dialogue with shareholders

The creation of long-term value and maximum transparency of information are fundamental pillars of Grupo Santander's relationship with its shareholder base. To this end, Grupo Santander:

- Guarantee equal treatment among its shareholders.
- Offer complete, clear and truthful information to all its shareholders through the various communication channels available to the Group.

5.5. Channels of dialogue and participation with stakeholders

In order to gather all relevant opinions, Grupo Santander will maintain channels of dialogue and consultation with its main stakeholders: employees, customers, shareholders, investors, suppliers, authorities, regulators, supervisors and NGOs.

6 CORE SUSTAINABILITY AND RESPONSIBLE BANKING PROCESSES

The processes related to Responsible Banking and Sustainability are set out in the Responsible Banking model, the main processes are shown below:

6.1. Identification of important responsible banking and sustainability topics

We regularly conduct a materiality analyses to identify the most important social, environmental and governance issues to our stakeholders.

Santander apply a common double materiality approach in terms of (1) financial (as ESG issues affect financial results) and (2) the environment and society (as ESG action affects society and the environment).

This materiality is a reference to set the responsible banking agenda, which indicates the environmental, social and governance initiatives the Group prioritizes.

6.2. ESG criteria embedding

ESG criteria embedding into corporate policies: Inconsistent or contradictory action must be avoided. All corporate policies must designate clear and consistent roles and duties to respond to responsible banking and sustainability matters properly.

Environmental, social and Climate Change Risk Analysis: Take proactive and ongoing steps to identify how existing and proposed activities may cause or contribute to negative social and environmental impacts, as well as how the company's operations may be directly related to such impacts. The scale of the review will depend on the size of the company. The Group has approved the Environmental, Social and Climate Change Risk Management: activities that require special attention and prohibited activities Policy which sets out which activities are prohibited and which activities require special attention from an environmental, social and climate change point of view for the Oil & Gas, Power Generation and Transportation, Mining and Metallurgy sectors, as well as those arising from soft commodity businesses.

ESG criteria embedding into oversight and auditing: Oversight and auditing processes should remain consistent with the Group's responsible banking strategy and objectives.

ESG criteria embedding into communications: The form and timing of communications must demonstrate the Group's adverse ESG impact, be accessible to their intended audience and provide a concerned party with enough information to assess if the Group's response to it is appropriate.

6.3. Skills training and development in responsible banking and sustainability

Santander considers ESG training important for all employees to acquire the skills needed to perform the duties they are assigned.

Training is based on three levels of experience

The first level concerns all divisions, is common to all employees and includes materials that can be accessed on global platforms.

The second level concerns functions associated with the Group's responsible banking and sustainability agenda, and includes special programmes for each business unit and area.

The third level includes special checks to cover each business unit's needs.

To make informed decisions, the Group should run special initiatives on its corporate website, administer ESG evaluations of vendors and run custom training programmes that will develop ESG skills among its customers and along its value chain.

7 GOVERNANCE

To analyse the opportunities, risks and challenges of Responsible Banking and Sustainability issues, including climate change and human rights, Grupo Santander has the following governance bodies:

- The Responsible banking, Sustainability and Culture Committee, which assists the board with responsible business strategy and in Responsible Banking and Sustainability matters concerning Banco Santander and its group.
- The special Responsible Banking Forum, which gives support to the committee, proposes and oversees sustainability strategy, and is in charge of implementing the Group's responsible banking agenda. The forum is formed by senior executives.

According to the principle of proportionality, each subsidiary has its own governing body to manage and keep track of sustainability matters. Responsible Banking and Sustainability matters are managed in our core geographies by subsidiary-level Responsible Banking Units, which work together on a regular basis as the Responsible Banking Network.

Where appropriate, skills in, and knowledge of, responsible banking and sustainability, climate change will be a determining factor for forming governing bodies.

8 OWNERSHIP, INTERPRETATION, AND ENTRY INTO FORCE AND REGULAR REVIEW

8.1. Ownership

Responsible Banking Function oversees the preparation of this policy.

The owner of this policy is the board of directors of Banco Santander, S.A. The Responsible Banking, Sustainability and Culture Committee revised this policy before it was approved.

8.2. Interpretation

Responsible Banking Function must interpret this policy.

8.3. Entry into force and regular review

This policy will take effect on its date of publication. It will be regularly revised and, where necessary, amended.

This policy was last updated in February 2023. It is available to the general public on the corporate Intranet and the website, www.santander.com.

APPENDIX I: THIS POLICY IS BASED ON THESE CONVENTIONS

- Equator Principles (International Finance Corporation guidelines);
- United Nations: Universal Declaration of Human Rights;
- United Nations Global Compact;
- United Nations Environment Programme Finance Initiative (UNEP FI);
- Principles for Responsible Banking (UNEP FI);
- United Nations Sustainable Development Goals;
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Convention on Wetlands of International Importance (RAMSAR);
- List of critical natural habitats of the International Union for Conservation of Nature (IUCN);
- United Nations 2014 List of Protected Areas;
- UNESCO World Heritage List;
- Code of Conduct of the European Commission for European enterprises operating in developing countries;
- United Nations Guiding Principles on Business and Human Rights;
- OECD Guidelines for Multinational Enterprises;
- Fundamental conventions of the International Labour Organization;
- 2015 Paris Climate Accords;
- The Good Governance Code of Spain's CNMV; and
- International Finance Group against the trafficking of wildlife