

# BANCO SANTANDER, S.A.

## 2021 Information on corporate governance and remunerations

→ 2021 Annual corporate governance report

→ 2021 Activities reports of the audit; nomination; remuneration; risk supervision, regulation and compliance; responsible banking, sustainability and culture; and innovation and technology committees

→ 2021 Annual directors' remuneration report

The corporate governance chapter of the consolidated directors' report that forms part of the 2021 Annual Report of Banco Santander, S.A. (Banco Santander) is attached. The entire document is available on the Banco Santander's corporate website ([www.santander.com](http://www.santander.com)).

This chapter includes the content of the 2021 annual corporate governance and remuneration reports, drafted in a free format as we have been doing since the entry into force of the relevant Circular of the Spanish stock market authority (CNMV), as well as the 2021 activities reports of the audit; nomination; remuneration; risk supervision, regulation and compliance; responsible banking, sustainability and culture; and innovation and technology committees.

The chapter must be read in conjunction with the other sections of the 2021 Annual Report given it forms part of it. In light of this, it must be noted that the automatic links to other sections of the 2021 Annual Report that are included in the attached document do not work.

The references to find the above mentioned information within the attached chapter are the following:

→ 2021 Annual corporate governance report	Entire corporate governance chapter
→ 2021 Activities reports of the audit; nomination; remuneration; risk, supervision, regulation and compliance; responsible banking, sustainability and culture; and innovation and technology committees	Sections 4.5, 4.6, 4.7, 4.8, 4.9 and 4.10, respectively
→ 2021 Annual directors' remuneration report	Sections 6 (excluding sections 6.4 and 6.6), 9.4 and 9.5

# Corporate governance



<b>1. 2021 Overview</b>	<b>182</b>	<b>5. Management team</b>	<b>247</b>
Statement from Bruce Carnegie-Brown, lead independent director	182	<b>6. Remuneration</b>	<b>249</b>
1.1 Board skills and diversity	182	6.1 Principles of the remuneration policy	249
1.2 Board effectiveness	183	6.2 Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2021	249
1.3 Alignment of executive compensation with group strategy, investors and long term sustainability	184	6.3 Remuneration of directors for executive duties	252
1.4 Engagement with our shareholders in 2021	184	6.4 Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote	262
1.5 Achievement of our 2021 goals	185	6.5 Preparatory work and decision-making process in relation to the remuneration policy, with a description of the participation of the remuneration committee	270
1.6 Priorities for 2022		6.6 Remuneration of non-director members of senior management	271
<b>2. Ownership structure</b>	<b>188</b>	6.7 Prudentially significant disclosures document	272
2.1 Share capital	188	<b>7. Group structure and internal governance</b>	<b>273</b>
2.2 Authority to increase capital	188	7.1 Corporate centre	273
2.3 Significant shareholders	189	7.2 Internal governance	273
2.4 Shareholders' agreements	189	<b>8. Internal control over financial reporting (ICFR)</b>	<b>276</b>
2.5 Treasury shares	190	8.1 Control environment	276
2.6 Stock market information	192	8.2 Risk assessment in financial reporting	277
<b>3. Shareholders. Engagement and general meeting</b>	<b>193</b>	8.3 Control activities	278
3.1 Shareholder communication and engagement	193	8.4 Information and communication	279
3.2 Shareholder rights	195	8.5 Monitoring	280
3.3 Dividends and shareholder remuneration	196	8.6 External auditor report	280
3.4 2021 AGM	197	<b>9. Other corporate governance information</b>	<b>284</b>
3.5 Our next AGM in 2022	199	9.1 Reconciliation with the CNMV's corporate governance report model	284
<b>4. Board of directors</b>	<b>200</b>	9.2 Statistical information on corporate governance required by the CNMV	288
4.1 Our directors	201	9.3 Table on compliance with or explanations of recommendations on corporate governance	308
4.2 Board composition	209	9.4 Reconciliation to the CNMV's remuneration report model	310
4.3 Board functioning and effectiveness	215	9.5 Statistical information on remuneration required by the CNMV	311
4.4 Executive committee activities in 2021	221		
4.5 Audit committee activities in 2021	222		
4.6 Nomination committee activities in 2021	226		
4.7 Remuneration committee activities in 2021	230		
4.8 Risk supervision, regulation and compliance committee activities in 2021	234		
4.9 Responsible banking, sustainability and culture committee activities in 2021	238		
4.10 Innovation and technology committee activities in 2021	242		
4.11 International advisory board	244		
4.12 Related-party transactions and conflicts of interest	244		

## Structure of our corporate governance report

On 12 June 2018, the CNMV (Spanish stock market authority) approved new models for annual reports on corporate governance and remuneration, allowing companies to draft them in an open format.

Thus, our corporate governance report (comprising this chapter) follows since then an open format. This includes:

- Legally-required content for the corporate governance report.
- Reports on the activities of board committees. 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 2022 annual general meeting. See section [6](#). '[Remuneration](#)'.
- Directors' remuneration policy. See section [6.4](#) '[Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote](#)'.
- Cross references to find the information for each section of the corporate governance and remuneration reports in the CNMV's required format in this and other chapters of the annual report. 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 to find the information supporting each response to all recommendations in the CNMV'S Good Governance Code for Listed Companies (Spanish Corporate Governance Code) in the 2021 corporate governance and other chapters of this annual report. See section [9.3](#) '[Table on compliance with and explanations of recommendations on corporate governance](#)'.



# 1. 2021 Overview



'The continuing impact of the global pandemic on our business, on our customers and on our employees, taken together with an uncertain economic and geopolitical environment, reinforces the need for Banco Santander board of directors' constant vigilance of the management and oversight of its operations. We do this through a commitment to strong and effective governance processes to ensure that the board and management are directing Santander Group and its operations in the best interests of all our stakeholders, including shareholders, customers, employees, regulators and the communities in which we work around the world. We are also committed to playing our part in helping decarbonize the physical environment around us and reach net zero by 2050.

Santander's sophisticated governance model is designed to ensure that it can deliver its strategic plans, while ensuring that appropriate checks and balances are in place, so that the business is, at all times, resilient and sustainable in the face of a rapidly changing set of challenges and aligned with our values. During 2021, we devoted time to reviewing the roles and responsibilities of the most senior executives, including those of the executive chair and the CEO; and the independence, integrity and robustness of Banco Santander's control functions. Details of the governance reviews conducted in that regard are outlined in the nomination committee report. Succession planning for our board members and senior managers remains a priority and will enable us to attract and retain the diverse range of highly talented colleagues we need to lead Banco Santander.

Notwithstanding the strong performance of Santander in 2021, it is important that we are never complacent and that we continue to challenge ourselves and look to improve our governance where possible'.

**Bruce Carnegie-Brown**, Lead independent director

## 1.1 Board skills and diversity

The board's composition did not change in 2021, after three years in which 47% of its members were renewed in order to boost diversity and expertise. 40% of board members are women, in line with its even representation target (of 40-60%) of both genders; and 66.67% are independent directors.

The changes in recent years have strengthened its banking, financial, technological and digital prowess; made it more diverse in terms of regional origin; and, overall, given it the right composition to lead the Group in pursuit of its strategy now and in the future.

On 24 February 2022, the board of directors nominated Germán de la Fuente Escamilla to be made a new independent director at the annual general meeting called for 31 March on first call or on 1 April on second call (2022 AGM), and fill the vacancy left by Álvaro Cardoso de Souza, who had announced he would effectively step down once a nomination was approved. See section [3.5 'Our next AGM in 2022'](#).

Germán de la Fuente has a solid background in auditing, accounting and the banking industry, and held senior positions at Deloitte for over 30 years.

### Changes to the director category

Sergio Rial has changed his classification from executive to other external (non-executive or independent) having ceased his executive functions as CEO of Banco Santander (Brazil), S.A. and regional head of South America of the Group.

### Board committees

The board made the following changes to the composition of its committees to further enhance their operations and support in their

areas of expertise, according to best international practice and internal regulation:

- **Nomination committee:** Gina Díez Barroso joined the committee on 22 December 2021, raising the number of committee members from three to four.
- **Risk supervision, regulation and compliance committee:** Belén Romana García was appointed chair of the committee on 1 April 2021, replacing Álvaro Cardoso, who stepped down on the same date and was replaced by Pamela Walkden on 1 May 2021.

## 1.2 Board effectiveness

### Covid-19 and after the pandemic

In 2020, the pandemic's unprecedented effect on health and the global economy required a rapid, coordinated and sustained response from Santander to safeguard business continuity and tackle challenges effectively. In 2021, the board and its committees carried on that effort amid recovery from the crisis.

Banco Santander's Special situations global office (SSGO) reviewed Covid-19 management to recognize strengths in special situation governance, as well as opportunities to improve it. The board received its findings (based on feedback from core functions and external agents) and approved the improvements being made.

The exercise recognized the good practices adopted and rapid reaction capacity adopted by Banco Santander. In this sense, our management of the crisis has been recognised both externally (Euromoney award "Excellence in leadership" as best bank in the management of the crisis) and internally (95% of employees consider the crisis management to be very good). In addition, the review highlighted some areas of improvement: the relevance of the early and forward-looking threat identification, the speed-up of decision-making process and the coordination across the Group.

In addition to reviewing the special situation governance system, the board oversaw the measures taken for our stakeholders:

- **Employees:** reorganization of the way of working (promoting the remote working) and implemented protocols and preventive measures with the aim of protecting the health of all the Group's employees.
- **Customers:** revamp the digital and remote channels with multiple customised solutions to help retail customers and businesses; relaxing loan conditions for people and businesses hit by the pandemic (payment holidays, grace periods); or swiftly facilitating government-backed lines of credit and other public assistance measures.
- **Shareholders:** hybrid and remote general meetings that shareholders could attend in person or online, and revision of the shareholder remuneration policy according to ECB recommendations.
- **Society:** engagement with governments and institutions to aid recovery from the crisis, including donations of urgent health equipment and supplies.

### Group and subsidiary board relations

Strengthening the ties between the Group's and the subsidiaries' boards of directors is key to effective oversight of policies, controls and corporate culture. In the last two years, the global pandemic

heightened the need for the effective cross-border cooperation that our proven Group Subsidiary Governance Model (GSGM) facilitates. That governance model is strengthened by the presence of a number of Group non-executive directors on our subsidiary boards: Luis Isasi at Santander España; Álvaro Cardoso at Banco Santander (Brasil), S.A.; Homaira Akbari at Santander Consumer USA Holdings Inc.; and Pamela Walkden at Santander UK plc and Santander UK Group Holdings plc (having replaced Bruce Carnegie-Brown in 2021). See section 7. '[Group structure and internal governance](#)'.

In 2021 we also continued to hold committee chair conventions across the Group. They reinforced our coordination and accentuated the benefits of cross-border cooperation.

Specifically, conventions of the audit and responsible banking, sustainability and culture committees chairs were held at the Santander Headquarters in Boadilla del Monte. The conventions aimed to foster further collaboration between countries, raise awareness about global initiatives and expectations, collectively debate current affairs and relevant operational matters, as well as encouraging networking among attendees.

Both events were successful and productive, with universal positive feedback received from participants. Our approach to holding such conventions will continue in 2022 and beyond.

### Board assessment and actions to continuously improve its functioning

Corporate governance is a key priority for Santander. Our governance model has consistently received strong support from shareholders, as evidenced by their high participation in general meetings and strong percentage of approval for corporate management and the re-election of the executive chair and other directors. As we are aware that governance arrangements need to adapt to contingent and forward-looking business and strategy needs, we must 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 with the support of external advisers as required. We also review individual and collective skills to ensure the board's competence and diversity are sufficient for it to function effectively and hold management to account through constructive challenge.

In 2020 we asked Egon Zehnder to conduct an effectiveness review of the board of directors and its committees in line with our policy to have an external party assess their annual effectiveness every three years. Egon Zehnder concluded that Santander's board is highly effective, with recent changes in its composition resulting in a stellar set of diverse and outstanding individuals and that its governance model with the current individuals in key roles, is well designed and effectively implemented with demonstrable outcomes, as shown in the performance of Banco Santander and high satisfaction of the board members.

In addition, in 2021 we asked another external firm to execute a broader review of our governance arrangements with the aim of assessing its overall functioning and adherence of Santander's governance model to regulations, supervisors' expectations, and industry best practice. After an in-depth analysis, the external firm came to the conclusion that Santander has implemented a sophisticated governance model that suits its group-wide characteristics and requirements. The external firm highlighted that Santander's corporate governance is a key tool to drive the Group towards the implementation of its medium and long-term strategy,

while managing the BAU operations and keeping a strong control on risks. They also acknowledged the high profile of Santander's board members as well as the diversity of board in terms of gender, geography, age and background.

Both external firms identified some areas for further improvement that contributed to an internal discussion led by the nomination committee and its chair, our lead independent director.

In view of the conclusions of both reviews, in December 2021 the board of directors approved an action plan that will further align our corporate governance arrangements with supervisors' expectations and best industry practices. It revolves around these objectives:

- Ensuring continued clarity of the role and the responsibilities of the most senior executives, including the executive chair and CEO;
- Ensuring that checks and balances remain appropriate and effective; and
- Ensuring that the independence of control functions remains fully preserved.

The plan will be executed in 2022 under the coordination of the general secretary and with oversight of the nomination committee and its chair.

In addition to the above-mentioned structured reviews and resultant action plan, we encourage an environment of ongoing feedback and suggestions from the board members focused on continuous improvement. In 2021, the non-executive directors, under the leadership of the lead independent director, identified the following areas for improvement:

- Optimizing board time spent together and the strategic areas of board focus; and increasing engagement with the executive and younger talent pools;
- Increasing board visibility of customers' and branches' needs and circumstances;
- Striking the right balance between holding the executive to account and engaging with the future talent pipeline;
- Optimizing the materials delivered to the board and its committees, ensuring the right balance between content and length;
- Continued focus on effective coordination between the board and its committees, ensuring an appropriate distribution of workload; and
- Reviewing scalable processes that could be applied across the Group more effectively, while understanding the changes required for the Group's strategic direction being more effective.

We are confident these actions will have a lasting positive impact on our effective corporate governance. In the future, according to our commitment to continuous improvement, we will review our corporate governance arrangements on an ongoing basis, so as to ensure that they remain fully effective.

### 1.3 Alignment of executive compensation with the Group's strategy, investors and long-term sustainability

Following the entry into force of the Capital Requirements Directive (CRD V), the board revised the remuneration scheme after five years to align it with strategy, investors' interests and long-term sustainability.

We took action to:

- Introduce stock options as part of variable pay, for greater alignment with shareholder returns;
- Update long-term compensation metrics, prioritizing:
  - Profitability and long-term value creation for Santander, applying return on tangible equity (RoTE);
  - Consistent total shareholder return (TSR), albeit raising the threshold above which executives begin to receive compensation for this metric from 33% to 40%; and
  - Sustainability, embedding an ESG metric that comprises five sub-metrics related to our Responsible Banking agenda.
- Reduce the short-term corporate bonus metrics from four to three: customers (30%), RoRWA (40%) and RoTE (30%) to sharpen focus on the Group's strategic priorities of customer and profitability; and
- Make these amendments to match the Group's strategic priorities:
  - Executive directors' compensation as board members of PagoNxt to be paid in PagoNxt capital instruments.
  - Scope of the Digital Incentive widened to include a PagoNxt component that encourages non-PagoNxt executives to work together towards its success, and the strategic initiatives of the Digital Consumer Bank and One Santander in Europe.

### 1.4 Engagement with our shareholders in 2021

In 2021, Banco Santander interacted with shareholders under conditions still marked by the covid-19 health crisis. Combining traditional communication channels with virtual meetings and special campaigns was fundamental to remain aligned with their interests and keep their loyalty. By digitalizing to stay at the forefront of both our core activity and shareholder and investor relations, we helped some four million shareholders from all over the world engage Grupo Santander.

We focused our efforts on explaining our governance and sustainability strategy in detail. Because we understand investors are more considerate of ESG performance and the impact our operations can have on society and the environment, we give detailed explanations about how we are helping tackle inequality, climate change and other global challenges. We also engaged in open and constructive dialogue with analysts who provide investors with information about sustainability and assess our risks, actions and impact relating to ESG. We were proactive in sharing developments in our responsible banking agenda, particularly regarding climate change, and considering their feedback in our materiality analysis and work to introduce ESG into our remuneration scheme. By doing things responsibly and creating long-term environmental and social solutions to support inclusive and sustainable growth, we are able to create value for shareholders and earn their lasting loyalty.

As regards the engagement of the shareholders in our corporate governance, in the light of attendance at the entirely virtual general meeting we held in 2020, we repeated the same format in 2021 according to all company obligations and without compromising shareholders' rights. By facilitating remote attendance through a live online broadcast of the general meeting, we ensure shareholders can fully exercise their rights to attend, participate, cast votes, make remarks, make proposals and send messages to the notary public that has been proved fundamental. Figures from the 2021 annual general meeting reveal that participation under this format is very similar to that in hybrid general meetings (see section [3.4 '2021 AGM'](#)).

We are convinced that our virtual general meetings provide shareholders the same opportunity to participate as in-person

meetings. We proposed to shareholders at the general meeting an amendment to our by-laws to sanction entirely virtual general meetings. The new by-law provides even more extensive protections than the law, as it allows shareholder requests to be addressed (where possible) during general meetings or posted on the corporate website for the general public if they are addressed on a later date. All over the world, shareholders vastly supported making our regulations on general meetings more flexible. Now, they will not need to travel in order to take part in meetings (see section [3.4 '2021 AGM'](#)).

## 1.5 Achievement of our 2021 goals

The 2020 annual report disclosed our corporate governance goals and priorities for 2021. The following chart describes how we delivered on each priority.

### 2021 goals

### How we delivered

#### Long-term shareholder value

Focusing on long-term shareholder value as well as supervising and supporting the management team in implementing our strategy, so that shareholder returns appropriately reflect the group's solvency, results, corporate culture and sustainable growth.

In 2021 we created value for our shareholders by focusing on delivering profitable growth in a responsible way. Our approach to ESG is embedded in all we do. In 2021 we generated more than EUR 2 billion in underlying profit every quarter and increased shareholder profitability compared to pre-pandemic levels. A key driver of this performance is our business model, customer focus, global scale and diversification.

#### Covid-19 crisis governance

Overseeing our response to the pandemic and our risk management of the economic crisis. It will prioritize the wellbeing of our employees, customers and shareholders by supporting our communities and continuing to build trust, underpinned by the strength of our business model, our strategy and the robust leadership of our teams.

Since the covid-19 crisis began, the Group has focused on devising and implementing measures to mitigate its impact.

The Group updated its Special Situations and Resolution rule map with a revised corporate framework that the subsidiaries' boards had adopted in December 2021. The new rules emphasize pre-emptive management of events and streamlined escalation. In particular, we tightened centralized monitoring and oversight of subsidiaries to coordinate their decisions with the Group effectively.

We launched several initiatives to financially support customers affected by the pandemic and to safeguard our customers' and employees' health while guaranteeing normal services. To fight the pandemic in the countries where we operate, we took several social actions, such as providing essential health equipment and supplies. See subsection 'Covid-19 and after the pandemic' in section [1.2](#).

Because of the Group and its subsidiaries' robust financial situation, we were able to maintain stable business levels and appropriate capital, liquidity and risk profile levels. We executed our risk management and control processes correctly, and our governing bodies heard regularly about the pandemic's impact and the measures each subsidiary was taking.



## 2021 goals

### Strategic growth initiatives

Working on the Group's strategic growth priorities, which are critical to becoming the world's best open financial services platform.

Our initiatives include One Santander, which is a common operational and business model created to transform the way we serve our customers, providing a simpler and enhanced customer experience; PagoNxt, which is an autonomous global payment platform to combine our payments businesses and banks around the world, accelerating the deployment of payment solutions to our customers globally, and is critical to building One Santander; and the Digital Consumer Bank, integrating our fast-growing consumer lending business, Santander Consumer Finance (SCF), with Openbank to transform our digital proposition.

### Responsible Banking – embedding ESG in all we do

Driving Santander's efforts to deliver profit with a clear purpose, to help people and businesses prosper in the years ahead, and to build a more responsible bank.

Overseeing the implementation of our decisions to support the objectives of the Paris Agreement and focusing on fulfilling our commitment to raising and facilitating EUR 120 billion in green finance and to achieving the financial inclusion of 10 million people by 2025.

### High governance standards

Maintaining high standards of governance to fulfil our strategy and ensure long-term success. This will help ensure our ongoing effectiveness and alignment with best practice.

In particular, it will continue to instil strong governance disciplines as a key enabler to effective oversight and control across the group, making sure our corporate governance framework takes into account supervisory body recommendations as well as national and international guidelines.

## How we delivered

Our aim to become the world's best open financial services platform, building on our technology to earn customers' lasting loyalty, was helped by the progress we made with three strategic initiatives in 2021: One Santander, PagoNxt and Digital Consumer Bank.

We laid the foundations of our transformation in Europe (One Santander), with greater connection between customer segments and higher business activity that resulted in steady growth. In 2022, we will focus on harnessing our scale to roll out a common operational and business model.

PagoNxt also became a global payment platform for all Santander customers and the open market. Its acquiring solution is already running in 6 markets, serving 1.2 million merchants; its international trade solution is already in 8 markets. Also, we launched the Payments Hub to support all our customers' payments.

Digital Consumer Bank also registered strong financial performance and significantly increased its customer base in its push to become the largest digital consumer credit bank.

We met or exceeded all our 2019-2021 commitments and continued our efforts to make progress on our commitments for 2025.

On climate change, we set a goal to achieve net-zero CO2 emissions by 2050 and created our first decarbonization targets for exposures to thermal carbon and electric power generation. We became founder members of the Net Zero Banking Alliance and Santander Asset Management was the first fund manager in Spain to join the Net Zero Asset Managers Initiative with a commitment to reducing emissions from assets under management by 50% by 2030. We also issued our third green bond in the amount of EUR 1 billion to finance wind and solar power projects, and expanded our range of ESG wealth management products.

Through Santander finance for all program, we've financially empowered more than 7 million people since 2019.

*Euromoney* named us "Best Bank for Sustainable Finance in Latin America" and "Best ESG Private Bank" and "Best Bank for Financial Inclusion". Furthermore, *Great Place To Work* recognized us, for the third time, as one of the top 25 companies to work for. We were also the world's highest scoring bank and the second highest-scoring company in gender equality and diversity according to the Bloomberg Gender-Equality Index (the 2022 index includes 418 companies from 45 countries).

For more details, see '[Responsible banking](#)' chapter.

In 2021, an in-depth review by an external adviser indicated that Banco Santander's corporate governance is consistent with regulation, industry best practice and the Group's structure, conducive to effective management to implement strategy and sustain sound risk control.

Our high rankings by ESG analysts who reviewed our performance in 2021 speak to our commitment to the highest governance standards. Banco Santander also received the highest score in the Spanish Association for Standardisation and Certification's (AENOR) new Good Corporate Governance Index, which checks board structure and dynamics, transparency, sustainability and ESG oversight.

As always, this year we followed the recommendations and instructions of supervisors and national and international bodies. We reviewed the EBA's new guidelines on internal governance and remuneration and joint guidelines with the ESMA on the assessment of the suitability of members of the management body and key function holders (released in July 2021) and are taking the measures needed to accommodate them.

In 2021 we fully complied with the total 61 recommendations that apply to us in the CNMV's Code of Good Governance (see section '[9.3 Table on compliance with, or explanations of, recommendations on corporate governance](#)').

## 1.6 Priorities for 2022

Our board's priorities for 2022 are:

- **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:** This autonomous global payment platform to integrate all Santander customers with open market 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:** Integrating 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.

- **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.

- **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.

- **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 pay out 40% of 2022 underlying profit, split in approximately equal measure between a cash dividend and a share buyback.

## 2. Ownership structure

- Broad and balanced shareholder base
- A single class of shares
- Authorised capital in line with best practices providing the necessary flexibility

### 2.1 Share capital

Our share capital is represented by ordinary shares, each with a par value of EUR 0.50. All shares belong to the same class and carry the same rights, including voting and dividends.

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'](#).

At 31 December 2021, Banco Santander had a share capital of EUR 8,670,320,651 represented by 17,340,641,302 shares.

In 2021, share capital did not change.

At the 2022 AGM, the board of directors submitted three capital reduction resolutions to cancel the shares that were or will be acquired through the two announced share buyback programmes; as well as those that will be acquired as part of any new buyback programmes that the board may initiate or by other means legally permitted. See sections [3.3 'Dividends and shareholder remuneration'](#) and [3.5 'Our next AGM in 2022'](#).

We have a broad and balanced shareholder structure. At 31 December 2021, Banco Santander had 3,936,922 shareholders, distributed by type of investor, geographic region and number of shares as follows:

TYPE OF INVESTOR	% of share capital
Board <sup>A</sup>	1.05 %
Institutional	39.63 %
Retail	59.32 %
<b>Total</b>	<b>100 %</b>

A. Shares owned or represented by directors. For further details on 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 the CNMV'](#).

CONTINENT	% of share capital
Europe	76.09 %
Americas	22.44 %
Rest of the world	1.47 %
<b>Total</b>	<b>100 %</b>

### NUMBER OF SHARES

	% of share capital
1-3,000	8.57 %
3,001-30,000	17.30 %
30,001-400,000	12.01 %
Over 400,000	62.11 %
<b>Total</b>	<b>100 %</b>

### 2.2 Authority to increase capital

Under Spanish law, only shareholders at the general meeting have the authority to increase share capital. However, they may delegate the authority to approve or execute capital increases to the board of directors. Our By-laws are fully aligned with Spanish law and do not establish any different conditions for share capital increases.

As of 31 December 2021, our board of directors had received authorization from shareholders to approve or carry out the following capital increases:

- **Authorized capital to 2023:** at our April 2020 AGM, the board was authorised to increase share capital on one or more occasions by up to EUR 4,154,528,645.50 (50% of capital at the time of the April 2020 AGM or approximately 8.3 billion shares representing 47.86% of the share capital at 31 December 2021). The board was granted this authorization for three years (until 3 April 2023).

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 by the April 2020 AGM.

Shares without pre-emptive rights under this authority can be issued up to EUR 830,905,729 (10% of capital at the time of the April 2020 AGM or approximately 1,661 million shares representing 9.57% of the share capital at 31 December 2021). However, when Law 5/2021 of 12 April, amending the revised Spanish Companies Act and other financial regulation in regard to the fostering of long-term shareholder engagement by listed companies (Act 5/2021) came into force, this limit on issuing shares without pre-emptive rights 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). To date, this authorization has been used for the three CCPS issues executed in 2021.

The board of directors is proposing to have this authority renewed at our 2022 AGM. See section [3.5 'Our next AGM 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 is therefore 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. These capital increases are therefore contingent and have been delegated to the board of

directors. The board of directors is authorised to issue additional CCPs and other convertible securities and instruments in accordance with the annual general meeting held on 12 April 2019 resolution that allows convertible instruments and securities to be issued for up to EUR 10 billion or an equivalent amount in another currency (three issues were executed in 2021 under this authorization, as shown in the table below). Any capital increase to allow any such CCP or other convertible instruments or securities to be converted would be approved under the authority which each issue was executed.

## ISSUES OF CONTINGENT CONVERTIBLE PREFERRED SECURITIES

Date of issuance	Nominal amount	Discretionary remuneration per annum	Conversion	Maximum number of shares in case of conversion <sup>A</sup>
25/04/2017	EUR 750 million	6.75% for the first five years		207,125,103
29/09/2017	EUR 1,000 million	5.25% for the first six years		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	If, at any time, the CET1 ratio of Banco Santander or the Group is less than 5.125%	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

At 31 December 2021, no shareholder held more than 3% of Banco Santander's total share capital (which is the threshold generally provided under Spanish regulations for a significant holding in a listed company to be disclosed). Even though at 31 December 2021, certain custodians appeared in our shareholder registry as holding more than 3% of our share capital, we understand that those shares were held in custody on behalf of other investors, none of whom exceeded that threshold individually. These custodians were State Street Bank (13.35%), Chase Nominees Limited (9.15%), The Bank of New York Mellon Corporation (5.21%), Citibank New York (3.74%) and EC Nominees Limited (3.34%).

On 24 October 2019 BlackRock Inc., asset manager, reported to the CNMV its significant holding of voting rights in Banco Santander (5.426% of share capital at 24 October 2019). It also specified that it was holding shares on behalf of a number of funds or other investment entities, none of which exceeded 3% individually. In addition, on 21 February 2022, Amundi, S.A., another asset manager, reported to the CNMV its significant holding of voting rights in Banco Santander (3.007% of share capital), while it specifies that the corresponding shares are held by investment funds managed by management entities controlled by Amundi, S.A., none of which exceeds 3% individually. No other changes have been communicated since 31 December 2021. There may be some overlap in the holdings declared by the above mentioned custodians and asset managers.

At 31 December 2021, neither our shareholder registry nor the CNMV's registry showed any shareholder residing in a non-cooperative jurisdictions with a shareholding equal to, or greater than, 1% of our share capital (which is the other threshold applicable under Spanish regulations).

Our Bylaws and the Rules and regulations of the board of directors lay down an appropriate system for analysing and approving related-party transactions with significant shareholders. See section [4.12 'Related-party transactions and conflicts of interest'](#).

## 2.4 Shareholders' agreements

In February 2006, various persons linked to the Botín-Sanz de Sautuola y O'Shea family entered into a shareholders' agreement that set up a syndicate for their shares in Banco Santander. 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:** except when the transferee is also a party to the agreement or the Fundación Botín, 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. These transfer 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 syndicate and pool the voting rights attached to all their shares in Banco Santander, so that syndicate members may exercise them and, in general, act towards Banco Santander in a concerted manner, in accordance with the instructions and indications and the voting criteria and orientation established by the syndicate. 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. For this purpose, representation of the syndicated shares is attributed to the chair of the syndicate, who will be the chair of the Fundación Botín (currently, Javier Botín, one of our directors and our Group executive chair's brother).

The agreement initially terminates on 1 January 2056, but will be automatically extended 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.

At 31 December 2021, the parties to the shareholders' agreement held 100,784,838 shares in Banco Santander (0.58% of its capital), which were therefore subject to the voting syndicate. They include 80,355,819 shares (0.46% of its capital) that are also subject to the transfer restrictions.

Subsection A.7 of section [9.2 'Statistical information on corporate governance required by the CNMV'](#) contains the 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 the following provisions:

- Treasury shares held at any time cannot exceed 10% of Banco Santander's share capital, which is the legal limit set under the *Ley de Sociedades de Capital* (Spanish Companies Act).
- The purchase price cannot be lower than the nominal value of the shares nor exceed 3% of the last trading price in the Spanish market for any trades in which Banco Santander does not act on its own behalf.
- The board may establish the purposes for and the procedures through which the authorization may apply.

### 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 in relation 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.

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 **operating rules** on how treasury share trades must be carried out, unless in exceptional circumstances as per the policy. These rules include:
  - **Responsibility for execution** of these trades, which falls on the Investments and Holdings department, 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**, which in general must 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 or the highest price in a buy order 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 price in a sell order 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. It does not apply to transactions in Banco Santander shares carried out to hedge market risks or provide brokerage or hedging for customers.

The full treasury shares policy is at Banco Santander's corporate website.

### First Buyback Programme

On 28 September 2021, the board resolved to execute a treasury shares buyback programme (First Buyback Programme) worth up to 841 million euros (20% of the Group's underlying profit in H1 2021) according to the treasury shares policy and 2021 shareholder remuneration policy. It had based its decision on authorization by the ECB, and by shareholders at the April 2020 AGM.

In the First Buyback Programme (from 6 October to 25 November 2021), we acquired 259,930,273 treasury shares — 1.499% of Banco Santander's share capital — at a weighted average price per share of 3.2355 euros.

The purpose of the First Buyback Programme was to reduce Banco Santander's share capital by cancelling the repurchased shares, which the board put to a vote at the 2022 AGM. See section [3.5 'Our next AGM in 2022'](#).

### Second Buyback Programme

Under the same AGM approval, on 24 February 2022 the board resolved that it would execute a new share buyback programme worth 865 million euros (approximately 20% of the Group's underlying attributable profit in H2 2021) as shareholder remuneration charged against 2021 results once it had obtained the required regulatory authorization (Second Buyback Programme).

The purpose of the Second Buyback Programme is to reduce Banco Santander's share capital by cancelling purchased shares (up to the agreed maximum), for which the board submitted a resolution for a vote at the 2022 AGM. See section [3.5 'Our next AGM in 2022'](#).

As of 31 December 2021, Banco Santander and its subsidiaries held 277,591,940 shares, which represented 1.601% of share capital (compared to 28,439,022 at 31 December 2020, then representing 0.164% of share capital).

## Activity in 2021

The chart below summarizes the monthly average proportion of treasury shares to share capital throughout 2021 and 2020.

### MONTHLY AVERAGE OF DAILY POSITIONS IN TREASURY SHARES

% of Banco Santander's share capital at month end

	2021	2020
January	0.16%	0.09%
February	0.18%	0.06%
March	0.17%	0.11%
April	0.17%	0.17%
May	0.18%	0.17%
June	0.19%	0.15%
July	0.19%	0.15%
August	0.05%	0.17%
September	0.05%	0.17%
October	0.27%	0.18%
November	1.08%	0.17%
December	1.90%	0.16%

In 2021, the Group's treasury share trades consisted of the following values:

### ACQUISITIONS AND TRANSFERS OF TREASURY SHARES IN 2021

EUR (except number of shares)	Acquisitions				Transfers				
	Number of shares	Total par value	Total cash amount	Average purchase price	Number of shares	Total par value	Total cash amount	Average purchase price	Profit (loss) net of taxes
Discretionary trading	68,493,750	34,246,875	198,647,885	2.90	79,271,105 <sup>A</sup>	39,635,553 <sup>A</sup>	248,288,885 <sup>A</sup>	3.13 <sup>B</sup>	23,270,000 <sup>B</sup>
Client induced trading <sup>C</sup>	195,888,825	97,944,413	605,336,429	3.09	195,888,825	97,944,413	605,336,429	3.09	0
Santander share buy-back	259,930,273	129,965,137	840,999,994	3.235	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>524,312,848</b>	<b>262,156,424</b>	<b>1,644,984,308</b>	<b>3.08</b>	<b>275,159,930<sup>A</sup></b>	<b>137,579,966<sup>A</sup></b>	<b>853,625,314<sup>A</sup></b>	<b>3.11<sup>B</sup></b>	<b>23,270,000<sup>B</sup></b>

A. Includes two extraordinary donations totalling 55,750,000 treasury shares to Fundación Banco Santander. For more details, see 'Other programs to support communities' in section [Support to higher education and other local initiatives](#) of the 'Responsible banking' chapter.

B. Excluding the donations mentioned in footnote A above.

C. Transactions in Banco Santander shares carried out 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 2021<sup>A</sup>

Reported on	% of voting rights represented by shares		
	acquired since last notice	transferred since last notice	held at reference date of notice
17/03/2020 <sup>B</sup>	0.163%	0.185%	0.156%
14/06/2021	1.001%	0.96%	0.197%
20/10/2021	1.017%	0.916%	0.298%
19/11/2021	1.001%	0.146%	1.153%

A. Percentages calculated with share capital at the date of disclosure.

B. This notice was corrected by disclosure dated 18 March 2021. Data shown as corrected.

### Transactions with financial instruments

Below are the details of the transactions we carried out of our own accord for a purpose similar to discretionary treasury share management and with Banco Santander shares as the underlying asset in 2021:

- In Q4, we took an investment position with a Delta (i.e. net exposure to share price changes) equalling 8,000,000 shares worth a total 22,600,000 euros. That was the final position at year end.
- The instruments used were Total Return Equity Swaps, payable exclusively as a cash settlement.

## 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 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

The global economy came back strong. Vaccination programmes enabled a return to economic activity and mobility amid excess liquidity and expansionary fiscal policies. Despite uncertainties due to the surge of new covid-19 variants, positive trends drove a rise in commodity prices and inflationary pressures, which rebounded to the highest levels in a decade in the US and the eurozone.

Central banks in developed economies began a widespread withdrawal of monetary stimulus. The Bank of England raised interest rates to 0.25% on the back of a strong jobs market and high inflation. The US Federal Reserve announced its intention to start raising rates no later than mid-2022. The ECB is limiting the withdrawal of stimulus to liquidity by scaling back its purchase programmes.

Major global equity indices ended 2021 with significant aggregate gains. The banking industry registered better performance owing to the lifting of restrictions on dividend payments, favourable results of US bank stress tests, and better outlooks for most European banks.

The IBEX 35 in Spain increased 7.9%; the DJ Stoxx 50 in Europe by 22.8%; DJ Banks by 34.0%; and the MSCI World Banks by 22.7%.

### Market capitalization and trading

By 31 December 2021, Banco Santander's market capitalization of EUR 50,990 million was the second largest in the eurozone and 24th largest in the world among the financial institutions.

13,484 million Banco Santander shares traded in the year for an effective value of EUR 41,195 million and a liquidity ratio of 78%.

#### THE BANCO SANTANDER SHARE

	2021	2020
Shares (million)	17,340.6	17,340.6
<b>Price (EUR)</b>		
Closing price <sup>A</sup>	2.941	2.538
Change in the price	16%	-29%
Maximum for the period <sup>A</sup>	3.509	3.799
Date of maximum for the period	3/6/2021	17/2/2020
Minimum for the period <sup>A</sup>	2.375	1.439
Date of minimum for the period	28/1/2021	24/9/2020
Average for the period <sup>A</sup>	3.055	2.288
End-of-period market capitalization (EUR million)	50,990	44,011
<b>Trading</b>		
Total volume of shares traded (million)	13,484	19,080
Average daily volume of shares traded (million)	52.7	74.2
Total cash traded (EUR million)	41,195	45,034
Average daily cash traded (EUR million)	160.9	175.2

A. Data adjusted to the December 2020 capital increase.

# 3. Shareholders. Engagement and general meeting

- One share, one vote, one dividend
- No takeover defences in our Bylaws
- High participation and engagement of shareholders in 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 Santander's policy on communication and engagement with shareholders and investors are:

- **Protection of rights and lawful interests of all shareholders.** We facilitate their rights to be exercised, provide them with information and give them opportunities to be involved in our corporate governance effectively.
- **Equal treatment and non-discrimination.** We treat investors equally in accordance with status.
- **Fair disclosure.** We make sure our disclosure of information in interactions with investors is transparent, truthful and symmetrical. 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 investor's needs and expectations. We make sure to give investors clear, concise and reliable information in a way that is tailored to shareholders.
- **Compliance with our Bylaws and corporate governance rules,** as well as the principles of cooperation and transparency with the competent 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.

Furthermore, the policy 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 can be found in the corporate website.

In addition, Banco Santander has board-approved frameworks on brand and communications, and accounting and financial information and management. They set out the general principles, roles and key processes on the communication of economic-financial, non-financial and corporate information, helping ensure that all our shareholders and other stakeholders are properly informed about our strategy, goals and results, as well as about our culture and values, maximizing the disclosure and quality of the information available to the market.

### Engagement with shareholders in 2021

In keeping with our policy, we engaged with our shareholders as follows:

- **The annual general meeting.** The annual general meeting is our most important annual event for our shareholders. We strive to encourage all our shareholders to be informed, attend and participate. See 'Participation of shareholders at general meetings' and 'Right to receive 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 the corporate governance report. She also addresses any questions raised by shareholders about the matters included in the agenda and the relevant information disclosed to the market since the last general meeting.

The CEO presents on the Group's business landscape, strategy execution and performance (overall and by region, country and business) and the main priorities for the following year.

Furthermore, the chairs of the audit, nomination and remuneration committees also report to the annual general meeting on their operations and elaborate on the related information provided in this chapter.

Our 2021 AGM was fully virtual to protect the health of our shareholders and everyone who organized it. 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. Such high shareholder turnout and meeting participation proved our remote communication systems are effective.

The outstanding quorum and voting results in our 2021 AGM show the importance we put on shareholder engagement through the annual general meetings. See section [3.4 '2021 AGM'](#).

Banco Santander's management system for the 2021 AGM received AENOR certification for sustainable events in compliance with the UNE-ISO 20121:2013.

- **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. We release the related financial report and presentation material before market open. During the presentation, questions can be asked or emailed to: [investor@gruposantander.com](mailto:investor@gruposantander.com).

Our most recent event was our 2021 Results Presentation on 2 February 2022. In 2021, we gave our first, second and third quarter results presentations on 28 April, 29 July and 27 October, respectively.

- **Investor and strategy days.** We also organise investor and strategy days, where senior managers explain our strategy for investors and stakeholders in a broader context than in results presentations. Investors can also directly interact with senior managers and some directors, which is increasingly important and attests to our strong governance. As recommended by the CNMV, we publish announcements about meetings with analysts and investors and related documentation in advance. We held our last Investor Day on 3 April 2019 in London. The information made available during the investor day is not incorporated by reference in this annual report nor considered part of it.
- **Meetings and conferences.** Our Shareholders and Investors Relations team discusses financial and other issues at meetings with investors at conferences organised by third parties.

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 the following engagements to meet the needs and expectations of especially our institutional investors, but also 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, is regularly in contact with investors in Europe and North America, particularly in the months prior to the annual general meeting. We gather their insights and form an opinion about their concerns, especially regarding our corporate governance. In 2021 and early 2022, he met with 20 investors, who accounted for approximately 30% of 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 considers the feedback received from investors.
- **Investor roadshows.** Our Shareholders and Investors Relations department is constantly in direct contact with institutional investors and analysts to promote all-round discussion on

shareholder value, better governance and remuneration schemes, and sustainability matters.

In 2021 Shareholder and Investor Relations engaged 942 times (mostly virtually) with 469 institutional investors from 136 locations. 85 of those meetings focused on environmental, social and governance aspects. It engaged with 40% of share capital, which is over 67% of the capital held by institutional investors.

We issued over 800 communications in 2021 to increase dialogue and transparency with shareholders and investors about the group's performance, results and the Banco Santander share.

- **Interaction with retail shareholders.** We also offer other special means of communication for retail shareholders regardless of the size of their stake. In 2021 the Shareholders and Investors Relations team organized 116 events with retail shareholders: 94 virtually; 20 in-person; and two in hybrid format. 5,027 people accounting for 332,063,674 shares (4% of our retail shareholders' capital in Spain) attended. Shareholders engaged with the chief financial officer (CFO) at several events.

The team also responded to 139,301 queries received via our shareholder and investor helplines, mailboxes, WhatsApp and bilateral meetings on the Virtual Customer Channel. Satisfaction surveys revealed 96% would recommend the attention service.

Lastly, we received 18,695 shareholder and investor opinions through quality surveys and studies.

### Communication with proxy advisors and other analyst and influencers

We have always recognised 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 the investors.

In 2021, through our continuous engagement with the main proxy advisers, we duly reported on and explained proposed resolutions submitted for the 2021 AGM so they could make voting recommendations.

### Corporate website

Our corporate website enables an effective communication with shareholders and all our global stakeholders. Its design enables us to be transparent and improves the experience of users in obtaining quality information about Santander.

Our corporate website includes information on corporate governance as required by law. In particular, (i) the key internal regulations of Banco Santander (Bylaws, Rules and regulations of the board, Rules and regulations for the general meeting, etc.); (ii) information on the board of directors and its committees as well as directors' professional biographies and (iii) information on general meetings.

The address of our information on corporate governance is: <https://www.santander.com/en/shareholders-and-investors/corporate-governance>. (It is included for reference purposes only. The content of our corporate website is not incorporated by reference in this annual report or otherwise considered part of it).

### Other channels

According to good governance guidelines, we have an app 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 only one class of share (ordinary shares) and grants all shareholders the same rights. Each Banco Santander share entitles holders to one vote.

Banco Santander's Bylaws do not have any defensive mechanisms 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 or the free transfer of shares in our Bylaws

The law and the Bylaws only place restrictions on voting rights as a result of violation of regulations, as indicated below.

There are no non-voting or multiple-voting shares, shares giving preferential treatment in dividend pay-outs, shares limiting the number of votes a single shareholder can cast, or quorum requirements or qualified majorities other than those the law dictates.

There are no restrictions on the free transfer of shares other than those the law dictates, as indicated further in this section.

Neither our Bylaws nor any laws or regulations restrict the transferability of shares. Our Bylaws also do not restrict voting rights (except if they were acquired in violation the law or regulations).

Furthermore, our Bylaws do not include any neutralization provisions as defined in the *Ley del Mercado de Valores* (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

There are legal and regulatory provisions applicable to the Banco Santander because the banking activity is a regulated sector, which involves that the acquisition of significant holdings or influence is subject to regulatory approval or non-objection. As Banco Santander is a listed company, a tender offer or a takeover bid for its shares must be launched to acquire control and for other similar transactions.

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, of 26 June, on the organization, supervision and solvency of credit institutions (articles 16 to 23) and its implementing regulation, Spanish Royal Decree 84/2015, of 13 February.

The acquisition of a significant stake in Banco Santander may also require approval by (i) 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 (ii) other authorities pursuant to foreign investment regulations (including those imposed due to covid-19) in Spain or other countries where we operate.

#### Shareholder participation at general meetings

All registered 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 is another communications channel available on Banco Santander's website at the time of the meeting. Shareholders can post items they propose to add to the agenda in the meeting notice, requests for support for their proposals, initiatives to reach the percentage required to exercise minority shareholder rights legally, as well as offers or requests to act as a voluntary proxy.

#### Supplement to the annual general meeting notice

Shareholders representing at least 3% of share capital may request the publication of a supplement to the annual general meeting notice stating the names of shareholders exercising this right, the number of shares they hold, as well as any items to be added to the agenda with an explanation or substantiated proposal for resolutions and any other relevant documentation.

Shareholders representing at least 3% of share capital may also propose reasoned resolutions about 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 can also request that the meeting address non-agenda items for which the law does not require a minimum percentage of share capital for a resolution to be put to a vote (the removal of directors or bringing corporate liability action against any of them).

#### Right to receive information

From the time the general meeting notice is posted until the fifth day before the general meeting date 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. In addition, within the same period, shareholders can submit written requests for clarification about price-sensitive information Banco Santander has furnished for the CNMV since the last general meeting or about auditor's reports. Banco Santander posts any information or answers it provides on its corporate website.

Shareholders may also exercise their right to receive information at the meeting. Even if it cannot be asserted in the course of the meeting, or requests are made by shareholders attending remotely, they will be given the appropriate information 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 representing at least 25% of subscribed share capital with voting rights must be in attendance (except for certain matters mentioned subsequently). If a sufficient quorum cannot be constituted, general meetings will be held on second call, which does not require a quorum.

In accordance with our Rules and regulations for general meeting, shareholders voting by mail or electronically 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, make 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 general meetings, 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 any decisions about acquiring core assets, selling them off or transferring them to another company or similar corporate transactions, unless it is required by law.

### 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, where appropriate, the shareholders who have drafted a proposed amendment to the Bylaws must write it out completely, in addition to a report justifying it; and provide them to shareholders at the time the meeting to debate 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 a proposed amendment and the related report at Banco Santander's registered office, and order these documents delivered or sent to them free of charge.

If shareholders are convened to debate amendments to the Bylaws, the quorum on first call will be constituted if 50% of subscribed share capital with voting rights is present. If a sufficient quorum cannot be constituted, the general meeting will be held on second call, where 25% of subscribed share capital with voting rights must be present.

When less than 50% of subscribed share capital with voting rights are 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 subscribed share capital with voting rights is present, resolutions may validly pass with an 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 authorise us to amend our Bylaws. However, amendments that are exempt from authorization but must still be reported to the SSM include any to change the registered office within Spain, raise share capital, add imperative or prohibitive laws or regulations to the wording of the Bylaws, or change 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 2021 results

ECB Recommendation of 15 December 2020, which asked banks not to pay out dividends charged against 2021 results (ECB Recommendation III), was in force for over half of 2021.

On 23 July 2021, the ECB believed the reasons underpinning ECB Recommendation III to limit dividend payouts were no longer valid and, thus, repealed it effectively on 30 September 2021.

On 28 September 2021, the board announced its 2021 shareholder remuneration policy to pay out an interim distribution from approximately 40% of the Group's underlying profit (half through a cash dividend and half through a shares buyback).

- **Interim remuneration.** Accordingly, it authorized the payment of an interim dividend of 4.85 euro cents per share (i.e. 20% of the Group's underlying profit in H1'21), in cash and charged against 2021 profits; it was paid on 2 November 2021. The board also voted to launch the First Buyback Programme worth 841 million euros (20% of the Group's underlying profit in H1'21) once the ECB approved it on 28 September 2021 (see in 'First Buyback Programme' in section [2.5](#)).
- **Final remuneration.** On 24 February 2022, within the 2021 shareholder remuneration policy, the board of directors voted to:
  - submit a resolution at the 2022 AGM to approve a final cash dividend in the gross amount of 5.15 eurocents per share, worth approximately 865 million euros (approximately 20% of the Group's underlying profit in H2 2021). If approved at the AGM, the dividend would be payable from 2 May 2022. The estimate of 865 million euros is based on the assumption that, once the Second Buyback Programme has taken place, the number of outstanding shares entitled to receiving dividends will be 16,804,353,202. Therefore, the total dividend may be higher if fewer shares than anticipated are acquired in the Second Buyback Programme; otherwise, it will be lower.
  - implement a Second Buyback Programme worth 865 million euros (approximately 20% of the Group's underlying profit in H2 2021), once the necessary regulatory authorization has been obtained. For more details on the programme, see section [2.5](#) 'Treasury shares'.

If shareholders approve the dividend payout resolution and the ECB authorizes the Second Buyback Programme, it will result in a payout of approximately 40% of the Group's underlying attributable profit for 2021. If the buyback reaches the maximum within the programme period, remuneration will be split equally between cash dividends and shares buybacks. This final remuneration will enable Santander to meet the target set in the shareholder remuneration policy disclosed to the market on 28 September 2021.

### Shareholder remuneration policy for 2022 results

For the 2022 results the shareholder remuneration policy that the board intends to apply is a total remuneration of approximately of c.40% of the group's underlying profit, split in approximately equal parts between cash dividends and share buybacks, thus continuing the policy applied with respect to 2021 results.

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

## 3.4 2021 AGM

On 26 March 2021, we held our annual general meeting. In light of Covid-19, it was exclusively virtual. Because of the means shareholders were provided to attend remotely, the meeting had a quorum of 67.674%, just 0.8 percentage points below our highest-ever general meeting quorum in 2019.

### Quorum and attendance

The quorum (among shareholders present and represented) was 67.674% broken down as follows:

#### QUORUM BREAKDOWN

In person and virtual attendance	0.062 %
By proxy	
Cast by post or direct delivery	6.586 %
By electronic means	58.438 %
Remote voting	
Cast by post or direct delivery	0.547 %
By electronic means	2.041 %
<b>Total</b>	<b>67.674 %</b>

## Voting results and resolutions

All items on the agenda were approved. Votes in favour of the board's proposals averaged 98.31%. 99.57% of votes approved corporate management for 2020 and 91.59% of votes approved the 2020 annual report on directors' remuneration. None of the agenda items listed in the notice convening the meeting received more than 9.53% of votes against.

The following chart summarizes the resolutions approved and voting results:

	VOTES <sup>A</sup>				Quorum <sup>D</sup>
	For <sup>B</sup>	Against <sup>B</sup>	Blank <sup>C</sup>	Abstention <sup>C</sup>	
1. Annual accounts and corporate management					
1A. Annual accounts and directors' reports for 2020	99.74	0.26	0.04	2.96	67.67
1B. Consolidated statement of non-financial information for 2020	99.71	0.29	0.04	2.83	67.67
1C. Corporate management 2020	99.57	0.43	0.04	3.04	67.67
2. Application of results	99.46	0.54	0.04	2.84	67.67
3. Appointment, re-election or ratification of directors					
3A. Setting of the number of directors	99.64	0.36	0.05	2.87	67.67
3B. Ratification of the appointment of Gina Lorenza Díez Barroso	99.62	0.38	0.05	2.89	67.67
3C. Re-election of Homaira Akbari	99.39	0.61	0.05	2.91	67.67
3D. Re-election of Álvaro Antonio Cardoso de Souza	99.40	0.60	0.05	2.88	67.67
3E. Re-election of Javier Botín-Sanz de Sautuola y O'Shea	97.05	2.95	0.04	2.87	67.67
3F. Re-election of Ramiro Mato García-Ansorena	99.63	0.37	0.05	2.87	67.67
3G. Re-election of Bruce Carnegie-Brown	98.36	1.64	0.05	2.87	67.67
4. Re-election of the external auditor for Financial Year 2021	99.64	0.36	0.04	2.83	67.67
5. Amendment of the Bylaws					
5A. Relating to the issuance of non-convertible debentures	99.23	0.77	0.05	2.89	67.67
5B. Relating to the powers of the general shareholders' meeting (share-based compensation)	98.92	1.08	0.04	2.90	67.67
5C. Relating to the shareholders' participation at the general shareholders' meeting	99.22	0.78	0.04	2.85	67.67
5D. Relating to attending the meeting from a distance by remote means of communication	90.47	9.53	0.04	2.83	67.67
6. Amendment of the Rules and regulations of the general meeting					
6A. Relating to the powers of the shareholders at a general meeting (issuance of debentures)	99.23	0.77	0.04	2.87	67.67
6B. Relating to the powers of the shareholders at a general meeting (share-based compensation)	98.94	1.06	0.04	2.86	67.67
6C. Relating to proxy representation at a general meeting	99.64	0.36	0.04	2.86	67.67
6D. Relating to the means for distance voting	98.51	1.49	0.04	2.83	67.67
6E. Relating to publication of the resolutions approved at the general meeting	99.71	0.29	0.04	2.84	67.67
8. Delegation to the board of the power to issue all kinds of fixed-income securities, preferred interests or similar debt instruments (including warrants) that are not convertible	96.89	3.11	0.04	2.85	67.67
8. Directors' remuneration policy	93.26	6.74	0.04	2.89	67.67
9. Maximum total annual remuneration of directors in their capacity as directors	98.35	1.65	0.04	2.87	67.67
10. Maximum ratio of fixed and variable components in executive directors' total remuneration	99.33	0.67	0.04	2.86	67.50
11. Remuneration plans that include the delivery of shares or share options:					
11A. Deferred multiyear objectives variable remuneration plan	96.61	3.39	0.04	2.86	67.67
11B. Deferred conditional variable remuneration plan	97.66	2.34	0.04	2.86	67.67
11C. Digital Transformation Award	99.51	0.49	0.04	2.86	67.67
11D. Group buy-out policy	98.98	1.02	0.04	2.91	67.67
11E. Plan for employees of Santander UK Group Holdings and other companies of the Group in the UK	99.01	0.99	0.04	2.84	67.67
12. Authorization to implement the resolutions approved	99.56	0.44	0.04	2.82	67.67
13. Annual directors' remuneration report	91.59	8.41	0.04	2.88	67.67
14. Corporate action to demand director liability <sup>E</sup>	0.00	100.00	0.00	0.09	65.09
15 to 29. Dismissal and removal of directors <sup>F</sup>	0.00	100.00	0.00	0.09	65.09

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 2021 AGM.

D. Percentage of Banco Santander's share capital on the date of the 2021 AGM.

E. Item not included on the agenda.

F. Items 15 to 29 (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 2021 AGM.

The full texts of the resolutions passed at the 2021 AGM can be found on our corporate website and on the CNMV's website, as they were filed as other relevant information on 26 March 2021.

### 3.5 Our next AGM in 2022

The board of directors agreed to call the 2022 AGM for 31 March on first call or on 1 April on second call, with the following proposed resolutions.

- **Annual accounts and corporate management.** For approval of:

- The annual accounts and the directors' reports of Banco Santander and its consolidated Group for the financial year ended on 31 December 2021. For more details, see ['Consolidated financial statements'](#).
- The consolidated non-financial statement for the financial year ended on 31 December 2021 that is part of this consolidated directors' report. See the ['Responsible banking'](#) chapter.
- The corporate management for the financial year 2021.
- The application of results obtained during financial year 2021. See section [3.3 'Dividends and shareholder remuneration'](#).

- **Appointment of directors.**

- Setting the number of directors at 15, within the maximum and minimum limits set in the Bylaws.
- Appointing Germán de la Fuente as independent director (see section [1.1 'Board skills and diversity'](#)) and re-electing José Antonio Álvarez, Belén Romana, Enrique de Castro, Luis Isasi and Sergio Rial for a three-year period. See section [4.1 'Our directors'](#).

- **External auditor.** Re-electing the firm PricewaterhouseCoopers Auditores, S.L. as external auditor for financial year 2022. See 'External auditor' in section [4.5](#).

- **Bylaws.** Approve certain amendments to the Bylaws to:

- Introduce refinements based on the amended Spanish Companies Act as relates to final beneficiary identification and new share transfers before a capital increase is filed with the *Registro Mercantil* (Commercial Registry).
- Round off the capital reduction rules to reflect other aims that the law allows.
- Clarify the powers of the general meeting regarding the issuance of convertible securities.
- Add technical refinements to the rules on holding general meetings.
- Allow the board of directors to designate more than one vice-secretary.
- Contemplate that executives other than the executive chair can have direct reporting lines to the board or its committees.
- Adapt the audit committee's authority regarding the management report and related-party transactions and increase its coordination with the responsible banking, sustainability and culture committee.
- Adapt the Bylaws on directors' remuneration to the recent amendments to the Spanish Companies Act.

- Add technical regulatory refinements regarding dividend payouts in forms other than cash or own funds instruments.

- **Rules and regulations of the general meeting.** Approve the amendment to the Rules and regulations of the general meeting to fully adapt the rule on remote general meeting attendance to the Bylaws; contemplate that more than one vice-secretary may be designated; and include technical refinements regarding resolutions proposed and remarks made by shareholders.

- **Authority to increase share capital.** To authorize the board of directors to increase share capital once or several times over the course of three years. See section [2.2 'Authority to increase share capital'](#).

- **Share capital reduction** for the following purposes:

- Cancelling the 259,930,273 treasury shares from the First Buyback Programme.
- Cancelling a maximum of 1.730.000.000 treasury shares purchased under the Second Buyback Programme.
- Cancelling a maximum of 1.734.064.130 treasury shares, acquired through one or more share buyback programmes or by other means legally permitted, 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.

See section [2.5 'Treasury shares'](#).

- **Remuneration policy.** Approving the director remuneration policy for 2022, 2023 and 2024. For further information, see section [6.4 'Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote'](#).

- **Director remuneration.** Approving director's fixed annual remuneration. See section [6.4 'Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote'](#).

- **Variable remuneration.** Approving 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 2022, 2023 and 2024 submitted to a binding shareholder vote'](#).

- **Remuneration plans for executive directors.** Approving 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 2022, 2023 and 2024 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 2022 AGM live, as was done for the 2021 AGM.

Since attendance at the 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.

# 4. Board of directors

## A balanced and diverse board

- 15 directors, including 12 non-executive and 3 executive
- Majority of independent directors (66.67%)
- Balanced presence of women and men (40%-60%)

## Effective governance

- Specialised committees advising the board
- The responsible banking, sustainability and culture committee shows the board's commitment to this matter
- Complementary functions and effective controls: executive chair, CEO and lead independent director



**Javier Botín**  
Member  
Non-executive director

**Álvaro Cardoso**  
Member  
Non-executive director (independent)  
\*

**R Martín Chávez**  
Member  
Non-executive director (independent)  
■ ■ ■ ▲ ▲ P

**Homaira Akbari**  
Member  
Non-executive director (independent)  
● ▲ \*

**Pamela Walkden**  
Member  
Non-executive director (independent)  
● P \*

**Gina Díez**  
Member  
Non-executive director (independent)  
■

**Sergio Rial**  
Member  
Non-executive director

**Jaime Pérez Renovales**  
General secretary and secretary of the board

**Sol Daurella**  
Member  
Non-executive director (independent)  
■ ■ \*

**Luis Isasi**  
Member  
Non-executive director  
● ■ ▲

**José Antonio Álvarez**  
Vice chair and CEO  
Executive director  
● ▲

**Ana Botín**  
Executive chair  
Executive director  
● P ▲

**Bruce Carnegie-Brown**  
Vice chair and lead independent director  
Non-executive director (independent)  
● ■ P ■ ▲

**Belén Romana**  
Member  
Non-executive director (independent)  
● ● ▲ P ▲ \*

**Henrique de Castro**  
Member  
Non-executive director (independent)  
● ■ ▲

**Ramiro Mato**  
Member  
Non-executive director (independent)  
● ● ▲ \* P

- 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 Botin joined the board in 1989.

**Nationality:** Spanish. Born in 1960 in Santander, Spain.

**Education:** Degree in Economics from Bryn Mawr College (Pennsylvania, United States).

**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 Banco Español de Crédito, S.A. Between 2010 and 2014, she was chief executive officer of Santander UK plc and she has been non-executive director until April 2021. She has also been non-executive director of Santander UK Group Holdings plc (2014-2021). In 2014 she was appointed executive chair of Santander.

**Other positions of note:** Ms Botín is a member of the board of directors of The Coca-Cola Company and president of the European Banking Federation. She is also founder and chair of the CyD Foundation (which supports higher education) and the Empieza por Educar Foundation (the Spanish subsidiary of the international NGO, Teach for All), and sits on the advisory board of the Massachusetts Institute of Technology (MIT).

**Positions in other Group companies:** Ms Botin 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.

**Skills and competencies:** Extensive international experience in banking, having held the highest executive roles. She has also led the transformational, strategic and cultural change of Grupo Santander. Moreover, she has shown an ongoing commitment to sustainable and inclusive growth, as demonstrated by her philanthropic activities.



**José Antonio Álvarez Álvarez**  
VICE CHAIR & CHIEF EXECUTIVE OFFICER  
*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:** José Antonio Álvarez joined Santander in 2002 and was appointed senior executive vice president of the Financial Management and Investor Relations division in 2004 (Group chief financial officer). He served as director at SAM Investments Holdings Limited, Santander Consumer Finance, S.A. and Santander Holdings US, Inc. He also sat on the supervisory boards of Santander Consumer AG, Santander Consumer Bank GmbH and Santander Bank Polska, S.A. He was a board member of Bolsas y Mercados Españoles, S.A.

**Positions in other Group companies:** Mr Álvarez is 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.





**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), non-executive director of Jardine Lloyd Thompson Group plc (2016-2017), non-executive director of Santander UK plc and of 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 president and chief executive officer 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, member of the Investment Committee of Gresham House plc and chair of Marylebone Cricket Club (MCC).

**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.



**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 and MBA from Carnegie Mellon University.

**Experience:** Homaira Akbari was non-executive director of Gemalto NV and Veolia Environment, S.A. She was chair and CEO of SkyBitz, Inc., managing director of TruePosition Inc., non-executive director of Covisint Corporation and US Pack Logistics LLC. She has also held various posts at Microsoft Corporation and Thales Group and she was non-executive chair of WorkFusion, Inc.

**Other positions of note:** Ms Akbari is chief executive officer of AKnowledge Partners, LLC and an independent director of Landstar System, Inc. and Temenos, AG.

**Positions in other Group companies:** Ms Akbari is 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 Botín joined the board in 2004.

**Nationality:** Spanish. Born in 1973 in Santander, Spain.

**Education:** Degree in Law from the Complutense University of Madrid.

**Experience:** Javier 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 Botín 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.



**Álvaro  
Cardoso de Souza**  
*Non-executive director (independent)*

Mr de Souza joined the board in 2018.

**Nationality:** Portuguese. Born in 1948 in Guarda, Portugal.

**Education:** Degree in Economics and Business Administration from Pontificia Universidade Católica de São Paulo, MBA-Management Program for Executives from the University of Pittsburgh, and a graduate of the Investment Banking Marketing Program at Wharton Business School.

**Experience:** Álvaro Cardoso has held various roles in Citibank Group, including CEO of Citibank Brazil, as well as senior roles in the US relating to consumer finance, private banking and Latin America. He was a board member at AMBEV, S.A., Gol Linhas Aéreas, S.A. and Duratex, S.A. He was chair of WorldWildlife Group (WWF) Brazil, a board member at WWF International and chair and member of the audit and asset management committees of FUNBIO (Fundo Brasileiro para a Biodiversidade). In addition, he has been non-executive chair of Banco Santander (Brasil) S.A. since 2017 until 2021.

**Membership of board committees:** Responsible banking, sustainability and culture committee.

**Skills and competencies:** Mr de Souza possesses broad international experience in banking, particularly in Brazil. He has a solid understanding of strategy and risk management. In addition, his active involvement with several environmental foundations and NGOs brings with him very useful knowledge about sustainability.



**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:** Sol Daurella Comadrán served on the board of the Círculo de Economía and was an independent non-executive director at Banco Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A. She has also been the honorary consul-general of Iceland in Barcelona since 1992.

**Other positions of note:** 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-president 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, Ms Daurella contributes 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 (Portugal) and MBA from the University of Lausanne (Switzerland).

**Experience:** Henrique de Castro was an independent director at First Data Corporation and 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.

**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 in the world's top technology companies, Mr de Castro brings valuable experience in technological and digital strategy from a wide range of geographies.



**Gina  
Díez Barroso**  
*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, Mexico City.

**Experience:** She has over 20 years' experience in the real estate and education sectors. 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 has also been a founder and a trustee of the Pro-Educación Centro and Diarq foundations.

**Other positions of note:** She is the founder and president of Grupo Diarq, S.A. de C.V. and Centro de Diseño y Comunicación, S.C. (Universidad Centro). In addition, she is a member of the board of 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 womens' initiative.

**Membership of board committees:** Nomination committee.

**Skills and competencies:** Ms Díez possesses 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 focusing on education, gender diversity and social support.



**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:** With broad experience in the financial and securities market sectors, 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, held the role of 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 Business School's Management Development Programme.

**Experience:** Ramiro 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. (BME), and was 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. 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 career in banking and capital markets. 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 education foundations.



**R Martín  
Chávez Márquez**  
*Non-executive director (independent)*

Mr Chávez joined the board in 2020.

**Nationality:** American. Born in 1964 in Albuquerque, New Mexico (US).

**Education:** A.B. *magna cum laude* in Biochemical Sciences and Master of Computer Science from Harvard University. PhD in Medical Information Sciences from Stanford University.

**Experience:** Mr Chávez was Chief technology officer (CTO) and co-founder of Quorum Software Systems (1989-1993), global head of energy derivatives at Credit Suisse Financial Products (1997-2000) and CEO and co-founder of Kiodex (2000-2004). In 2005, he joined Goldman Sachs, where he was a partner from 2006 to 2019 and where he held various executive positions, including global co-head of the securities division, Chief information officer (CIO) and CFO. He was also member of the management committee from 2012 until 2019, when he left the firm. Furthermore, he has been director of PNM Resources, Inc., the International Swaps and Derivatives Association (ISDA) of The Santa Fe Opera, of Mount Sinai Genomics, Inc. DBA Sema4 and of Paige.AI, Inc., as well as member of the Harvard University Board of Overseers and member of the board of trustees of amfAR (the Foundation for AIDS Research) and of the Institute for Advanced Study of Princeton (New Jersey).

**Other positions of note:** Mr Chávez is senior executive vice-chair of Sixth Street Partners Management Company, L.P. and non-executive chair of Recursion Pharmaceuticals, Inc. He is also member of the board of trustees of the Los Angeles Philharmonic and member of the Stanford University School of Medicine Board of Fellows. Likewise, he is a senior advisor of Cambrian Biopharma, Earli, Block.one, Ketch Kloud and Abacus.AI.

**Positions in other Group companies:** Mr Chávez is a non-executive director of PagoNxt, S.L.

**Membership of board committees:** Nomination committee, remuneration committee, risk supervision, regulation and compliance committee and innovation and technology committee (chair).

**Skills and competencies:** Mr Chávez brings extensive experience in the global financial and IT sectors, which will enhance the board's digital capabilities. His membership on the governing and advisory bodies of prestigious academic institutions and healthcare entities will contribute considerable value to the Group's sustainability strategy development.



**Sergio  
Rial**

*Non-executive director (\*)*

Mr Rial joined the board in 2020.

**Nationality:** Spanish and Brazilian. Born in 1960 in Rio de Janeiro, Brazil.

**Education:** Degree in Law and Economics and postgraduate studies from the Instituto Brasileiro do Mercado de Capitais, Insead, Harvard Business School and Wharton Business School.

**Experience:** Mr Rial joined the Group as chair of the board of Banco Santander (Brasil) S.A. in 2015, a position he held until 2016, and has been serving as chief executive officer (CEO) and vice-chair of the board from 2016 to 2021. He has also been regional head for South America of the Group (2019–2021). He held various executive positions at ABN Amro group between 1982 and 2004, including CEO for Asia and member of the global ExCo. He also held various executive positions at Cargill Inc. between 2004 and 2012, including executive vice-chair, member of the board of directors and global CFO. He has also been CEO at Seara Foods and Marfrig Global Foods and a director of Mosaic Fertilizers and non-executive director of SAM Investment Holding, S.L., Banco Santander International (USA) and PagoNxt, S.L.

**Other positions of note:** Mr Rial is an independent director of Delta Airlines Inc. and non-executive chair of Ebury Partners Limited.

**Positions in other Group companies:** Mr Rial is the non-executive chair of Banco Santander (Brasil) S.A.

**Skills and competencies:** Mr Rial brings extensive executive experience in banking and finance. He also has a deep understanding of Latin American markets, especially Brazil. His previous experience in multinational groups across geographical areas and sectors increases the board's diversity and gives it a valuable perspective on environmental and social issues.



**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:** Belén Romana was formerly senior executive vice-president of Economic Policy, 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 Spanish Ministry of Economy. She served as a non-executive director at Banco Español de Crédito, S.A. and as executive chair of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).

**Other positions of note:** Non-executive director of Aviva plc, London and independent director of SIX Group AG and Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.U. Furthermore, she is co-chair of the Global Board of Trustees of the Digital Future Society and member of the advisory board of Rafael del Pino Foundation, of Inetum and of TribalData and senior advisor of Artá Capital.

**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.

(\*) Until 31 December 2021 as executive director. See section [4.2 'Board composition'](#).



**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:** Pamela Walkden has had an extensive career in banking. She 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 as member of the European Banking Authority Stakeholder Group and 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:** She 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:** Ms Walkden is a recognised financial expert in view of 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 de 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 Banco Español de Crédito, S.A. and deputy director of legal services at the CNMV. He is the representative of Banco Santander in the Board of Trustees the Foundation Princess of Asturias and member of the jury of the Social Sciences Awards of the Foundation and chair of the ICADE Business Club.

Mr Pérez is the secretary of all board committees.

## 4.2 Board composition

### Size

At 31 December 2021, the board of directors was made up of the 15 members whose profile and background are described in section [4.1 'Our directors'](#). The Bylaws allow it to have between 12 and 17 members.

### Composition by type of director

The composition of the board of directors is balanced 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
- José Antonio Álvarez, Group Vice-Chair and Chief Executive Officer

Section [4.3](#) provides a more detailed description of their roles and duties under 'Group executive chair and chief executive officer'.

### Independent directors

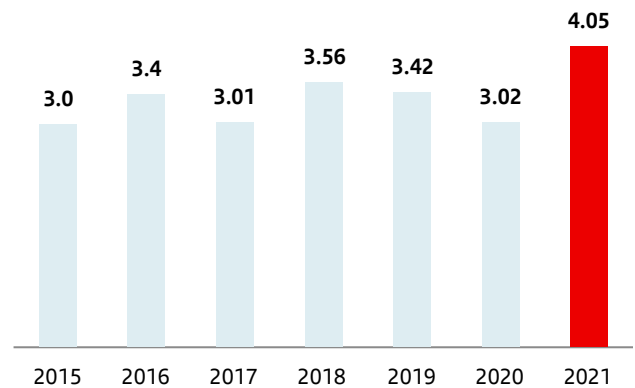
- Bruce Carnegie-Brown (lead independent director)
- Homaira Akbari
- Álvaro Cardoso
- R. Martín Chávez
- Sol Daurella
- Henrique de Castro
- Gina Díez
- Ramiro Mato
- Belén Romana
- Pamela Walkden

Every year, the nomination committee verifies the independence of the board members in this category and informs the board of its findings. It takes all pertinent circumstances into account, particularly possible significant business relations that could affect their independence. This analysis is described further in section [4.6 'Nomination committee activities in 2021'](#) 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 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 2021, the average term of independent non-executive directors was 4.05 years.

### TERM OF INDEPENDENT DIRECTORS



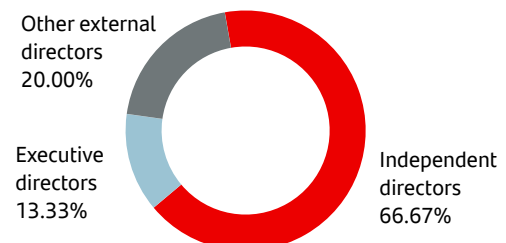
### Other external directors

- Javier Botín
- Luis Isasi
- Sergio Rial

These directors cannot be classified as independent directors for the following reasons:

- Mr Botín has been director for over 12 years.
- Mr Isasi as, although the nomination committee and the board believe that 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, under prudent criteria it is considered preferable to classify him as an external director.
- Mr Rial, as a former executive director of Banco Santander as CEO of Banco Santander (Brasil) S.A. and Regional head of South America until 31 December 2021.

### OUR BOARD COMPOSITION





**TENURE AND EQUITY OWNERSHIP<sup>A</sup>**

Board of directors		Tenure			Banco Santander shareholding <sup>D</sup>				
		Date of first appointment <sup>B</sup>	Date of last appointment	End date <sup>C</sup>	Direct	Indirect	Shares represented	Total	% of share capital
Executive chair	Ana Botín	04/02/1989	03/04/2020	03/04/2023	1,395,980	29,112,074		30,508,054	0.176%
Vice chair and chief executive officer	José Antonio Álvarez	25/11/2014	12/04/2019	12/04/2022	1,984,677			1,984,677	0.011%
Vice chair	Bruce Carnegie-Brown	25/11/2014	26/03/2021	26/03/2024	59,940			59,940	0.000%
Members	Homaira Akbari	27/09/2016	26/03/2021	26/03/2024	67,826	45,913		113,739	0.001%
	Javier Botín	25/07/2004	26/03/2021	26/03/2024	5,502,083	19,468,444	154,412,223 <sup>E</sup>	179,382,750	1.034%
	Álvaro Cardoso	23/03/2018	26/03/2021	26/03/2024	0			0	0.000%
	R. Martín Chávez	27/10/2020	27/10/2020	27/10/2023	0			0	0.000%
	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%
	Gina Díez	22/12/2020	22/12/2020	03/04/2023	0			0	0.000%
	Luis Isasi	03/04/2020	03/04/2020	03/04/2023	0			0	0.000%
	Ramiro Mato	28/11/2017	26/03/2021	26/03/2024	256,860			256,860	0.001%
	Sergio Rial	03/04/2020	30/05/2020	03/04/2023	236,413			236,413	0.001%
	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%
	<b>Total</b>					<b>9,659,060</b>	<b>49,103,272</b>	<b>154,412,223</b>	<b>182,666,501</b>
General secretary and secretary of the board	Jaime Pérez Renovales								

A. Figures from 31 December 2021.

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 while performing executive duties, 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 they do so, any shares they receive as remuneration are subject, in addition to the regulatory obligation not to sell them for one year from delivery, which applies to all cases, to a mandatory three-year holding period from their date of delivery, unless they already hold the mentioned investment equivalent.

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. 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. See 2.4 'Shareholders' agreements'.

For more details, see section 9.2 'Statistical information on corporate governance required by the CNMV'.

**Diversity**

A diverse board of directors is essential to its effectiveness. The combination of skills and experiences creates an environment with varied points of view that improves the quality of decision-making. Thus, we seek to achieve a sound balance of technical skills, expertise and points of view.

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 was amended in July 2018 in line with European legislation on the disclosure of non-financial and diversity information and the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) joint guidelines on suitability assessments of board members and key functions holders.

In 2019, the new gender equality target of 40%-60% representation of either gender in the board, was included. The policy was later amended in April 2020, at the time of the general review of the succession process for directors and other executive positions, and in December 2020, after the CNMV amended the Spanish Corporate Governance Code in June 2020 to include age diversity as a factor to take into account. Banco Santander applies this policy to select candidates for any vacancy on the board.

Our selection policy aims to diversify the board of directors in different terms. In particular:

- **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 between men and women 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 which maintains a balanced presence of women and men on the board.

On 26 February 2019, the board changed its minority gender target, set at 30% in 2016 by the nomination committee, to a gender target in the board by 2021, which implies a minimum and maximum representation of either gender of 40% to 60%. By November 2019, the board met this target and, at year-end, women already accounted for 40% of board members.

The board's number of women members is above the average for large listed companies in Spain and Europe. According to figures published by the CNMV in May 2021, based on the annual corporate governance reports for 2020, the percentage of female directors in IBEX 35 companies in Spain was on average 31.26%. Furthermore, according to the last Gender Diversity Index Report published by European Women on Boards (an association which cooperates with the European Commission) in October 2021 the percentage of female directors in large listed companies was, on average, 35%.

- **Age:** the selection policy on the selection, suitability assessment and succession of directors also considers that selection processes 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 and suitable to understand our Group's businesses, structure and geographies 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.

We updated it in 2018 to make it simpler, more transparent and comprehensive. It contains more information for our investors and other stakeholders, who demand that certain skills be more visible on our board. We also took into account recommendations from the EBA and ESMA guidelines on the suitability assessment of board members and key functions holders, and also ECB Guide to fit and proper assessments. It has been further updated in October 2020 to disclose information on board's diversity in terms of age, on the back of the CNMV's approval of the revised version of the Spanish Corporate Governance Code.

This year's matrix (below) follows the structure introduced last year:

- We distinguish **thematic** and **horizontal skills**.
- We include a separate **diversity section** that details diversity in terms of gender, country of origin and/or education abroad, and age. Finally, we also show **board tenure**.

In line with last year, the skills matrix discloses each board member's skills and competence as a sign of our commitment to transparency. Section [4.1 'Our directors'](#) includes a paragraph on each director's skills and competence to more clearly substantiate the matrix.

We also include an additional chart (entitled 'Committees skills and diversity matrix') that shows the balanced diversity of skills on the board as a whole and on each board committee. That 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.

This year's matrix (below) shows that there are no substantial gaps with regard to the qualitative composition of the board and its committees, although we remain focused on ensuring a robust board skills diversity. In particular, the ongoing need for coverage of strategic markets for Banco Santander as well as for technology, digital strategy, banking, finance and regulatory and ethics experience and expertise remains important, as evidenced by our most recent board appointments. The appropriateness of board skills and diversity will continue to be monitored on an ongoing basis.

**BOARD SKILLS AND DIVERSITY MATRIX**

	Executive		Independent										Other external		
	Ana Botín (chair)	José Antonio Álvarez (vice chair - CEO)	Bruce Carnegie-Brown (vice chair and lead independent director)	Homaira Akbari	R. Martín Chávez	Sol Daurella	Henrique de Castro	Álvaro Cardoso	Gina Díez Barroso	Ramiro Mato	Belén Romana	Pamela Walkden	Javier Botín	Luis Isasi	Sergio Rial
<b>SKILLS AND EXPERIENCE</b>															
<b>THEMATIC SKILLS</b>															
Banking (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Other financial services (66.7%)	•	•	•	•					•	•	•		•	•	•
Accounting, auditing and financial literacy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Retail (86.7%)	•	•	•	•		•	•	•			•		•	•	•
Digital & information technology (53.4%)	•	•	•	•	•		•				•				•
Risk management (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Business strategy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Responsible business & sustainability (80%)	•	•	•	•	•	•	•	•	•	•	•		•		•
Human resources, culture, talent & remuneration (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•		•	•
Legal and regulatory (13.3%)					•						•				
Governance and control (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
International experience	Continental Europe (80%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•
	US/UK (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•
	Latam (73.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•
	Others (46.7%)			•	•	•	•	•		•	•	•		•	•
<b>HORIZONTAL SKILLS</b>															
Top management (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Government, regulatory and public policy (6.7%)											•				
Academia and education (46.7%)	•		•	•	•	•			•	•					
Significant directorship tenure (86.7%)	•	•	•	•	•	•	•	•	•	•	•		•	•	•
<b>DIVERSITY</b>															
Female (40%)	•			•		•			•		•	•			
Country of origin / international education	Continental Europe (60%)	•	•			•	•			•	•	•	•	•	•
	US/UK (80%)	•	•	•		•		•	•	•	•	•	•	•	•
	Latam (20%)							•	•						•
	Others (6.7%)				•										
Age (years old)	Less than 55 (6.7%)												•		
	From 55 to 65 (73.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•
	More than 65 (20%)							•	•	•	•				
<b>BOARD TENURE</b>															
0 to 3 years (46.7%)					•		•	•	•	•	•	•	•	•	•
4 to 11 years (40%)		•	•	•		•			•	•	•				
12 years or more (13.3%)	•											•			

**COMMITTEES SKILLS AND DIVERSITY MATRIX**

	Executive committee	Audit committee	Nomination committee	Remuneration committee	Risk supervision, regulation and compliance committee	Innovation and technology committee	Responsible banking, sustainability and culture committee	
<b>SKILLS AND EXPERIENCE</b>								
<b>THEMATIC SKILLS</b>								
Banking	100%	80%	100%	80%	100%	85.7%	100%	
Other financial services	100%	60%	50%	40%	60%	71.4%	60%	
Accounting, auditing and financial literacy	100%	100%	100%	100%	100%	100%	100%	
Retail	100%	100%	50%	80%	80%	85,7	100%	
Digital and information technology	66.7%	60%	50%	60%	40%	85.7%	40%	
Risk management	100%	80%	75%	80%	100%	85.7%	100%	
Business strategy	100%	100%	100%	100%	100%	100%	100%	
Responsible business and sustainability	83.3%	60%	100%	60%	60%	85.7%	100%	
Human resources, culture, talent and remuneration	100%	100%	100%	100%	100%	100%	100%	
Legal and regulatory	16.7%	20%	25%	20%	40%	28.6%	20%	
Governance and control	100%	80%	75%	80%	100%	85.7%	100%	
International experience	Continental Europe	100%	80%	75%	100%	80%	100%	80%
	US/UK	100%	100%	75%	100%	100%	100%	100%
	LatAm	66.7%	60%	50%	60%	60%	71.4%	60%
	Others	33.3%	60%	75%	80%	60%	42.9%	40%
<b>HORIZONTAL SKILLS</b>								
Top management	100%	100%	100%	100%	100%	100%	100%	
Government, regulatory and public policy	16.7%	20%	–	–	20%	14.3%	20%	
Academia and education	50%	40%	100%	60%	40%	57.1%	60%	
Significant directorship tenure	100%	80%	75%	80%	60%	85.7%	100%	
<b>DIVERSITY</b>								
Female	33.3%	60%	50%	20%	40%	42.9%	60%	
Country of origin / international education	Continental Europe	83.3%	60%	25%	60%	60%	57.1%	60%
	US/UK	100%	80%	75%	60%	100%	85.7%	80%
	Latam	–	–	25%	–	–	–	20%
	Others	–	20%	–	–	–	14.3%	20%
Age (years old)	Less than 55	–	–	–	–	–	–	–
	From 55 to 65	83.3%	80%	75%	100%	80%	100%	60%
	More than 65	16.7%	20%	25%	–	20%	–	40%
<b>BOARD TENURE</b>								
0 to 3 years	16.7%	40%	50%	60%	60%	28.6%	20%	
4 to 11 years	66.7%	60%	50%	40%	40%	57.1%	80%	
12 years or more	16.7%	–	–	–	–	14.3%	–	

## 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, based on when they were appointed. Outgoing directors may be re-elected. Each appointment, re-election and ratification is submitted to a separate vote at the general meeting.

### Procedures for 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. If directors step down during the term of office, the board of directors may provisionally designate another director by co-option until the general meeting confirms or revokes the appointment at the earliest subsequent meeting.

The nomination committee must issue a report and a reasoned opinion in advance of any proposal the board will make to shareholders to appoint, re-elect and ratify any category of director, as well as in advance of any board resolution about co-option.

Proposals must include a duly substantiated report prepared by the board containing an assessment of the qualifications, experience and merits of the proposed candidate. Re-election and ratification proposals will 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 details, 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 his or her term (i.e. by general meeting resolution or by resignation), the director shall sufficiently explain the reasons for the 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. In addition, when appropriate, Banco Santander 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 recommendation of the nomination committee, deems it appropriate in cases that may adversely affect the board's functioning or Banco Santander's credibility 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 on the organization, supervision and solvency of credit institutions, and on the honourability requirements for directors and the consequences of directors who subsequently fail to meet them.

Directors must notify the board, as soon as possible, of any circumstances affecting them (whether or not they are related to their performance in Banco Santander) that might damage Santander's credibility or reputation, especially when under criminal investigation; and of the developments of any criminal proceedings. When the board is informed, or becomes aware in another way, of any such situations, it will examine them as soon as possible and, based on the particulars, will decide, following 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 non-executive 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 refreshment 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.

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 and include suitability and diversity standards and targets.
- 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.
- Identification of potential candidates to join the board of directors.
- A robust board member selection, suitability and nomination process.

This policy has specific core performance indicators, reviewed each year, for such aspects as succession effectiveness (replacements fulfilled 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 member succession planning, with sound and appropriate plans in place that are regularly revisited. Given the importance that the Group places in succession planning, in 2020 an external opinion was sought in relation to our succession policy and associated succession processes concluding that our succession arrangements and framework meet regulatory requirements and align with industry best practice.

### 4.3 Board functioning and effectiveness

#### The board is the 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 Group's day-to-day operations and apply its strategy. It focuses on general supervision and other functions it cannot delegate by law, under the Bylaws and the Rules and regulations of the board, including:

- General policies and strategies (including capital and liquidity, new products, operations and services; culture and values including policies on responsible business and sustainability, in particular, on environmental and social matters; risk control; 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 and communications about Group.
- Internal audit plan.
- Selection, succession and remuneration of directors, senior management and other key positions.
- Effectiveness of the group's corporate and internal governance system.
- Significant corporate transactions and investments.
- Calling the general shareholders' meeting.
- Governance-related matters in general (including the approval of non-delegable related-party transactions, which are not subject to the general meeting's authority).
- Banco Santander and Group's corporate and internal governance, including the GSGM, corporate frameworks and internal regulations.

#### Structure of the board

The board's governance structure ensures that it discharges its duties effectively. This section provides further details about this structure, which can be split into 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. The respective roles and responsibilities have been updated as at the date of this report. Further details are shown below.
- **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 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 supervision and taking important decisions the audit, nomination, remuneration and risk supervision, regulation and compliance committees.
- **A board secretary**, who supports the board, its committees and our chair, and is also general secretary of the Group.

#### Rules and regulations of the board

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 at 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. They set out the principles governing the actions of the board and its committees and the duties of its members.

In 2021 the board amended its Rules and regulations on two occasions:

On 27 April, to allow the possibility to appoint more than one vice-secretary of the board to assist with the duties of the secretary of the board and, where appropriate, to replace him in the event of absence, inability to act or illness. This possibility was subject to the Bylaws so providing, so their amendment will be proposed for approval at the next 2022 AGM. See section [3.5 'Our next AGM in 2022'](#).

On 27 July, to adapt them to, and ensure their consistency with Act 5/2021 and to make technical improvements and other minor changes. The main amendments adapting to Act 5/2021 were to:

- In relation to the approval and oversight of related-party transactions:
  - Introduce the delegation of the board's power to approve related-party transactions and an internal reporting and regular control procedure for any transactions that it has delegated its power to approve.

- Lay out the audit committee's report about related-party transactions that will be subject to approval at the general meeting or by the board, as well as its duties in overseeing the procedure for reporting on, and regularly controlling, any transactions the board has delegated.
- Align the internal rules for related-party transactions to the new legal provisions.
- In relation to the directors' remuneration scheme:
  - Adapt the rules on approval, entry into force and maximum duration of the directors' remuneration policy to the new legal provisions.
  - Amend the minimum content of the remuneration policy to the Spanish Companies Act.
  - Clarify that, if the annual remunerations report is rejected at the general meeting, the policy in force can only apply until the next annual general meeting.

Lastly, on 24 February 2022 the board changed its Rules and regulations to introduce fundamentally technical amendments and:

- Acknowledge that the board may establish that executives other than the chair report directly to the board or its committees. In this connection, on 24 February 2022 the board established that the chief executive officer will report exclusively to the board in line with governance best practice as further described below.

### Group executive chair and chief executive officer

Our executive chair is Ana Botín and our chief executive officer is José Antonio Álvarez. Their respective roles and responsibilities were updated as at the date of this report 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

- 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 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 (including Talent), Financial Accounting & Control, Strategy and Corporate Development, General Secretariat and Communications & Corporate Marketing.
- Risk, Compliance and Internal Audit functions have free and unfettered access to the board and its committees in order to preserve their full independence, without prejudice to the regular reporting lines to the chair and chief executive officer of the CAE and CRO.
- The chair also leads the appointment and succession planning of the senior management of Santander Group, to be submitted for approval to the nomination committee and board.

##### Chief executive officer

- The chief executive officer is entrusted with the day-to-day management of the business with the highest executive functions and exclusively reports to the board in this regard.
- Accordingly, the chief executive officer's direct reports are the senior managers in charge of the business units such as 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 & control functions.
- As responsible for day-to-day management, the CFO and Investment Platforms & Corporate Investments also report to the CEO.
- Additionally, the chief executive officer is responsible for Regulatory & Supervisory Relations and for embedding the sustainability policy of the Group in the day-to-day management of Group businesses and the support & control functions.

- Bolster coordination mechanisms between the audit and the responsible banking, sustainability and culture committees.
- Coordinate the wording of the Rules and regulations with the wording of the Bylaws provisions which amendment is proposed to the 2022 AGM.

The Rules and regulations of the board adhere to all legal requirements as well as the principles set out in the Spanish Corporate Governance Code, revised in June 2020; Corporate Governance Principles for Banks of the Basel Committee on Banking Supervision of July 2015; and the guidelines established by the EBA in Guidelines on internal governance that came into force on 31 December 2021.

Our rules on the audit committee also adhere to the recommendations and good operating practices established in Technical Guide 3/2017 of the CNMV, on Audit Committees of Public Interest Entities. It also complies with the US regulations because our shares are listed as ADS on the NYSE, in particular, with Rule 10A-3 under the Securities Exchange Act (SEA) on standards relating to audit committees pursuant to the Sarbanes-Oxley act of 2002 (SOX).

Our rules on the nomination and the remuneration committees also adhere to the recommendations and good operating practices set out in the CNMV's Technical Guide 1/2019 on Nomination and Remuneration Committees.

The duties of the group executive chair, the chief executive officer, the board, and its committees are clearly separated. Various checks

and balances properly balance Grupo Santander's corporate governance structure. In particular:

- The board and its committees supervise both the group 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.
- 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 group executive chair may not simultaneously act as Banco Santander's chief executive officer.
- The corporate risk, compliance 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 functions and their application of the lead independent director in 2021:

**DUTIES OF THE LEAD INDEPENDENT DIRECTOR AND ACTIVITIES DURING 2021**

Duties	Activities in 2021
Facilitate discussion and open dialogue among independent directors, including coordinating private meetings of non-executive directors without the executive present; and proactively engage with them to consider their views and opinions.	Held eight meetings with non-executive directors without executive directors present, where they were able to voice views and opinions. The meetings were also a valuable opportunity to discuss other matters such as, among others, board training topics, executive director and key management performance; reflections on areas for continuous improvement with regard to the operation of the board and its committees; and progress with externally facilitated Governance and Effectiveness reviews.
Direct the periodic evaluation of the chair of the board of directors and coordinate her succession plan.	Led the annual evaluation of the chair 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.
Engagement with shareholders and other investors with the purpose of gathering information on their concerns, in particular, with regard to Banco Santander's corporate governance.	See section <a href="#">3.1 'Shareholder communication and engagement'</a> for full details of the lead independent director's activities.
Replace the chair in the event of absence with key rights such as the ability to call board meetings under the terms set down in the Rules and regulations of the board.	Although lead independent director did not have to replace the chair of the board in any board meetings he remained fully committed with its proper functioning.
Request that a meeting of the board of directors be called or that new items be added to the agenda for a meeting of the board.	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 and encouraged constructive challenge on the same.

The board currently has seven committees and one international advisory board with the following characteristics:

	Mandatory committees (required by Law, under Bylaws or under 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 board's secretary is also general secretary of Banco Santander. He acts as the secretary of all board committees and thus facilitates a fluid and effective relationship between the committees and the different units of the Group that must collaborate with them. It is not necessary to be a director to be secretary.

The nomination committee must issue an opinion before submitting proposals to appoint or remove the secretary to the board.

The board has three vice-secretaries. 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. In April 2021, the board of directors appointed 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) as vice-secretaries, replacing Óscar García Maceiras (who left the Group in March).

## Board meetings

The board of directors held 15 meetings in 2021, including 13 ordinary meetings and 2 extraordinary meetings. 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 an annually set calendar and a provisional agenda of items to discuss, new items can be added to the agenda and additional meetings can be called in accordance with new business needs. 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 also keeps a formal list of matters only it can address. It prepares a plan to distribute them among the ordinary meetings scheduled in the provisional calendar it has approved.

Directors are given relevant documents sufficiently in advance of each meeting of the board. This information sent to them via secure electronic means is specifically for preparing meetings and, in the board's opinion, it is thorough and sent sufficiently in advance.

The Rules and regulations of the board of directors also expressly recognise directors' right 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.

The board meets at the chair's discretion or at the request of at least three directors.

The lead independent director is also authorised 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 make sure to limit absences to cases of absolute necessity. The nomination committee

checks that no less than 75% of directors attend board and committee meetings. For further information, see 'Board and committee attendance' in this section [4.3](#).

If directors are unable to be present at meeting, they can designate another director as their special proxy for each meeting in writing to act on their behalf. Proxies are granted with instructions. Non-executive directors may only be represented by other non-executive directors. One director can hold more than one proxy.

The board may meet in various rooms at the same time, provided that interactivity and communication among them in real time can be secured by audio-visual means or by telephone to hold the meeting concurrently.

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 qualified majorities according to the law.

The board secretary keeps the board's documents on file. He 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. Although 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<sup>A</sup>

	Santander	Average Spain	US average	UK average
Board	15	12.8	9.4	11.6
Executive committee	40	10.7	—	—
Audit committee	14	8.8	8.4	5.5
Nomination committee	12	7	4.7	4.3
Remuneration committee	12	7	6.2	5.5
Risk supervision, regulation and compliance committee	6	NA	NA	NA

Source: Spencer Stuart Board Index 2021 (Spain, United States and United Kingdom).

NA: Not available.

The following chart shows the board's approximate time allocation to each function in 2021.

#### APPROXIMATE ALLOCATION OF THE BOARD'S TIME IN 2021



#### Committee meetings

Board committees follow a meetings 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 yearly. Each committee meets as often as is required to fulfil its duties.

#### Board and committee attendance

The table below shows the attendance rate of board and committee meetings.

#### ATTENDANCE TO THE BOARD AND COMMITTEE MEETINGS IN 2021

Directors	Committees							
	Board	Executive	Audit	Nomination	Remuneration	Risk supervision, regulation and compliance	Innovation and technology	Responsible banking, sustainability and culture
Average attendance	99%	94%	100%	97%	98%	96%	96%	100%
Individual attendance								
Ana Botín	15/15	39/40	–	–	–	–	4/4	–
José Antonio Álvarez	15/15	40/40	–	–	–	–	4/4	–
Bruce Carnegie-Brown	15/15	32/40	–	12/12	12/12	–	3/4	–
Homaira Akbari	15/15	–	14/14	–	–	–	4/4	6/6
Javier Botín	15/15	–	–	–	–	–	–	–
Álvaro Cardoso <sup>A</sup>	13/15	–	–	–	–	4/4	–	6/6
R Martín Chávez	14/15	–	–	11/12	11/12	15/16	4/4	–
Sol Daurella	15/15	–	–	12/12	12/12	–	–	6/6
Henrique de Castro	15/15	–	14/14	–	12/12	–	4/4	–
Gina Díez <sup>B</sup>	15/15	–	–	–	–	–	–	–
Luis Isasi	15/15	39/40	–	–	12/12	15/16	–	–
Ramiro Mato	15/15	40/40	14/14	–	–	16/16	–	6/6
Sergio Rial	15/15	–	–	–	–	–	–	–
Belén Romana <sup>C</sup>	15/15	35/40	14/14	–	–	16/16	4/4	6/6
Pamela Walkden <sup>D</sup>	15/15	–	14/14	–	–	10/11	–	–

Note: The table details directors' attendance whenever they personally attended meetings of the board or its committees. For this purpose, absent directors who were represented are not counted among attendees. The nomination committee was informed of, and declared its satisfaction with, directors' reasons for not being present

A. Stepped down as chair and member of the risk supervision, regulation and compliance committee on 1 April 2021.

B. Member of the nomination committee since 22 December 2021.

C. Appointed chair of the risk supervision, regulation and compliance committee on 1 April 2021.

D. Member of the risk supervision, regulation and compliance committee since 1 of May 2021.

Committee meetings will be quorate if more than half of committee members are present in person or by proxy. Committee resolutions pass with a simple majority of votes. In the event of a tie, the committee chair has the casting vote. Committee members may grant a proxy to another member; however, non-executive directors can only be represented by other non-executive directors.

Committee members are given relevant documents sufficiently in advance of each meeting to ensure effectiveness.

Committees have the authority to summon executives, who will appear at meetings at the invitation 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 committees' meeting minutes and all documents provided for meetings.

This table shows the average dedication of our directors to the board and committees:

#### AVERAGE DEDICATION OF DIRECTORS TO THE BOARD AND COMMITTEES

	Meetings per year	Average of hours per member <sup>A</sup>	Average of hours per chair <sup>A</sup>
Board	15	156 <sup>B</sup>	312 <sup>B</sup>
Executive committee	40	200	400
Audit committee	14	140	280
Nomination committee	12	48	96
Remuneration committee	12	48	96
Risk supervision, regulation and compliance committee	16	160	320
Responsible banking, sustainability and culture committee	6	30	60
Innovation and technology committee	4	16	32

A. Includes hours of meeting preparation and attendance.

B. Of the 13 ordinary meetings held.

On average, each director dedicated approximately 58 days per year to their role (including their participation in committees), and 5 days to each board meeting, working 8 hours daily.

Directors must report any professional activity or post for which they will be nominated to the nomination committee so it can assess the time commitment to the group and check for possible conflicts of interest.

The annual suitability reassessment our nomination committee conducts every year (see in section [4.6 'Nomination committee activities in 2021'](#)) allows us to keep all information on the estimated time dedicated by directors to other roles and/or professional activities up to date and confirm their capacity to exercise good governance as directors of Banco Santander. Therefore, any necessary travel time taken to attend in-person board meetings is considered for reference purposes.

Overall, Banco Santander is able to verify compliance with the maximum number of company boards on which the law allows our directors to serve at once (i.e., up to 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 promotes its directors' continued training through an annual board training programme. Its contents are chosen by the board based on its performance reviews as well as technological, risk management and regulatory issues.

In 2021, programme workshops (held, as usual, after board meetings) addressed these topics:

- Regulatory compliance regarding conflicts of interest, market abuse, competitors and other types of risk.

- Risk Appetite Statement annual review covering material risks, calibration of limits and implementation across the Group and future enhancements proposed for 2022.
- Credit risk management regarding provisions calculations (e.g. covid-19 overlay, scenarios and impacts, and management of vulnerable industries).
- The transition from the IBOR to alternative benchmark rates as well as identification of key risks (especially legal, business, financial and accounting risks).
- Regulatory requirements regarding financial crime and best practice guidance (including anti money laundering and sanctions).
- The building and measurement of risk regulatory models.
- New special situations and resolution framework and governance bodies' roles and responsibilities in special situations.
- Cloud migration, system changes and expectations for 2022.

In addition, the board has sound induction and development programmes so new directors can better understand Santander's business and governance rules. They normally run for six to twelve months from the time the board appoints a new director. They involve key group managers who provide detailed information on their areas of responsibility, and address the special needs found in a director's suitability assessment.

In 2021, these directors completed induction programmes with additional areas of focus:

- R Martín Chávez, who attended specific deep-dive workshops on the Single Supervisory Mechanism (SSM) and on Spain's regulatory framework because he had developed his career in the US. Mr Chávez's induction plan ended in January 2021.
- Gina Díez, who attended additional deep-dive workshops on and on the Single Supervisory Mechanism (SSM) and regulatory framework because she had developed her career in Mexico. Also, she received additional training in auditing, accounting and financial risk management. Ms Díez's induction plan ended in July 2021.

Those programmes were tailored to their experience and particular induction needs found in their suitability assessments

#### Board assessment in 2021

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 independent consultant, whose independence is assessed by the nomination committee. In 2020, the assessment was conducted by an external independent expert and complemented by a wider external review of our governance arrangements in 2021, with the aim of assessing its overall functioning and adherence to regulations, supervisors' expectations, and industry best practice. In addition to the above-mentioned structured reviews, we conducted an internally facilitated review of the effectiveness of our board practices. For more details, see 'Board assessment and actions to continuously improve its functioning' in section [1.2](#).

The resultant actions and associated outcomes of the reviews have been the subject of further work in 2021 and have supported our continued priority focus on effective governance.

## 4.4 Executive committee activities in 2021

### Composition

Position		Category	Appointed on
Chair	Ana Botín	Executive	11/12/1989 <sup>A</sup>
	José Antonio Álvarez	Executive	03/01/2015
	Bruce Carnegie-Brown	Independent	12/02/2015
Members	Luis Isasi	Other external	20/05/2020
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	01/07/2018
Secretary	Jaime Pérez Renovales		

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. The executive committee generally meets once a week to ensure key decision-making in a timely and efficient manner, so the board can focus on general supervision. It regularly reports to the board on its core matters, providing all directors with the minutes and documents from its meetings.

### Committee performance

The board, supported by its nomination committee, sets the executive committee's size and qualitative composition, focused on overall effectiveness while keeping with the board composition guidelines. Although the executive committee does not exactly mirror the qualitative composition of the board of directors, it is consistent with an external director majority, including three independent directors. This composition ensures a balance of opinions as well as internal and external perspectives. It also complies with Recommendation 37 of the Spanish Corporate Governance Code, which recommends to have at least two non-executive directors, including one independent director. The secretary of the board is also the secretary of the executive committee.

The executive committee can meet as many times as its chair convenes it, however, it generally meets once a week.

### Main activities in 2021

In 2021, 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 subsequently submitted to the board of directors.

The key topics covered in the year were:

- **Results:** The committee was kept up to date on the Group's results and their impact on investors and analysts.
- **Business performance:** The committee was kept continuously and fully informed of the performance of the Group's business areas, through management reporting or reports on specific matters.
- **Information reported by the chair:** The board's chair, who also chairs the executive committee, regularly reported on key matters

relating to the Group's management, strategy and institutional issues.

- **Information reported by the CEO:** The CEO reported on key matters relating to the Group's performance, budget and strategic business plans execution.
- **Corporate transactions:** The committee analysed and (where appropriate) approved some corporate transactions (e.g. investments and divestments, joint ventures and capital transactions).
- **Covid-19:** The committee was kept informed of the pandemic and was active in decision-making to mitigate its impact on the Group and the global economy, to preserve the health of employees and customers and to provide healthcare and financial resources to public and private institutions fighting the pandemic.
- **Risks:** The committee was regularly informed about the risks facing the Group. Within the framework of the risk governance model, it made decisions about transactions that it had to approve due to their materiality. It was also kept informed on specific risk matters such as the Group's leveraged finance, distribution risk and credit evolution in certain industries.
- **Subsidiaries:** The committee received reports on the performance of the various units and business lines. In particular, it was kept duly informed about Santander España's headcount and distribution model restructuring, specific regional projects (such as the One Europe App), strategic initiatives the board had approved during the year affecting subsidiaries and the appointments of key positions there.
- **Capital and liquidity:** The committee reviewed regulatory plans and exercises (e.g. EBA stress test) and received regular reports on capital ratios and the measures taken to optimize them; pricing (originations) and portfolio profitability.
- **Supervisors and regulatory matters:** The committee was regularly informed of regulatory developments, the supervisory agenda for the year and projects to ensure compliance with supervisory recommendations and regulatory changes.
- **Governance models:** The committee discussed the new governance and strategy models for new units (such as the Investment Platforms) before they were submitted to the board for approval.
- **Issuances:** By virtue of the board's delegation, the committee issued non-convertible debentures.

In 2021, the executive committee held 40 meetings. 'Board and committee attendance' in section 4.3 provides information on members' meeting attendance and the estimated average time each one spent on preparing for and participating in meetings.

### 2022 priorities

- Ensuring at all times the committee's effectiveness with consideration for all areas for continuous improvement and an overall review of its operations.
- Continuing to ensure proper coordination with the board and its committees (including other executive committees.)
- Monitoring the performance of strategic initiatives that affect the Group's many global businesses and subsidiaries.

#### 4.5 Audit committee activities in 2021

'Our fundamental responsibility is the effective oversight of the financial information process and internal controls, ensuring the effectiveness of our internal audit function and maintaining a professional and open relationship with the external auditors. We must remain flexible and adapt priorities to the new challenges that may not have been foreseen at the beginning of the year. 2021 proved no different as we faced the second year of managing through a global pandemic, supporting our customers and staff, while maintaining the appropriate controls.

The committee benefited from a good mix of experience and skills of our members. Each provided appropriate advice and challenge to the management. We also took views from all three key lines of defence (management, risk and audit) to oversee the progress in key global initiatives.

Communication with executives and non-executives globally became even more important, given the travel restrictions around the world, as it allowed us to share with them our concerns and thoughts with them.

In the coming year, we will progress some exciting and large strategic projects in which we will try to strike the delicate balance of supporting management and ensuring an appropriate level of control for a Group of our size'.

##### Pamela Walkden

Chair of the audit committee

This section is the report the audit committee prepared on 21 February 2022 regarding its activities. The board of directors approved it on 24 February 2022.

##### Composition

	Position	Category	Appointed on
Chair	Pamela Walkden	Independent	29/10/2019 <sup>A</sup>
	Homaira Akbari	Independent	26/06/2017
Members	Henrique de Castro	Independent	21/10/2019
	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 regarding the matters it handles.

For more details, see section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees 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, her past leadership positions at entities where accounting expertise and risk management were essential, and her international experience - primarily in the UK and Asia.

##### 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 Auditoria de Cuentas* (Accounting and Audit Institute or ICAC) of the Ministry of Economic Affairs and Digital Transformation under number S0242.

Lead partner Julián González, assumed Alejandro Esnal's role in 2021. Mr González has experience as a global groups' 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 21 February 2022 and prior to the issuance of the 2021 auditor's report on the financial statements in line with the terms established under section 4.f) of Article 529 *quaterdecies* of the Spanish Companies Act, and Article 17.4.c) (iii) of the Rules and regulations of the board, concluding that, in its opinion, it had no objective reason to question the external auditor's independence.

In assessing the auditor's independence the committee considered personal circumstances and the financial relationship the auditor or persons performing the audit have with the Group; analysed possible threats; and established the appropriate safeguarding measures.

The committee also considered the information included in subsection 'Duties and activities in 2021' in section on the auditor's remuneration for audit and other services as well as written confirmation from the external auditor regarding its independence from Banco Santander in accordance with European and Spanish law, SEC rules and the rules of the Public Company Accounting Oversight Board (PCAOB).

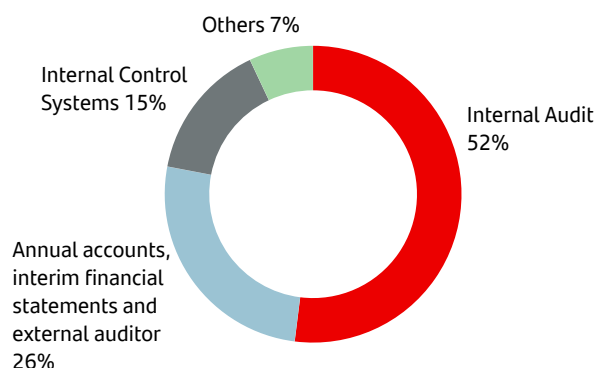
##### Proposed re-election of the external auditor for 2022

As indicated in section 3.5 'Our next AGM in 2022', the board of directors will submit a resolution to re-elect PwC as external auditor for 2022 at our 2022 AGM, following the proposal the audit committee had issued in November 2021. If PwC is re-elected, Mr González will continue as lead partner in auditing the accounts in accordance with the Spanish Account Auditing Act.

##### Time allocation

In 2021, the audit committee held 14 meetings. 'Board and committee attendance' in section 4.3 provides information on members' attendance and the estimated average time each one spent on preparing for and participating in meetings.

The chart below shows the committee's approximate time allocation to each function in 2021.



### Duties and activities in 2021

This section summarizes the audit committee's activities in 2021.

Duties	Actions taken
<b>Financial statements and other financial and non-financial information</b>	
<b>Review the financial statements and other financial and non-financial information</b>	<ul style="list-style-type: none"> <li>Reviewed the individual and consolidated financial statements and the 2021 directors' reports and submitted it prior to their approval by board of directors, monitoring compliance with legal requirements and the proper application of accounting principles and that the external auditor issued the corresponding report with regard to the effectiveness of the Group's system of internal control over financial reporting (ICFR).</li> <li>Reviewed quarterly financial information (dated 31 December 2020, 31 March, 30 June and 30 September 2021, respectively), prior to its approval by the board of directors, and they were subsequently released to the market and supervisory bodies.</li> <li>Reviewed other financial information such as: the annual corporate governance report; shares registration document filed with the CNMV; Form 20-F with 2020 the financial information, filed with SEC; the half-yearly financial information filed with CNMV and with SEC as Form 6-K.</li> <li>Oversaw and assessed the preparation and reporting of non-financial information in accordance with applicable regulations and international benchmarks. In particular, reviewed the annual 'Green Bond' report that covers the investments for each green bond issuance before the board approved it.</li> </ul>
<b>Report to the board about applied tax policies</b>	<ul style="list-style-type: none"> <li>Received information on the tax policies applied, in compliance with the Code of Good Tax Practices; and submitted it to the board of directors, clearly stating that, as part of the cooperation the code advocates, the Tax transparency report for the 2020 fiscal year had been filed with the <i>Agencia Estatal de Administración Tributaria</i> (Spanish Tax Authority or "AEAT").</li> </ul>
<b>Relations with the external auditor</b>	
<b>Receive information on the audit plan</b>	<ul style="list-style-type: none"> <li>Obtained confirmation from the external auditor that it had full access to all information to conduct the audit.</li> <li>Discussed improvements to financial reporting in light of new accounting standards and best international practices.</li> <li>Received information on the planning, progress and execution of the audit plan.</li> <li>Analysed audit reports about the annual financial statements before the external auditor submitted them to the board of directors.</li> </ul>
<b>Relations with the external auditor</b>	<ul style="list-style-type: none"> <li>The external auditor attended all committee meetings held in 2021, serving as a channel of communication between the external auditor and the board.</li> <li>The committee met with the external auditor two times in 2021 to discuss the audit work without the presence of the executives.</li> <li>Oversaw the change of the lead partner during 2021 and made certain that rotation rules were followed.</li> </ul>
<b>Assessment of the auditor's performance</b>	<ul style="list-style-type: none"> <li>Performed the external auditor's final evaluation and its contribution to financial reporting integrity on account of its work and the opinions of units and the audit committees chairs of Group's entities. During that assessment, the auditor informed the committee of the findings of regulators' inspections of PwC, which the committee analysed along with details about any relevant investigations involving PwC.</li> </ul>

**Duties****Actions taken****External auditor's independence****PwC's remuneration for audit and non-audit services**

- Monitored PwC's remuneration, including these fees for audit and non-audit services provided to the Group:

EUR million	2021	2020	2019
Audit	103.7	99.4	102.4
Audit-related services	6.0	6.0	7.8
Tax advisory services	0.7	0.8	0.7
Other services	2.4	1.2	2.3
<b>Total</b>	<b>112.8</b>	<b>107.4</b>	<b>113.2</b>

The 'Audit' heading mainly includes audit fees for the individual and consolidated financial statements of Banco Santander, S.A., and of some of its subsidiaries; the integrated audits prepared in order to file Form 20-F for the annual report with the SEC in the US regarding any entities subject to it; the internal control audit (SOX) for Group's entities subject to it; the audit of the consolidated financial statements as of 30 June; and the regulatory auditor's reports on Grupo Santander's geographies.

Tax advisory services provided by PwC totalled EUR 75,840 for Spain and EUR 575,122 for other Group subsidiaries.

The main fees under 'Audit-related services' include, amongst others, comfort letters, verifying financial and non-financial information (as required by regulators), and reviews of the documents to be submitted to domestic or foreign securities market authorities that due to their nature are provided by the external auditor.

The 'Audit fees' and 'Audit-related fees' caption includes the fees corresponding to the audit for the year, regardless of the date on which the audit was completed. In the event of subsequent adjustments, which are not significant in any case, and for purposes of comparison, they are presented in note [47.b](#)) in the 'Notes to the consolidated financial statements' in the year to which the audit relates. The rest of the services are presented according to their approval by the audit committee.

The fees paid for non-audit services and their proportion to all fees invoiced to Banco Santander and/or its group are as follows:

	Company	Group companies	Total
Amount of non-audit work (thousands of EUR)	556	2,567	3,123
Amount of non-audit work as a % amount of audit work	0.5%	2.5%	3.0%

In 2021, Santander arranged for services provided by audit firms other than PwC EUR 263.8 million (EUR 172.4 and 227,6 million in 2020 and 2019, respectively).

**Non-audit services. Assess threats to the independence and protective measures**

- Reviewed services rendered by PwC and confirmed its independence. For those purposes, it:
  - Verified that all services rendered by the Group's auditor, including audit and audit-related services, tax advisory services (mainly on tax and compliance tax advice and tax compliance services) and other services detailed in the section above, met the independence requirements set out in the applicable regulation.
  - Verified the 2021 ratio non-audit services fees to total fees received by the auditor for all services provided to the Group, with stood at 3.0%.
  - Average fees paid to auditors in 2021 for non-audit and related services account for 8% of total fees paid as a benchmark according to available information on the leading listed companies in Spain.
  - Verified the ratio of fees paid for all items relating to the services provided to the Group to total fees accrued in 2021 by PwC as a firm. The Group's total fees paid are less than 0.30% of PwC's total revenue worldwide.
  - Reviewed banking transactions performed with companies related to PwC and concluded that none that could compromise PwC's independence have been detected.
  - Since the publication of the (EU) Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, Banco Santander meets the requirement that, for three or more consecutive years, total fees received for non-audit services do not exceed 70% of the average fees paid in the last three consecutive years for the audit of the Group's entities.

**External auditor independence report**

- After considering the information above, the committee issued its 'Report on the independence of the external auditor', which is described at the beginning of this section [4.5](#).

**Re-election of the external auditor****Re-election of the external auditor**

- Proposed to the board, for subsequent submission to the 2022 AGM, the re-election of PwC as the external auditor of Banco Santander and its consolidated Group for 2022.

**Duties****Actions taken****Internal audit function****Oversight of the Internal audit function**

- Supervised the internal audit function and ensured its independence and effectiveness in 2021.
- Continued monitoring Covid-19's impact on internal audit activities on a regular basis.
- Reported on progress made with the internal audit plan, with exhaustive control over internal audit recommendations and ratings of corporate units and functions. The chief audit executives (CAEs) of the core corporate units and divisions reported at least once to the committee in 2021.
- Held its meetings in 2021 with the CAE and representatives of the Internal Audit division in attendance; and held private meetings with the CAE without other executives or the external auditor present.
- Proposed the 2021 Internal audit function budget, ensuring that it had the physical and human resources needed to perform its function effectively; and was kept apprised of the progress and timetable of the Audit hubs being created, as well as of digital initiatives relating to the Internal Audit division.
- Reviewed the strategic audit plan for 2021-2024 based on a comprehensive risk assessment and submitted it to the board for approval.
- Received regular information on the internal audit activities carried out in 2021, highlighting an overall improvement in audit ratings, in part, due to continued focus on building a stronger control environment; and conducted an additional review of issued audit reports, requiring that relevant business areas present action plans.
- Increased first-line management's involvement in internal audit recommendations and related documents about 2021.
- Received holistic reviews of internal audit coverage of key topics to ensure proper oversight, with second line of defence representatives invited to provide it with additional feedback.
- Reviewed and recommended to the board the 2021 objectives for the CAE; and assessed the Internal audit function's preparedness and effectiveness when fulfilling its duty, as well as the CAE's performance in 2021 (which was reported to the remuneration committee and the board to determine his variable remuneration).
- Required that an external assessment of the Internal audit function be performed in 2022 according to the best practices of International Internal Audit Standard 1312 to ensure compliance with regulation and international practices.

**Internal control systems****Monitoring of the evaluation of the internal control systems**

- Received information on the evaluation and certification the Group's internal risk control system (IRCS) for 2020 and assessed its effectiveness, in compliance with regulatory requirements with from the CNMV (ICFR- Internal Control over Financial Reporting) and the SEC Sarbanes-Oxley Act (SOx). Its main priority was the reduction of risk in the risk control system and actions in certain geographies.

**Whistleblowing channel (Canal Abierto)**

- Received the annual update about Canal Abierto (the whistleblowing channels in the Group) in a joint meeting with risk supervision, regulation and compliance committee, helping ensure that the Group's culture is embedded in the working environment is conducive to employees' talking straight and being truly listened to.

**Coordination with Risk**

- Developed different activities to ensure that the internal audit plan is properly coordinated with the Group's relevant risks.
- Held three joint meetings with the risk supervision, regulation and compliance committee in order to share information and discuss topics of mutual interest including the group risk control environment assessment, model risk, financial crime compliance, whistleblowing and third-party supplier risk management.
- Held monthly meetings with the chairs of both the audit committee and the risk supervision, regulation and compliance committee. As detailed in section [1.1 'Board skills and diversity'](#), Pamela Walkden was appointed to the risk supervision, regulation and compliance committee. The CRO was also invited to all 2021 committee's meetings.

**Other activities**

- Was engaged in the appointment of any new CAE at subsidiaries in line with Group's internal regulation ensuring their proper oversight and control.
- Continued its collaboration with the responsible banking, sustainability and culture committee to supervise and evaluate the preparation of non-financial information.

**Related-party and corporate transactions****Creation of special-purpose vehicles or entities based in countries considered non-cooperative jurisdictions**

- Was informed by the head of Tax of the Group's offshore entities in accordance with Spanish regulations. See note [3.c\)](#) in the 'Notes to the consolidated financial statements'.

**Approval and oversight of related party transactions**

- Reviewed transactions carried out by Banco Santander to ensure they satisfied the Rules and regulations of the board and relevant legislation in relation to related parties and seeking board approval where required. The committee has examined the financial statements in regard to regarding related party transactions. See section [4.12 'Related-party transactions and conflicts of interest'](#).
- Was informed of the amendments on related-party transactions in the Spanish Companies Act through Act 5/2021 and informed the board of its endorsement of the recommendation that it delegate to competent bodies, committees, proxies and executives approval of their own related-party transactions in the ordinary course of business; approval of the internal disclosure; and regular control of any transactions it has delegated to the committee to approve.

**Transactions involving structural or corporate changes**

- Reviewed the corporate transactions that the Group planned in 2021 prior to the submission to the board of directors, analysing their economic conditions, accounting and internal audit impact.



**Duties****Actions taken****Information for general meetings and corporate documents**

<b>Shareholders information</b>	• At our 2021 AGM (held remotely), board secretary Jaime Pérez Renovales, and substituting Pamela Walkden as committee chair, reported to shareholders on the matters and activities within the committee's scope in 2020.
<b>Corporate documents for 2021</b>	• Prepared this report on its activities in 2021, which includes a performance review of its assigned functions and key priorities for 2022 based on the assessment of the effectiveness of the board and its committees.

**Annual assessment of the committee and its achievement of 2021 objectives**

In 2021, to follow up on the external review in 2020, an internal effectiveness review of our board practices was conducted and areas for improvement were identified. For more details about the internal review and its findings see 'Board assessment in 2021' in section [4.3](#).

The committee took the actions planned for 2021. In particular, it:

- Reinforced the coordination and sharing of information with other committees, especially with the risk supervision, regulation and compliance committee. The audit committee chair was appointed as member of the latter. In addition, the Group CRO was invited to all committee meetings in 2021 and three joint meetings were held to ensure ongoing coordination and raise awareness of mutual areas of interest.
- Strengthened coordination and information exchange with the core units and divisions through the reciprocal participation of the committee chair in the meetings of the audit committees of the different countries and the chairs of the audit committees of the different countries at committee meetings.
- Held another Audit Committee Chairs Convention to raise awareness of global initiatives and expectations and to create an opportunity to collectively discuss relevant issues, putting the focus on key areas: model risk, climate change and trends in non-financial information, compliance and financial crime, provision of credit risk and areas for improvement, among others.
- Reviewed a committee activity interim report to ensure that the committee's responsibilities were being adequately fulfilled and that the expectations of the committee members were met, compliance with the applicable rules and alignment of meeting planning with business needs and promotion of a continuous feedback environment.
- Remained focused on, and debated, such critical aspects as the supervision of the internal audit function and the internal control systems and, in particular, control environment risk assessment, execution of the internal audit plan, model management, anti money laundering and relationships with third party suppliers.
- Promoted a greater presence of the first line of defence, for which it required the presence of the country head/local CEO during the local CAE's updates on internal audit on a significant number of occasions.

- Continuing to focus on key judgements that are made in preparing the Group's financial statements.
- Monitoring internal audit plan execution, especially in terms of how management identifies and measures emerging risks from the covid-19 crisis and overseeing the Group's response to its environmental ambitions.

**2022 priorities**

The committee set these priorities for 2022:

- Continuing to focus on its size and composition, particularly regarding the accounting, financial, risk management and audit expertise it needs, as well as any other areas that will enhance its effectiveness.

## 4.6 Nomination committee activities in 2021

'The committee continued its work on overseeing the process on key appointments to the board and senior management roles, supported by its work on robust succession planning. Focus remained on the collective skills and experience of the board and ensuring that gender and broader diversity remain front of mind in our succession planning.

Given our commitment to continuous improvement and to fully adhering to the best industry standards, evolving supervisory expectations and to stakeholders' best interests (clients, employees, shareholders and, more generally, the community in which Banco Santander operates), we continued our work on improving our overall effectiveness through commissioning an external evaluation to holistically review our governance model.

An appropriate mix of members' skills, further reinforced by the appointment of Gina Díez as a member, helped the committee to address these tasks and to operate effectively, offering appropriate challenge and support to management'.

### Bruce Carnegie-Brown

Chair of the nomination committee



This section is the report the nomination committee prepared on 21 February 2022 regarding its activities. The board of directors approved it on 24 February 2021.

### Composition

Position		Category	Appointed on
Chair	Bruce Carnegie-Brown	Independent	12/02/2015 <sup>A</sup>
	R Martín Chávez	Independent	22/12/2020
Members	Sol Daurella	Independent	23/02/2015
	Gina Díez Barroso	Independent	22/12/2021
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 regarding the matters it handles.

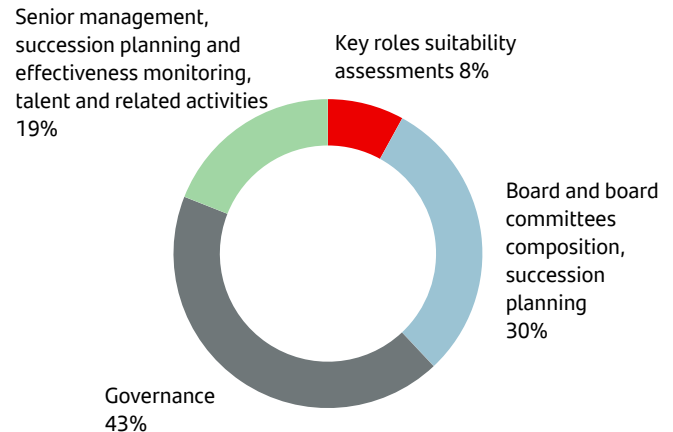
For more details, see section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section 4.2.

The only change in the committee composition in 2021, was Gina Díez appointment on 22 of December 2021.

### Time allocation

In 2021, the nomination committee held 12 meetings. 'Board and committee attendance' in section 4.3 provides information on members' attendance and the estimated average time each one spent on preparing for and participating in meetings.

The chart below shows the committee's approximate time allocation to each function in 2021.



## Duties and activities in 2021

This section summarizes the nomination committee's activities in 2021.

Duties	Actions taken
<b>Composition of the board and its committees</b>	
<b>Selection, suitability assessment and succession policy and renewal of the board and its committees</b>	<ul style="list-style-type: none"> <li>Ensured board member selection procedures guaranteed directors' individual and collective suitability; fostered diversity of gender, experience and skills; and conducted the necessary analysis of the required expertise, skills and time commitment for effective board membership.</li> <li>Continued playing a leading role in the appointment of board and committee members and senior managers, and planning their succession.</li> <li>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.</li> <li>Continued monitoring the board of directors' overall skills and competencies, including the need to cover Banco Santander's strategic markets and such areas as technology, digital strategy, banking, finance, regulation and ethics.</li> <li>Continuously oversaw appointments of key positions and the regular strategic review of leadership succession plans.</li> <li>Ensured candidate pool selection for any nomination, interviews and appointment decisions actively took into account diversity in its broadest sense.</li> </ul>
<b>Appointment, re-election, confirmation and removal of directors and committee members</b>	<ul style="list-style-type: none"> <li>Verified that the overall composition and skills of the board of directors and its committees are appropriate and identified, utilizing the skills matrix and the 2020 board effectiveness review, desired areas of expertise and experience in recruitment.</li> <li>Recommended the board nominate Germán de la Fuente as a new board member for subsequent approval at the AGM. He will contribute significant auditing, accounting and technical banking expertise.</li> <li>Submitted proposals to the board to make changes to certain committees' composition in order to strengthen their performance and support to the board in their areas of authority.</li> <li>Gina Díez was appointed a new committee member 12 months after being appointed a board member in December 2020. She had been nominated to join the committee in consideration of her skills, qualifications and experience (especially in corporate governance, strategic analysis and evaluation of human resources, selection of senior officers, the performance of senior management duties, and other tasks the committee usually discharges).</li> </ul>
<b>Succession planning</b>	
<b>Succession planning for executive directors and senior managers</b>	<ul style="list-style-type: none"> <li>Reviewed the information it received regularly on senior executive succession planning (which included key positions in subsidiaries) and made sure it is being implemented to ensure the orderly succession of senior managers through a rigorous, transparent, merit-based and objective process, that promotes diversity in its broadest sense.</li> <li>Reviewed an external expert's report that concluded Banco Santander's succession arrangements and framework for the board and critical roles throughout the Group are consistent with regulatory requirements and best industry practice.</li> </ul>
<b>Director status verification</b>	
<b>Annual verification of the status of directors</b>	<ul style="list-style-type: none"> <li>Verified each director category (i.e. executive, independent and other external) and submitted its proposal to the board of directors that it be confirmed or revised in the annual corporate governance report and at the AGM. See section <a href="#">4.2 'Board composition'</a>.</li> <li>Assessed directors' independence, verifying no significant business ties between the Group and companies in which they are or have been significant shareholders or directors, in particular regarding financing extended by the Group to such companies. In all cases, the committee concluded that the existing ties were not significant because (i) financing (a) did not create economic dependence for such companies because it could be replaced by different bank-based or other sources of funding, 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. NYSE, Nasdaq and Canada's Bank Act), among other reasons.</li> </ul>
<b>Regular assessment</b>	
<b>Annual suitability assessment of directors and key officers</b>	<ul style="list-style-type: none"> <li>Assessed the suitability of the members of the board, senior management members, those responsible for internal control functions and those holding key positions of the Group, ensuring their business and professional probity and appropriate knowledge and experience to perform their duties.</li> <li>Concluded that board members can carry out good governance of Banco Santander after reviewing board meeting attendance and noting that, on average, directors attend 98.67% of board meetings and that it was not compelled to take any action against any director for under 75% attendance.</li> <li>During 2021, the committee, based on the information it had received from the directors, was not aware of any circumstance or situation that could harm the Group's credibility and reputation.</li> </ul>
<b>Directors' potential conflicts of interest and other professional activities</b>	<ul style="list-style-type: none"> <li>Examined the information the directors had given about their other professional activities or positions to which they had been proposed and the related time commitment; and concluded those commitments did not interfere with that required of them as Banco Santander directors and did not put them in any conflict of interest.</li> </ul>

**Duties****Actions taken****Board assessment**

- Oversaw the holistic review of our governance model by an external adviser to determine if it accommodated the characteristics of our global operations, supervisors' expectations and industry best practice.
- Reviewed the 2022 action plan to address the areas for improvement revealed in the 2020 and 2021 board effectiveness reviews.

**Senior management****Appointment of key officers**

- Issued favourable opinions on the following appointees, approved by the board:
  - Carlos Rey as new regional head for South America to replace Sergio Rial, who assumed the non-executive chair role at Santander Brazil with effect from 1 January 2022.
  - Nathan Bostock as head of Investment Platforms.
  - Javier Roglá as new chief talent officer to replace Roberto di Bernardini.
- Issued favourable opinions on directors and members of senior management appointments at the Group's core subsidiaries.

**Talent and director training**

- Received information about the initiatives in Human Resources to make Santander an employer of choice in three ways: by putting the employee at the centre of everything we do; by securing the right talent and skills; and by aligning with the business to deliver value and our strategy.
- Reviewed the Group's director induction, information, training, development and knowledge refreshment programmes in line with the Rules and regulations of the board, the ESMA and EBA's joint guidelines, and the Spanish Governance Code so that they would be designed according to each director's own circumstances and needs.
- Assessed the Group's director induction and training programmes and recognized areas for improvement.

**Internal governance and corporate governance****Internal governance oversight**

- Assessed the suitability of certain nominees at the subsidiaries subject to the Group's appointments and suitability procedure; and oversaw subsidiary board composition to ensure a consistent selection and suitability approach across the Group.
- Received explanations regularly about new governance regulation, trends, best practices and implications for the Group; closely reviewed amendments to Act 5/2021 (especially in regard to new related-party regulation); and amendments to corporate governance codes that apply to the Group and subsidiaries.
- Verified that subsidiary boards, committees and their duties aligned governance structures were consistent with the Group-Subsidiary Governance Model (GSGM) guidelines and best practice; and tracked subsidiaries' actions and progress in implementing internal regulation dictated by the Group.
- Endorsed lead director nominations for subsidiary boards to ensure board members representing the Group as significant shareholder are appropriate and will correctly perform their duties.

**Corporate governance**

- Received an overview of the highlights and results from the 2021 AGM, especially, its virtual only nature.
- Reviewed the joint work of the lead independent director and the Shareholder and Investor Relations team and investors' and shareholders' feedback on the Group's corporate governance arrangements.
- Reviewed the independence of the external advisers hired by the nomination and remuneration committees in 2021 in line with the CNMV Technical Guide 1/2019 on nomination and remuneration committees, analysing, inter alia, the services the advisers provided and the amounts they received.
- Reviewed the annual corporate governance report to verify that information to be published conforms to the law and that the corporate governance system promotes corporate interests and considers the legitimate interests of all stakeholders.

**Information for general meetings and corporate documents****Shareholders information**

- At our 2021 AGM (held remotely), board secretary Jaime Pérez Renovales, substituting Bruce Carnegie-Brown as committee chair, reported to shareholders on the matters and activities within the committee's scope in 2020.

**Corporate documents for 2021**

- Prepared this report on its activities in 2021, which includes a performance review of its assigned functions and key priorities for 2022 based on the assessment of the effectiveness of the board and its committees.

**Annual assessment of the committee and its achievement of 2021 objectives**

In 2021, to follow up on the external review in 2020, an internal effectiveness review of our board practices was conducted and areas for improvement were identified. For more details about the internal review and its findings see 'Board assessment in 2021' in section [4.3](#).

The committee took the actions planned for 2021. In particular, it:

- Reviewed information it received regularly on senior executives succession planning (which included key positions in subsidiaries); ensured plans were in place for the orderly succession of senior management positions and that there was a rigorous and transparent procedure based on merit and objective criteria and

that promotes diversity in its broadest sense; and reviewed an external expert's report that concluded Banco Santander's overall succession arrangements and framework for the board and critical roles throughout the Group are consistent with regulatory requirements and best industry practice.

- Monitored the skills and training needs of the Group's directors and reviewed an overview of the Group's director induction and training programmes at the subsidiaries to coordinate them across the Group. The committee's review showed subsidiaries' high level of adherence to the GSGM. All GSGM subsidiaries have induction and training programmes and offer structured programmes for directors to develop and enhance skills, when needed.

- Oversaw the holistic reviews by external advisers of our governance model and functioning. When Egon Zehnder conducted an effectiveness review of the board of directors and its committees in 2020, its report concluded that Banco Santander's board is highly effective. When another external adviser performed a holistic review of our governance arrangements to assess its functioning and conformity with regulations, supervisors' expectations and industry best practices in 2021, it concluded Banco Santander has a sophisticated governance model that suits its group-wide characteristics and requirements and acknowledged our board members' high profile and diversity of the board in terms of gender, national origin, age and background.
- Reviewed the action plan for such key governance objectives as ensuring continued clarity of the role and the responsibilities of the most senior executives (including the executive chair and CEO); that checks and balances remain appropriate and effective; and that the independence of control functions remains fully preserved according to the external reports' findings and our commitment to constant improvement.
- Focused on reviewing corporate governance matters and reports and oversaw engagement with shareholders and investors about governance.

## 2022 priorities

The committee set these priorities for 2022:

- Continuing to focus on the review of the senior executive and board member succession plans according to the Group's current and future strategy and to potential challenges the business may face when identifying future leadership needs.
- Continuing to ensure that gender and broader diversity remains a key priority in our succession policy, appreciating that a more diverse and inclusive workforce is critical to a sustainable and successful business.
- Continue to monitor board members' skills and experience, in particular, training needs and ongoing training and development for the whole board.
- Ensuring the actions recommended in external advisers' governance reviews are introduced into the action plan and correctly executed.
- Keeping the corporate governance arrangements under constant review to make sure it continues to consider all stakeholders' interests with strategic relevance for the Group by closely monitoring shareholder engagement and, together with the lead independent director, by taking into account their feedback and insight.

## 4.7 Remuneration committee activities in 2021

'In 2021, we maintained oversight of the application and implementation of remuneration policies and frameworks for the Group and focused on simplifying executive remuneration within regulatory parameters. This included shaping compensation schemes consistent with the Group's values of 'Simple, Personal and Fair', meeting stakeholders' expectations. In particular, the committee conducted a comprehensive review of the Group's long term variable compensation which has been in place for five years, to see what enhancements could be implemented, and proposed simplifying the metrics, amending the key metrics to align with the Group's evolving strategy and introducing an ESG metric for the first time. This review included consultation with the Group's significant institutional shareholders.

We addressed the importance of the gender pay gap and equal pay by overseeing the implementation of the diversity and inclusion strategy on remuneration, including progress against gender targets, acknowledging diversity as a key pillar for succeeding in the Group's long-term strategy.

An appropriate mix of committee members' skills helped the committee address those tasks and operate effectively, offering appropriate challenge and support to management. We also made sure we coordinated with our core subsidiaries' remuneration committees constantly and were aware of subsidiary teams' point of view so corporate remuneration policies would be applied consistently'.

### Bruce Carnegie-Brown

Chair of the remuneration committee



This section is the report the remuneration committee prepared on 21 February 2022 regarding its activities. The board of directors approved it on 24 February 2022.

### Composition

Position		Category	Appointed on
Chair	Bruce Carnegie-Brown	Independent	12/02/2015 <sup>A</sup>
	R. Martín Chávez	Independent	27/10/2020
Members	Sol Daurella	Independent	23/02/2015
	Henrique de Castro	Independent	29/10/2019
	Luis Isasi	Other external	19/05/2020
Secretary	Jaime Pérez Renovales		

A. Committee chair since 12 February 2015.

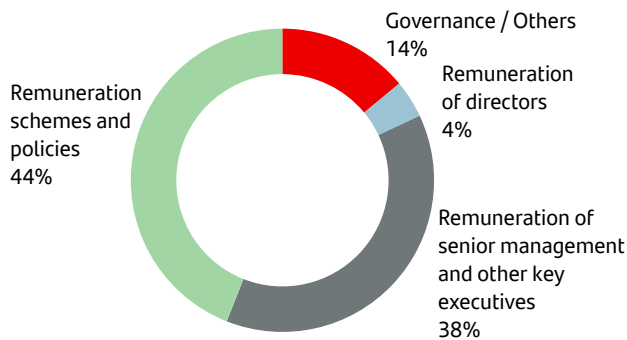
The board of directors appointed the committee's members based on their expertise, skills and experience regarding the matters it handles.

For more details, see section [4.1 'Our directors'](#) and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section [4.2](#).

### Time allocation

In 2021, the remuneration committee held 12 meetings. 'Board and committee attendance' in section [4.3](#) provides information on members' attendance and the estimated average time each one spent on preparing for and participating in meetings.

The chart below shows the committee's approximate time allocation to each function in 2021.



### Duties and activities in 2021

This section summarizes the remuneration committee's activities in 2021.

Duties	Actions taken
<b>Remuneration of directors, senior management and other key executives</b>	
Individual remuneration of directors in their capacity as such	<ul style="list-style-type: none"> <li>Analysed and proposed adjustments to the remuneration of directors in their capacity as such, based on the positions they held on the collective decision-making body, their membership on and attendance at the meetings of the committees, and any other objective circumstances evaluated by the board.</li> </ul>
Individual fixed remuneration for executive directors	<ul style="list-style-type: none"> <li>Reviewed the adequacy of executive directors' fixed remuneration to market rates and their responsibilities, which resulted in no quantity adjustments.</li> </ul>
Individual variable remuneration for executive directors	<ul style="list-style-type: none"> <li>Proposed to the board immediately payable and deferred amounts of variable remuneration of the preceding year.</li> <li>Submitted a proposal, as part of the directors' remuneration policy, on the annual performance indicators and targets used to calculate 2022 variable remuneration, subject to board approval.</li> <li>Proposed the achievement scales and weightings for annual and multi-year performance targets.</li> </ul>
Share plans	<ul style="list-style-type: none"> <li>Submitted a proposal to the board, for vote at the 2021 AGM, regarding the approval of remuneration plans that involve the delivery of shares or share options (deferred multiyear targets variable remuneration plan; deferred and conditional variable remuneration plan; application of the Group's buy-out policy).</li> <li>Analysed and submitted to the board a proposal, for approval at the AGM, regarding the 2021 Digital Transformation Award, which was designed and implemented to attract and retain key talent to drive long-term share value creation through the achievement of key digital milestones.</li> </ul>
Propose the annual directors' remuneration report to the board	<ul style="list-style-type: none"> <li>Drafted and proposed to the board the annual directors' remuneration report for an advisory vote at the 2021 AGM.</li> <li>Assisted the board of directors in overseeing compliance with the director remuneration policy.</li> <li>Received information from the lead independent director about engagement with key shareholders and proxy advisers regarding executive director remuneration issues.</li> <li>Held a joint session with the risk supervision, regulation and compliance committee to verify that remuneration schemes factor in risk, 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.</li> </ul>

**Duties****Actions taken****Remuneration policy for senior management and other key executives**

- Focused on simplifying executive remuneration, shaping remuneration schemes consistent with Banco Santander's Simple, Personal and Fair values, and including long term ESG related metrics in coordination with the responsible banking, sustainability and culture committee.
- Proposed to the board the global annual variable remuneration for 2020 payable immediately and the deferred remuneration of the main executive segments, in line with the achievement of previously set quantitative and qualitative targets; proposed to the board the individual remuneration of members of senior management, based on each one's achievement of the annual performance targets and their weightings as set by the board.
- Reviewed the results of top executives' performance review calibration in coordination with non-executive directors for the executive chair, the executive directors and the chief financial officer; the risk supervision, regulation and compliance committee for the chief risk officer and chief compliance officer; and the board audit committee for the chief audit executive.
- Submitted proposals to the board to determine or amend the annual fixed and variable remuneration of certain senior management members.
- Established the annual performance indicators to calculate variable remuneration for 2022 in order to simplify the bonus pool scorecard, with a focus on customers, risk, capital and profitability.
- Set the achievement scales for the annual and multi-year performance targets and weightings for submission to the board.

**Remuneration of other executives whose activities may have a significant impact on the Group's risk profile (Identified Staff)****Remuneration for other executives who are Identified Staff but not senior management**

- Reviewed the fixed and variable remuneration ratios for control functions to ensure consistency with regulation and their control objectives.
- 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 2021 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.
- Reviewed certain remuneration schemes to support the attraction and retention of key talent to help drive digitalization, the application of incentives implemented in the Group, and the achievement of the long-term metrics associated with deferred remuneration.

**Assist the board of directors in supervising compliance with remuneration policies**

- Reviewed director remuneration schemes to ensure they considered the Group's results, culture and risk appetite, and that there were no incentives to assume risks that exceed Banco Santander's tolerance, thus promoting effective risk management.
- Informed the board of a report issued by an external adviser that assessed the remuneration policy according to Ley 10/2014, CRD IV and EBA guidelines, which establish that credit institutions' remuneration policies will be subject to a central and independent internal assessment to verify compliance with the remuneration guidelines and procedures adopted by the board of directors as part of its supervisory function. The review concluded that the Group's policies, procedures and practices comply with the prudential requirements applicable to credit institutions.
- Reviewed Group remuneration policies and practices and assessed their effectiveness prior to their review by the board of directors.
- Reviewed and favourably assessed the simplification of the remuneration policy, to facilitate its effective use and understanding as well as the inclusion of CRD V amendments (i.e. gender neutrality, ESG objectives, use of variable remuneration instruments, adjustments in criteria for identifying MRTs, minimum deferral period of four years and an amendment to the limitations on business objectives for control functions according to regulation).

**Gender and equal pay**

- Continued to monitor application of diversity policies, including the achievement of targets to reduce gender pay gap and equal pay gap.
- Reviewed gender pay gap data in absolute terms and regarding "equal pay for equal work" in the Group; compared them to the previous year and to targets; and focused on measures to enhance them in every country.

**Governance****Governance**

- Monitored the actions subsidiaries took to reduce their board members' remuneration in line with the initiative of the Group's board in light of the pandemic.
- Took up certain remuneration oversight tasks for Santander London Branch according to requirements from the UK's Prudential Risk Authority (PRA) which expects "third-country branches" in the UK to have independent oversight.

**Information for general meetings and corporate documents****Reporting to shareholders**

- At our 2021 AGM (held remotely), board secretary Jaime Pérez Renovales, and substituting Bruce Carnegie-Brown as committee chair, reported to shareholders on the matters and activities within the committee's scope in 2020.

**Corporate documents for 2021**

- Prepared this report on its activities in 2021, which includes a performance review of its assigned functions and key priorities for 2022 based on the assessment of the effectiveness of the board and its committees.

## Annual assessment of the committee and its achievement of 2021 objectives

In 2021, to follow up on the external review in 2020, an internal effectiveness review of our board practices was conducted and areas for improvement were identified. For more details about the internal review and its findings see 'Board assessment in 2021' in section [4.3](#).

The committee took the actions planned for 2021. Among the salient actions, it:

- Kept incentives under regular review to ensure they continue to align with our strategy and drive the right culture and behaviours; and made changes to simplify remuneration schemes to ensure they are effective and fair within regulation.
- Reviewed proposals to continue to enhance our employee value proposition to attract and retain key talent, maintaining strong shareholder support as well as investors and proxy agencies' appreciation for our thorough approach and disclosures.
- Strengthened coordination and communication with the remuneration committees of the Group's subsidiaries, monitoring the application of corporate remuneration policies to ensure a consistent approach. The presentations from Santander UK and Santander Brasil's Human Resources functions provided the committee with an overview of local market practices and challenges.
- Prioritized gender pay measurement across the Group and how it compared to the previous year and set targets; and reviewed internal tools to calculate the gender equality metrics more accurately and action plans to reduce the gender pay gap for the Group and its core 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, 2023 and 2024 that will be submitted by the board of directors at the 2022 AGM as a separate item on the agenda and is an integral part of this report. See section [6.4 'Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote'](#) and section [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 throughout the year (the policy for 2022, 2023 and 2024 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 2022, 2023 and 2024 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, introducing several new features. It includes share options as variable remuneration instruments (along with shares) to align executive pay with shareholders' interests. It 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.

## 2022 priorities

The committee set these priorities for 2022:

- Keeping incentive measures under continuous review to ensure they continue to align with our strategic aims, focus on customers and sustainable profitability and drive the right culture and behaviours, balancing the needs of our people, customers, communities, shareholders and regulators.
- Continuing to enhance our employee value proposition with a view to attracting and retaining key talent for the Group, ensuring meritocracy through a proper correlation between pay and performance, and considering the changing environment, new ways of working and the digital transformation.
- Keeping the focus on the continuous improvement and simplification of our variable remuneration schemes to maintain strong shareholder support and investors' and proxy advisers' appreciation.
- Increasing its coordination with the Group subsidiaries' remuneration committees and HR teams to ensure the consistent application of corporate policies as well as mutual awareness of the Group's trends and challenges.
- Continue focusing on accelerating pay equality across the Group.



#### 4.8 Risk supervision, regulation and compliance committee activities in 2021

'2021 was a challenging year in terms of risks. Because of the challenges posed by covid-19 and the uncertain macroeconomic conditions, the committee closely oversaw the actions to manage and mitigate them. The committee also closely monitored both everyday and more strategic, non-traditional emerging risks in all subsidiaries, in full coordination with the board and other committees.

Inspired by our previous chair, we remain focused on long-term strategic risks that could ultimately compromise Banco Santander's business and risk profile. The second strategy meeting we held in June 2021 served as another forum to examine and debate such relevant emerging risks as crypto assets, new areas of business, and property and other market segments in the wake of the pandemic. The committee will pay close attention those risks and remain closely vigilant of any that emerge in the future to ensure they are properly and evenly managed in daily operations'.

##### 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 18 February 2022 regarding its activities. The board of directors approved it on 24 February 2022.

##### Composition

Position		Category	Appointed on
Chair	Belén Romana	Independent	28/10/2016 <sup>A</sup>
	R. Martín Chávez	Independent	27/10/2020
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 regarding the matters it handles.

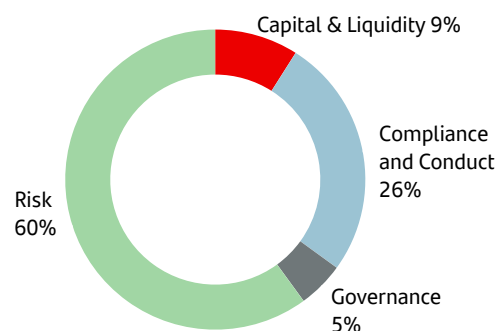
For more details, see section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section 4.2.

On 1 April 2021 Álvaro Cardoso stepped down as the risk committee chair and member, being replaced by Belén Romana.

##### Time allocation

In 2021, the committee held 16 meetings including one strategy session in June. 'Board and committee attendance' in section 4.3 provides information on members' attendance and the estimated average time each one spent on preparing for and participating in meetings.

The chart below shows the committee's approximate time allocation to each function in 2021<sup>A</sup>.



A. All regulatory and supervisory relations matters discussed in 2021 are included in each relevant category in the above chart.

## Duties and activities in 2021

This section summarizes the risk supervision, regulation and compliance committee's activities in 2021.

Duties	Actions taken
<b>Risk</b> 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"> <li>• Carried out an overview of the Group's risks, conducted specific analyses by unit and risk type; assessed proposals, issues and projects relating to risk management and control and received updates on risks from the Group's main subsidiaries and businesses.</li> <li>• Discussed the regular monitoring of the risk appetite and its metrics, and reviewed the annual risk appetite statement proposal (including an analysis of new metrics proposed and any breaches occurred throughout the year) before it was submitted to the board for approval. Checked compliance with risk appetite limits every quarter and reviewed new proposed metrics and any breach in the year.</li> <li>• Reviewed compliance with the new EBA Guidelines 2021/05 on internal governance.</li> <li>• Oversaw the update of our social and environmental policies (in coordination with the responsible banking, sustainability and culture committee), which set out the financing criteria and prohibited actions in specific industries such as energy, mining and soft commodities.</li> <li>• Reviewed the 2021 recovery plan, assessed the Group's resilience to severe stress scenarios and submitted it to the board of directors for approval.</li> <li>• Reviewed and challenged the key processes of the Group, such as 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 and the Recovery and Resolution plans. Reviewed and challenged the identified risks and mitigating factors associated with those key processes, their consistency, and their overall alignment to the Group's risk appetite.</li> </ul>
<b>Risk management and control</b>	<ul style="list-style-type: none"> <li>• Received regular updates on the top risks under management and the appropriateness of mitigating controls.</li> <li>• Reviewed the robustness of the Group's risk control management, most notably the risk profile assessment (RPA), and the risk control self-assessment (RCSA), two of the main tools for risks control.</li> <li>• Conducted regular reviews of the Group's risks as well as the specific reviews by units and risk types. Assessed proposals, issues and projects relating to risk management and control.</li> <li>• Analysed risks and opportunities associated with emerging risks and how they affect the different geographies and businesses.</li> <li>• Supervised the risks associated with the main corporate transformation programmes and their risk mitigation measures. In particular, it monitored the risks and controls associated with PagoNxB and Openbank, among others.</li> <li>• 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.</li> <li>• Continued to focus on non-performing loans and non-performing assets performance during 2021, in particular considering the evolution of the portfolios under moratoria and their effect on credit provisions.</li> <li>• Received and challenged periodic market and structural risk updates and counterparty risk reviews.</li> <li>• Engaged on non-financial risks including legal risk, environmental and social risks (including climate), and vendor risk management, which remained key areas of focus.</li> <li>• 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.</li> <li>• Monitored the post-Brexit situation including its risk effects over the UK and the Group, and the status of preparedness to reduce and mitigate such risks.</li> <li>• Reviewed, supervised and challenged any strategic project before its submission to the board of directors.</li> <li>• Coordinated with the responsible banking, sustainability and culture committee in the supervision and evaluation of (i) the alignment of risk appetite and limits with corporate culture and values; and (ii) the non-financial risks.</li> </ul>
<b>Supervise the risk function</b>	<ul style="list-style-type: none"> <li>• Ensured the independence and efficacy of the Risk function.</li> <li>• Assessed the Risk function (including its staffing and resourcing suitability) as well as the performance of the CRO in coordination with the remuneration committee, with the purpose of informing the board in order to set his variable pay.</li> <li>• Reviewed new appointments for key positions for the Group and relevant subsidiaries for the Risk and Compliance and Conduct functions, in coordination with the nomination committee.</li> <li>• Reviewed and supervised the annual Group CRO objectives.</li> </ul>
<b>Collaboration to establish rational remuneration policies and practices</b>	<ul style="list-style-type: none"> <li>• Held a joint session with the remuneration committee to confirm that remuneration schemes factor in risk, capital and liquidity, and do not offer incentives to assume risks that exceed the level tolerated by Banco Santander in line with appropriate and effective risk management. The joint session also assessed the performance of the CRO and CCO.</li> <li>• Analysed the factors used to determine the ex-ante risk adjustment of total variable remuneration assigned to the units, based on how previously assessed risks actually materialized, in conjunction with the remuneration committee.</li> <li>• Reviewed the 2021 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.</li> </ul>

**Duties****Actions taken****Capital and liquidity**

**Assist the board in reviewing and approving capital and liquidity strategies and supervising their implementation**

- Reviewed and challenged the annual ICAAP prepared by the Finance department and challenged by the Risk function in accordance with industry best practices and supervisory guidelines and submitted this report to the board for approval. Drew up a capital plan according to the scenarios envisaged over a three-year period.
- Endorsed the Pillar III disclosures report, which was submitted to the board for approval. The report described various aspects of the Group's management of capital and risk and provided an overview of the function; base capital and prescribed capital requirements; policies for managing the various risks undertaken by Banco Santander in regard to capital consumption; composition of the Group's portfolio and its credit quality (measured in terms of capital) and the roll-out of advanced internal models.
- Reviewed and challenged the ILAAP, developed in line with the Group's business model and submitted to the board for approval.
- Performed continuous monitoring of capital levels, and capital management and tools, including the 2021 securitizations plan and the analysis of the portfolio profitability versus the risk undertaken.

**Compliance and conduct**

**Supervise the Compliance and conduct function**

- Ensured the independence and efficacy of the Compliance and conduct function.
- Assessed the Compliance and conduct function (including its staffing and resourcing suitability) as well as the performance of the CCO (in coordination with the remuneration committee) to inform the board in order to set her variable pay.
- Reviewed and supervised the annual CCO objectives.
- Reviewed and followed up on the 2021 Compliance programme, including efforts to continuously improve the Compliance and conduct function.
- Reviewed and challenged the status of the compliance and conduct strategy.
- Received monthly reports on compliance and conduct matters as part of the risk and compliance monthly report, which cover 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, among other matters.
- Held bi-annual specific private sessions with the CCO (in addition to other informal meetings) to discuss strategic compliance topics as well as to report independently and directly to the committee on any material issue relating to the compliance and conduct function, if needed.

**Regulatory compliance**

- Monitored compliance with regulatory requirements regarding:
  - The Dodd Frank Title VII update.
  - Adaptation of the Volcker Rule compliance programme in line with recent amendments introduced, continuing the oversight of this regulation.
  - The status of data protection under the GDPR, the contribution to determining the Euribor and the Code of Conduct.

**Supervise the whistle-blowing channel (*Canal Abierto*)**

- Received, in a joint meeting with the audit committee, the annual report on Canal Abierto, Santander's ethical channel model that helps consolidate the Group's "Speak up" culture through a work environment where employees can talk straight without fear of reprisal.

**Financial crime compliance (FCC)**

- Oversaw the Group's observance with FCC regulations as well as the activities carried out by the function. In particular:
  - Provided a quarterly update on progress with One FCC implementation strategy in Banco Santander and its subsidiaries.
  - Received recommendations and observations stemming from the annual independent expert report on Banco Santander in accordance with the Spanish Law 10/2010 and Royal Decree 304/2014 (on anti-money laundering and terrorism financing).

**Product governance and consumer protection**

- Received an update on the status of customers' complaints and associated action plans in place to address identified deficiencies.
- Reviewed an update about progress made on subsidiary action plans for internal sales force pay in the Group and a general overview of conduct risk from the external sales force, at a joint meeting with the remuneration committee.
- Received information on risk management and main risks identified, concerns, priorities and actions taken by the Product Governance and Consumer Protection (PGCP) function regarding the management and mitigation of conduct risk with retail customers, including product governance activity.

**Governance**

**Corporate governance and internal governance**

- 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 committee.
- In a joint session with the audit committee, reviewed the status of the internal audit plan and of the main recommendations of Santander, and an update on the internal audit works performed in relation to the risk corporate division.

**Regulators and supervisors**

**Regulatory and supervisory relations**

- Received regular updates on regulatory and supervisory relations and maintained focus on the most relevant developments related to the SSM, the Single Resolution Board (SRB), the supervisors of all the Group's subsidiaries and the Supervisory Review and Evaluation Process (SREP).

**Duties****Actions taken****Information for general meetings and corporate documents**

<b>Reporting to shareholders</b>	<ul style="list-style-type: none"> <li>At our 2021 AGM (held remotely), board secretary Jaime Pérez Renovales, and substituting Alvaro Cardoso de Souza as committee chair, reported to shareholders on the matters and activities within the committee's scope in 2020.</li> </ul>
<b>Corporate documents for 2021</b>	<ul style="list-style-type: none"> <li>Prepared this report on its activities in 2021, which includes a performance review of its assigned functions and key priorities for 2022 based on the assessment of the effectiveness of the board and its committees.</li> </ul>

**Annual assessment of the committee and its achievement of 2021 objectives**

In 2021, to follow up on the external review in 2020, an internal effectiveness review of our board practices was conducted and areas for improvement were identified. For more details about the internal review and its findings see 'Board assessment in 2021' in section [4.3](#).

The committee took the actions planned for 2021. Among the salient actions, it:

- Prioritized oversight of the Group's top risks, impacts and mitigation actions to ensure risks were appropriately managed and would remaining within the board-approved risk appetite limits.
- Examined emerging and non-traditional risks to anticipate key strategic changes in the business as discussed at its strategic meeting held in June 2021.
- Contributed to the role the Group played in proactively supporting economic recovery after the covid- 19 crisis, by overseeing the Group's credit - related policies to help our customers, while maintaining the strength of Banco Santander's capital and liquidity.
- Supervised core business units, geographies and new businesses (including new digital platforms), with an additional focus on emerging business that are relevant for the Group's strategy.
- Heightened coordinated action with other board committees to examine matters that concerned them holistically.
- Checked that the Risk and Compliance and conduct functions had effective and appropriately resources.

**2022 Priorities**

The committee set these priorities for 2022:

- Continuing to monitor the post-covid-19 landscape, especially macroeconomic conditions and their effect on loans, provisions and conduct or reputational risk.
- Overseeing the risks associated with certain strategic projects, especially ones relating to financial crime and money laundering prevention, cyber security, climate change, model risk, PagoNxt, Investment Platforms, Digital Consumer Bank and One Santander.
- Continuing to monitor the Group's top risks, early warning indicators, and mitigation actions in order to ensure risks are appropriately managed according to the Group's risk profile and remain with the board-approved risk appetite limits.
- Continuing 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 annual strategic meeting, which follows up on its strategic meetings in 2020 and 2021.
- Maintaining close coordination with the board and its committees to ensure that risks are closely controlled and mitigated.
- Continuing to work on the committees' effectiveness to make sure it is discharging its duties with utmost efficacy.

#### 4.9 Responsible banking, sustainability and culture committee activities in 2021

'The committee continued to drive the responsible banking agenda in 2021 by assisting the board with oversight of strategy in sustainability.

In 2021 the committee assisted the board with setting the climate change strategy, a key enabler to achieve the net zero carbon strategy ambition by 2050. The committee continued to monitor Banco Santander's response to covid-19, focusing on the social impact of the pandemic and supporting employees, customers (especially the most vulnerable) and society as a whole.

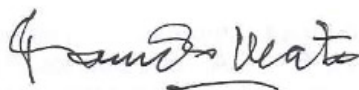
Sustainable finance and the green agenda remained key topics for the committee, which reviewed the measures being taken by Santander's main regions and businesses. The committee continued to oversee the core initiatives, targets and proposed metrics to drive the commitments on diversity and inclusion, ethical behaviour and responsible supplier practices. It revised environmental and risk management policies and standards on financing sensitive industries. It devoted time to reviewing annual report documents on responsible banking; revised ESG metrics proposals for the long-term incentives programme, LTIP; and made progress with the development of an internal taxonomy and data quality.

To improve awareness and effective execution of global initiatives, the Group held an inaugural responsible banking chairs' Convention in 2021 for the subsidiaries' responsible banking committee chairs to collaborate and share thoughts with a view to driving local traction on action plans aligned with Group expectations and goals. The Convention focused specifically on our ambition to be net zero in carbon emissions by 2050.

The committee has continued to work closely with the board of directors and main board committees to ensure that its work was fully coordinated and effective. I would like to take this opportunity to thank the committee members 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 21 February 2022. The board of directors approved it on 24 February 2022.

#### Composition

Position		Category	Appointed on
Chair	Ramiro Mato	Independent	01/07/2018 <sup>A</sup>
	Homaira Akbari	Independent	01/07/2018
Members	Álvaro Cardoso	Independent	24/07/2018
	Sol Daurella	Independent	01/01/2018
	Belén Romana	Independent	01/07/2018
	Secretary	Jaime Pérez Renovales	

A. Committee chair since 1 July 2018.

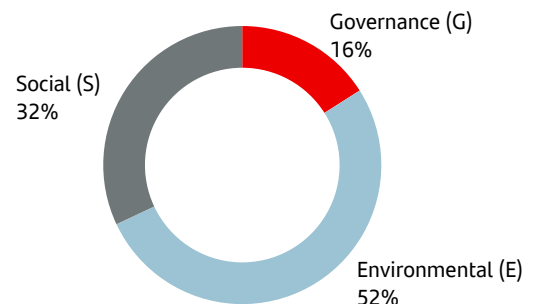
The board of directors appointed the committee's members based on their expertise, skills and experience regarding the matters it handles.

For more details, see section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section 4.2.

#### Time allocation

In 2021, the responsible banking, sustainability and culture committee held six meetings. 'Board and committee attendance' in section 4.3 provides information on members' attendance and the estimated average time each one spent on preparing for and participating in meetings.

The chart below shows the committee's approximate time allocation to each ESG criteria in 2021.



## Duties and activities in 2021

This section summarizes the responsible banking, sustainability and culture committee's activities in 2021 based on ESG criteria.

Duties	Actions taken
<b>Environmental (E)</b>	
<b>Sustainable banking</b>	
<b>Environmental and climate change</b>	<ul style="list-style-type: none"> <li>• Considered the Group's climate change strategy in terms of how Banco Santander would deliver on its external commitments to align its portfolio with the Paris Agreement. Reviewed the proposed alignment of the electric power generation portfolio, the thermal coal targets and the proposed approach to creating a net zero carbon roadmap.</li> <li>• Challenged the Group's public commitment to be net zero carbon by 2050. Reviewed progress made on climate projects, including the ambition to be net zero by 2050 and participation in the Net Zero Banking Alliance.</li> <li>• Received presentations on the Climate Finance Report from the regional heads for Europe, North America and South America and from Santander Consumer Finance, Santander Wealth Management &amp; Insurance and Santander Corporate Investment Banking (SCIB). The report, published in July 2021, highlighted key milestones and progress with the Group's climate ambitions.</li> <li>• Reviewed and made observations on business proposals on climate change submitted by our entities in Europe, North America and South America and by Santander Consumer Finance, Santander Wealth Management &amp; Insurance and Santander Corporate Investment Banking (SCIB).</li> </ul>
<b>Green finance</b>	<ul style="list-style-type: none"> <li>• Reviewed the green finance strategy and challenges and opportunities in Europe, North America and South America. Green finance is the increase in financial flows (banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to address sustainable development priorities. Aligned business strategies with objectives, commitments and regulatory requirements focusing on aiding customers' transition to carbon neutrality.</li> <li>• Endorsed the main priorities for 2021, including our ambitions to be net zero, aid our customers' green transition and promote a green culture.</li> <li>• Monitored the green bond issuances, the annual disclosure requirements regarding the use of proceeds and impacts achieved from assigned projects and endorsed the Banco Santander's 2020 Green Bond Report.</li> </ul>
<b>Internal Emission Offsetting Project</b>	<ul style="list-style-type: none"> <li>• Reviewed the 2021 emissions' offsetting corporate plan which enables the Group to continue being a carbon neutral organization through the offsetting of the emissions caused by its own activity.</li> <li>• Monitored the carbon footprint compensation projects being implemented across the Group to ensure alignment with agreed commitments.</li> </ul>
<b>Regulatory landscape</b>	<ul style="list-style-type: none"> <li>• Continued to monitor the main regulatory initiatives of the sustainable finance framework that are relevant to Banco Santander, with a particular focus on Europe, due to heightened regulatory activity. The European sustainable finance framework has evolved rapidly in recent years to drive funds and investment to support the transition to a low carbon economy in 2050 and increase transparency on corporate business models and activities.</li> </ul>
<b>Social (S)</b>	
<b>Inclusive banking</b>	
<b>Sustainable finance</b>	<ul style="list-style-type: none"> <li>• Provided feedback on the Sustainable Finance Classification System to identify, measure and manage the volume of sustainable green and social financing activities. The Sustainable Finance Classification System aligns with regulatory reporting requirements. Approved guidelines for its implementation within the business.</li> <li>• Reviewed SCIB's sustainable finance proposition, business opportunities and challenges, for customers interested in financing green and social projects. The significant progress on sustainable finance and notable transactions for SCIB were reviewed.</li> </ul>
<b>Support for higher education</b>	<ul style="list-style-type: none"> <li>• Reviewed the strategy, objectives and KPIs relating to Banco Santander' support for education, employability and entrepreneurship at universities. Banco Santander has become a leader in supporting higher education and intends to continue making it its flagship programme for investing in communities.</li> </ul>
<b>Governance (G)</b>	
<b>Responsible banking strategy</b>	
<b>Governance</b>	<ul style="list-style-type: none"> <li>• To ensure effective controls will be in place to mitigate risks and enhance opportunities regarding sustainability and responsible banking practices, the committee reviewed with other board committees matters concerning the corporate culture and values, responsible banking practices and sustainability within the board-approved guiding principles of responsible banking governance.</li> <li>• Provided through regular read-outs an overview of the responsible banking agenda to other committees (like the board risk supervision, regulation and compliance committee) and to the board.</li> <li>• Received regular updates on the responsible banking agenda from several units and corporate functions, to improve communication and ensure best practices are shared on a global basis.</li> </ul>

**Duties****Actions taken****Materiality assessment and Responsible Banking commitments**

- Considered the outcomes of the 2021 ESG Materiality assessment, an annual assessment conducted by the Responsible Banking team in coordination with other teams and an external consultant, that helps identify the most relevant ESG topics for the Group. Its results will ensure consistency between the Group's responsible banking priorities and public commitments.
- Continued to monitor developments in the Amazon and the associated actions being taken by the Group to mitigate negative environmental consequences therein.
- Reviewed the proposed responsible banking agenda for 2022-2025 and the associated commitments for 2025, to ensure they remain aligned with expectations.

**Responsible Banking initiatives**

- Oversaw the restructuring of One Santander in Europe, so subsidiaries could share best responsible banking practices in downsizing.
- Monitored and assessed the Group's progress on its 11 public commitments to ensure that its KPIs remained relevant and aligned with committee expectations.
- Monitored and challenged ESG and responsible banking metrics in coordination with the remuneration committee to ensure alignment with market practice and increasing shareholder interest. Assisted the board in making sure the responsible banking objectives, metrics and commitments were embedded in the Group's remuneration schemes.

**Culture and values****Corporate culture**

- Coordinated with the remuneration committee on its review of the alignment of remuneration schemes with corporate culture and values.
- With the risk supervision, regulation and compliance committee, supervised and assessed (i) the alignment of risk appetite and limits with corporate culture and values and (ii) non-financial risks.
- Reviewed The Santander Way, which is our global culture approved by the board in January 2015, aligned with the Group's strategy and complementing Banco Santander's ambition to build a more responsible bank. Since 2015, a common language and behaviour has translated into our values of Simple, Personal and Fair (SPF) shared by all units. Our corporate policy is an important factor in developing consistent initiatives and enabling us to measure our values impact. Significant progress continues both globally and locally, with tangible results for our people, customers, shareholders and communities.
- Assisted the board in promoting and embedding corporate culture and values across the Group, monitoring adherence and ensuring that the corporate culture is consistent with the Group's purpose and values.

**SPF with employees**

- Worked with the remuneration committee to advise the board on the design and implementation of the responsible banking scorecard (which forms part of the qualitative assessment of the bonus pool) to ensure that responsible banking targets, metrics and commitments were effectively embedded across the Group.
- Considered the Group's diversity and inclusion strategy and initiatives, together with the related targets for 2025 and discussed the action plan and approach towards each of the diversity dimensions relevant to the Group and provided feedback on Banco Santander's position in global rankings.
- Received an update on the talent management programme and wellbeing of employees throughout the Group.
- Ensured an overview of the 2021 global engagement survey included recommended actions. The purpose of the survey, now in its seventh year, is to garner employees' opinions on the best things about working at Banco Santander and areas of improvement. It enables the Group to draw up actions and initiatives to improve Banco Santander's employee engagement and ways of working.

**SPF with customers**

- Received an update on the social impact of covid-19 on the Group's key stakeholders, especially its vulnerable customers. Considered the potential reputational risks associated to covid-19 and the proposed recommendations for dealing with customers.

**SPF with suppliers**

- Reviewed the supplier action plan to include ESG standards in hiring procedures.

**SPF with general society**

- Monitored the progress made with responsible banking communications and determined whether the four key responsible banking communication pillars of diversity and inclusion, financial empowerment, climate change and Santander Universities remained relevant. Shared priorities and analysed a common responsible banking approach. Considered opportunities to expand sustainable finance activities, with a strong focus on financial inclusion.

**Ethical considerations**

- Reviewed and provided feedback on the proposed definition and scope of ethical behaviour within the Group to ensure ongoing fair business conduct.
- Agreed an action plan to ensure continuous improvement of our ethical behaviour governance and the application of best practices in our internal processes.
- Monitored the status of *Canal Abierto* whistleblowing channel, which contributes to the Group's cultural transformation by providing an anonymous way for employees to speak up, thus promoting our corporate behaviours. *Canal Abierto* (or a similar anonymous channel) is available in all Group units.
- Reviewed the internal artificial intelligence (AI) ethical principles which aim to foster using AI responsibly in a Simple, Personal and Fair way, ensuring the Group has common guidelines to abide by.

**Policies and frameworks**

- Reviewed the environmental, social and climate change risk management policy, the general sustainability policy and other relevant responsible banking policies.
- Reviewed and endorsed a new responsible banking corporate framework for board approval that was established to promote a consistent approach across the Group.

**Duties****Actions taken****Stakeholder engagement**

<b>Non-financial information</b>	<ul style="list-style-type: none"> <li>Coordinated with the audit committee on its supervision and assessment of the preparation and presentation of non-financial information according to the applicable regulations and leading international standards.</li> <li>Reviewed the 2021 Group's statement of non-financial information, including the independent expert's report, which can be found in the '<a href="#">Responsible banking</a>' chapter of this annual report.</li> </ul>
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<b>Stakeholder engagement - indexes and ratings</b>	<ul style="list-style-type: none"> <li>Considered Banco Santander's positioning in global sustainability indexes.</li> <li>Challenged the strengths, gaps and focus points in relation to Banco Santander's ranking with ESG rating providers. Reviewed the action plan after engaging with investors on ESG matters.</li> </ul>
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**Information for general meetings and corporate documents**

<b>Corporate documents for 2021</b>	<ul style="list-style-type: none"> <li>Prepared this report on its activities in 2021, which includes a performance review of its assigned functions and key priorities for 2022, based on the assessment of the effectiveness of the board and its committees.</li> </ul>
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**Annual assessment of the committee and its achievement of 2021 objectives**

In 2021, to follow up on the external review in 2020, an internal effectiveness review of our board practices was conducted and areas for improvement were identified. For more details about the internal review and its findings see 'Board assessment in 2021' in section [4.3](#).

The committee took the actions planned for 2021. In particular, it:

- Assisted the board in setting the climate change strategy, by endorsing a net zero carbon ambition for 2050, and continued to monitor risks and opportunities to develop sustainable finance proposals for a low-carbon economy.
- Continued to oversee responses to the covid-19 crisis, including the status of payment holidays upon expiry, vulnerable customers and the Recovery and collection functions, ensuring responsible banking practices were embedded in Banco Santander's customer-centric strategy.
- Continued to monitor and provide feedback on the initiatives, targets and metrics to fulfil the public commitments on diversity and inclusion, financial inclusion, talent management and ethical behaviour.
- Focused on promoting diversity and inclusion and continued to oversee how Banco Santander's culture, including SPF values, were embedded throughout the Group.
- Monitored the announcements of the Group's progress and achievements that enhance our reputation as one of the world's most sustainable banks.

**2022 Priorities**

The committee set these priorities for 2022:

- Continuing to advise the board on the climate change strategy and Banco Santander's ambition to be net zero by 2050. The committee will oversee the proposed actions to align with the Task Force on Climate - Related Financial Disclosure (TCFD) recommendations, including the introduction of targets to reduce its exposure to certain climate-intensive industries and the decarbonization strategy and commitments.
- Maintaining assistance to the board in monitoring the development of green and sustainable finance propositions across the Group, aiding our customers' transition to a low-carbon economy and helping fulfil our public responsible banking commitments and regulatory requirements.

- Continuing to assist the board in monitoring the development of the *Banco Santander Finance for All* proposition, which aims to foster financial empowerment among the unbanked, underbanked and vulnerable customers.
- Overseeing the implementation of the strategic diversity and inclusion plan; progress with embedding our culture across the Group; and improvements in conduct, ethical behaviour, customer experience and satisfaction.
- Continuing to assist 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 public responsible banking commitments and KPIs.
- Focusing on ensuring the new corporate Responsible Banking framework is effectively embedded throughout the Group.
- Overseeing the work undertaken with regulators on the stress test exercises relevant to the committee's remit especially climate risk.
- Becoming leaders in ESG to support our customers in the transformation to a more sustainable business model.



#### 4.10 Innovation and technology committee activities in 2021

'Throughout 2021, the committee oversaw the IT Strategy, which aims to integrate key digital capabilities in a new operating model based on global products definition and a common architecture. Its main focus has been to ensure that the strategy enables business initiatives by partnering with global businesses and supporting functions, reducing risks and improving cost efficiency.

Cybersecurity strategy has also remained a top priority for the committee, covering Banco Santander's cyber progress and position, key trends and threat horizon and key strategic cyber-security pillars and initiatives for the Group, which gained significance due to the pandemic and emerging cyber trends.

Additionally, the committee oversaw the update on the Models & Data unit, in order to maximize the potential from information with advanced analytics models to generate business value, manage risks and support innovation across the Group in a responsible way'.

##### R Martín Chávez

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 24 February 2022.

#### Composition

Position		Category	Appointed on
Chair	R Martín Chávez	Independent	27/10/2020 <sup>A</sup>
	Ana Botín	Executive	23/04/2007
Members	Homaira Akbari	Independent	27/09/2016
	José Antonio Álvarez	Executive	23/02/2015
	Bruce Carnegie-Brown	Independent	23/02/2015
	Henrique de Castro	Independent	23/07/2019
	Belén Romana	Independent	19/12/2017
Secretary	Jaime Pérez Renovales		

A. Committee chair since 22 December 2020.

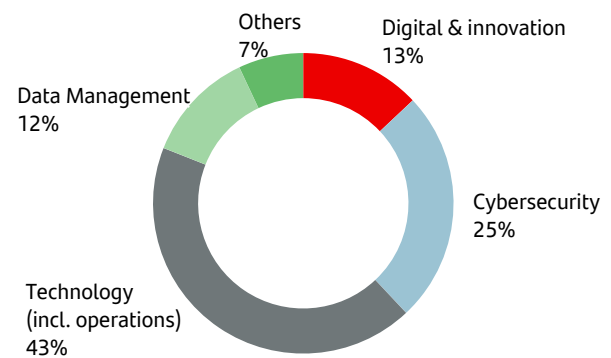
The board of directors appointed the committee's members based on their expertise, skills and experience regarding the matters it handles.

For more information, see section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section 4.2.

#### Time allocation

In 2021, the innovation and technology committee held four meetings. 'Board and committee attendance' in section 4.3 provides information on members' attendance and the estimated average time each one spent on preparing for and participating in meetings.

The chart below shows the committee's approximate time allocation to each function in 2021.



## Duties and activities in 2021

This section summarizes the innovation and technology committee's activities in 2021.

Duties	Actions taken
<b>Innovation</b>	
<b>Innovation framework</b>	<ul style="list-style-type: none"> <li>Reviewed the implementation of the Group's strategic technology plan and innovation agenda; and identified the Group's main challenges and capabilities in innovation.</li> <li>Identified opportunities for faster innovation across the Group and increased the likelihood of success in new business models, technologies, systems and platforms.</li> </ul>
<b>Cybersecurity</b>	
<b>Cybersecurity</b>	<ul style="list-style-type: none"> <li>Supervised defences against the increasing threat environment, reviewed security controls and automated security processes.</li> <li>Analysed the high-profile cyber incidents in Banco Santander and other well-known companies.</li> <li>Received quarterly updates on cybersecurity risks, with a special focus on internal data leakage protection and such external threats as ransomware, in coordination with both the board of directors and the risk supervision, regulation and compliance committee. Assisted the board in the supervision of technological risks and cybersecurity.</li> <li>Reviewed Santander's cyber vision for 2025, focusing on three pillars, namely: levelling the "cyber battlefield" with criminals through deterrence, offensive disruption and deception techniques; defending the hyper-connected bank of the future to protect the distributed digital platforms and ecosystems; and generating value and trust for stakeholders, customers and society through commercial cyber solutions, customer engagement and collective response.</li> <li>Analysed the systems supporting core financial crime compliance processes to satisfy new regulation and align them with Banco Santander's business strategy based on best practices and standards.</li> <li>Received updates about employee training, internal and external cyber awareness campaigns and other related key areas.</li> </ul>
<b>Digital</b>	
<b>Digital</b>	<ul style="list-style-type: none"> <li>Boosted collaboration between subsidiaries, business units and the Technology and Operations (T&amp;O) function on digital initiatives, which it oversaw.</li> <li>Monitored metrics in connection with the digital evolution and associated transformation, 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.</li> <li>Reviewed core digital strategies to transform business and accelerate the growth of new businesses.</li> </ul>
<b>Technology and operations</b>	
<b>Technology and operations</b>	<ul style="list-style-type: none"> <li>Reviewed the global technology strategy plan and reported to the board on technology and operations (T&amp;O) planning and activities.</li> <li>Endorsed the Group's core strategic technology priorities, especially in terms of 'agile', cloud, core system evolution, deep technology skills (APIs, AI, and other matters); oversaw the roll-out of a new operating model and a common architecture, and reduced technology risk.</li> <li>Ensured T&amp;O strategy properly focused on the Group's relevant issues and priorities.</li> <li>Received updates on the international advisory board's deliberations about technological, innovation, cyber, talent and new financial trends.</li> </ul>
<b>Data management</b>	
<b>Data management</b>	<ul style="list-style-type: none"> <li>Received updated information on the Models &amp; Data unit's priorities for the year, to stay fully appraised on the models and data value chain for business growth and customer experience, risk control improvement, model and data development and data and artificial intelligence ethical principles definition and use.</li> <li>Assessed the adequacy of the resources of the Data function and possible new regulations, validating their appropriateness and readiness for the Group and at local level.</li> </ul>

## Annual assessment of the committee and its achievement of 2021 objectives

In 2021, to follow up on the external review in 2020, an internal effectiveness review of our board practices was conducted and areas for improvement were identified. For more details about the internal review and its findings see 'Board assessment in 2021' in section [4.3](#).

The committee took the actions planned for 2021. Among the salient actions, it:

- Continuously reviewed the Group's innovation strategy, especially in regard to a business-oriented T&O transformation model.
- Prioritized digital strategy through the implementation of multidisciplinary projects for the Group.

- Continue to strengthen response measures and innovation to react to an environment of ever-changing threats.

- Reviewed and discussed new trends and regulations on data management and analytical capabilities in the Group's businesses, based on the international advisory board's feedback.

## 2022 Priorities

The committee set these priorities for 2022:

- Assisting the board of directors with the Group's innovation strategy, and with trends arising from new business models, technology and products.

- Reviewing the effectiveness of data management and analytics, as enablers for the Group to fulfil strategic priorities.
- Supervising activities to continue strengthening the Group's cyber response and constant innovation to manage the changing threats.
- Continuing to assess and provide suggestions on initiatives, targets, commitments, KPIs, and proposed metrics on cross-projects relating to the Group's digital strategy, which will remain a key priority.

## 4.11 International advisory board

### Members

The members are all external and not members of the board.

Composition	Positions	
Chair	Larry Summers	Former Secretary of the US Treasury and president emeritus 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 H2O. Former IBM Watson senior vice president
	Francisco D'Souza	Director of General Electric. Former CEO of Cognizant
	James Whitehurst	Special advisor to IBM. Former chair and CEO of Red Hat, former chief operating officer of Delta Air Lines and former partner of The Boston Consulting Group
Members	George Kurtz	CEO and co-founder of CrowdStrike. Former chief technology officer of McAfee
	Nadia Schadlow	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, former vice chair of Bank of America in Europe and former director of Bank for International Settlements
Secretary	Jaime Pérez Renovaes	

### Functions

Banco Santander's international advisory board was formed in 2016 to provide strategic insight into future challenges and opportunities for the group's businesses, particularly in respect of innovation, digital transformation, cybersecurity and new technologies, capital markets, corporate governance, brand and reputation and regulation and compliance.

Its members are prominent and respected leaders who possess extensive experience with strategic challenges and opportunities, 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 2021, it met in February, May and October.

### Rationale

The international advisory board affords the Group structured and recurrent insights from international leaders who, due to other commitments, are not able to support it as board members.

## 4.12 Related-party transactions and conflicts of interest

### Related-party transactions

#### Directors, senior managers and significant shareholders

This subsection includes the report on related-party transactions mentioned under recommendation six of the Spanish Corporate Governance Code.

On 27 July 2021, the board amended the Rules and regulations of the board to adapt them to the new provisions on related-party transactions in Act 5/2021, of 12 April, (amended text of the Spanish Companies Act). See 'Rules and regulations of the board' in section [4.3](#).

Pursuant to the Rules and regulations of the board (as adapted to the new legal regime), the following bodies must authorise transactions between Banco Santander, S.A. or its subsidiaries and directors; shareholders who hold at least 10% of voting rights or sit on the board; and with other parties considered 'related parties' under the International Financial Reporting Standards:

- The general meeting, in regard to related-party transactions that amount to 10% or more of the assets listed on the last consolidated balance sheet.
- The board of directors, in regard to the other types of related-party transactions.

However, on 27 July 2021, the board of directors (on the audit committee's recommendation) voted to delegate to executive bodies, committees and competent proxies the approval of related-party transactions that simultaneously meet these legal requirements:

- are carried out under agreements with basic standard terms that usually apply to customers contracting the product or service in question;
- are entered into prices or rates set by the party acting as supplier of the goods or service in question, or arm's length terms and conditions for commercial relations with similar customers, where the goods or services are not subject to set rates that already exist; and
- they do not exceed 0.5% of Banco Santander's net annual income as appears in the last consolidated annual accounts approved at the general shareholders' meeting.

Likewise, the board approved an internal authorization, reporting and regular monitoring procedure, involving the audit committee, to confirm that transactions approved by virtue of the board's delegation are fair and transparent and meet the standards that apply in the above-mentioned exceptions. The procedure requires a permanently up-to-date list of natural and legal persons concerned in related-party transactions.

Lastly, the board also approved certain categories of related-party transactions and established ideal conditions to protect company and shareholder interests. Related-party transactions will be assessed to

make sure they are fair and reasonable to Banco Santander and all shareholders but the related party.

If a related-party transaction must be approved at the general meeting or by the board, the audit committee must issue a preliminary report about it in accordance with the law. That preliminary report will not be necessary for related-party transactions approved by virtue of the board's delegation.

Board members must refrain from deliberating and voting on resolutions with which they or their related parties have a direct or indirect conflict of interest.

In 2021, following due diligence, no director or any other related parties according to International Financial Reporting Standards carried out transactions deemed "significant" (i.e. material to Santander and the related party) or under non-market conditions.

The audit committee confirmed that all related-party transactions in 2021 were performed correctly, after reviewing whether they complied with the law, the Rules and regulations of the board and with the conditions set forth by the board, as mentioned in the audit committee activities report under section [4.5 'Audit committee activities in 2021'](#).

Banco Santander also has a policy for the admission, authorisation and monitoring of loans, credits and guarantees for directors and senior managers. It sets out the procedure in place for risk transactions of which they or their related parties like spouse or other person with similar relationship; minor children or those of legal age who are economically dependent; or companies controlled by directors or senior managers whose activity is limited to the mere holding of assets and the management of personal or family assets.

Furthermore, it outlines general rules in terms of maximum borrowing, interest rates and other similar conditions to those that apply to other employees. In accordance with this policy and with banking regulations, the policy provides that loans, credits or guarantees to be granted to Banco Santander's directors and senior managers (or to their related parties) must be authorised by the board and subsequently by the ECB, except in the cases listed below:

- Transactions are subject to a collective agreement signed by Banco Santander, with similar conditions to those of transactions granted to any employee.
- Transactions are carried out under agreements with standard conditions that generally apply to a large number of customers, provided that the amount granted to the beneficiary or its related parties does not exceed EUR 200,000.

Note [5.f](#) of the 'consolidated financial statements' lists the Grupo Santander's direct risks in the form of loans, credits and guarantees extended to directors in the ordinary course of business as of 31 December 2021. The terms and conditions of these transactions are the same as those performed under market conditions or applied to other employees, and the corresponding benefits in kind are imputed to them, where applicable.

### Intra-group transactions

Under new laws, Banco Santander's transactions with its direct or indirect wholly-owned subsidiaries and with other subsidiaries or investees will not be considered related-party transactions provided that no related party holds an interest in them. The rules, approval bodies and procedures that apply to intragroup transactions are the

same as for transactions with customers to make sure they are conducted at market prices and conditions.

Therefore, Santander maintains control of any subsidiaries or investees that might be affected by potential related-party transactions.

Note [52](#) ('Related parties') in the consolidated financial statements and note 47 ('Related parties') in the individual financial statements specify the amounts of the transactions with other Group entities (subsidiaries, associates and jointly-held entities), directors, senior managers and related parties.

### Conflicts of interest

Banco Santander has standards and procedures to prevent conflicts of interest resulting from our activities and functions, or between us and our directors and senior managers. We also have an internal policy that provides the Grupo Santander's employees, directors and entities with criteria to prevent and manage conflicts of interest resulting from their activities.

### Directors and senior managers

Our directors must adopt the necessary measures to avoid situations in which their direct or indirect interests may enter into conflict with corporate interests or their obligation towards Banco Santander.

Directors' duty to avoid conflicts of interest requires them to fulfil certain obligations, and they must refrain from using the Banco Santander name or their role to exert undue influence on private transactions. They cannot use corporate assets and confidential information for private purposes, nor take advantage of Banco Santander's business opportunities. Moreover, they are barred from obtaining benefits or remuneration (other than courtesies) from third parties in connection with their role; or carrying out activities, on their own behalf or that of others, that place them in a situation of effective or potential competition or permanent conflict with Banco Santander.

Directors must report direct or indirect conflicts of interest they or their related parties may have with Banco Santander to the board. Such conflicts will be disclosed in the financial statements.

In 2021, no director reported having any conflict of interest with the Group, even though these 39 abstentions occurred in votes on matters deliberated at board and committee meetings. In 12 instances, directors abstained owing to resolutions to appoint or re-elect directors, or to be appointed them to board committees or to the boards of Santander companies. In 13 instances, the matter under consideration related to remuneration, loans or credits. In 4 instances, the matter was a transaction between Banco Santander and a company related to a director. In 9 instances, directors abstained regarding the annual verification of their status and suitability. In one instance, the director's position at the meeting meant he was unable to take part in deliberations.

As directors and senior managers are subject to the Policy on conflicts of interest and the Code of Conduct in Securities Markets, they must provide the Compliance function with a statement on any relations they hold, which they must keep up to date. Directors and senior managers must also report any potential conflict of interest owing to their relations or any other reason to the Compliance function. Furthermore, where a conflict does exist, they must abstain from making decisions or casting votes, in addition to notifying anyone who is to take the respective decision.

The chief officer of the area in question is responsible for resolving conflicts of interest. Conflicts that involve several areas must be resolved by the common senior officer. However, if none of the foregoing rules apply, the Compliance function will designate someone to resolve the conflict. In the event of doubt, the Compliance function is consulted.

The Code of Conduct in Securities Markets describes control mechanisms and bodies for resolving conflicts of interest related to securities markets. This code can be found on the Grupo Santander's corporate website. It dictates that directors, senior managers or related parties may not carry out (i) counter-transactions on Grupo Santander's securities within 30 days from the time they are acquired or sold; or (ii) transactions on Grupo Santander securities 30 days before the quarterly, half-year or annual results are announced and until they are published.

**Group companies**

Because Banco Santander is the only group company listed in Spain, no mechanisms must be in place to resolve conflicts of interest with subsidiaries listed in Spain.

If such conflicts do arise, Banco Santander, as the parent company, must consider the interests of all its subsidiaries and how they contribute to the long-term interest of the entire group. Subsidiaries should also consider the interests of Grupo Santander examine how the decisions they take may affect the Group.

Banco Santander, as the parent company of Grupo Santander, structures the governance of the Group through a system of rules that guarantees the existence of rules of governance and an adequate control system, as described in section [7. 'Group structure and internal governance'](#).

## 5. Management team

The table below shows the profiles (Senior Executive Vice President —SEVP—) of the Banco Santander's senior managers (other than the executive directors described in section [4.1 'Our directors'](#)) as of 31 December 2021.

<b>Alexandra Brandão</b>	<b>GLOBAL HEAD OF HUMAN RESOURCES</b>	Born in 1978, Alexandra Brandão joined Grupo Santander in 2003 as head of Products and Services for Individuals at Santander Totta. From 2012 to 2016, she was global head of Knowledge and Development at the Grupo Santander Corporate Centre; head of Human Resources from 2016 to 2018; and head of Commercial Management and Segments at Santander Portugal from 2019 to 2020. Since February 2021, she has been global head of Human Resources.
<b>Juan Manuel Cendoya</b>	<b>GROUP HEAD OF COMMUNICATIONS, CORPORATE MARKETING AND RESEARCH</b>	Born in 1967, Juan Manuel Cendoya joined Banco Santander in July 2001 as group senior executive vice-president and head of the Communications, Corporate Marketing and Research division. In 2016, Mr Cendoya was appointed vice-chair of the board of directors and head of Institutional and Media Relations of Santander España. He is also a member of the board of directors of Universia España Red de Universidades, S.A. Previously, he had been head of the legal and tax department of Bankinter, S.A. He is a state attorney and a non-executive director at Arena Communications Network, S.L.
<b>José Doncel</b>	<b>GROUP HEAD OF ACCOUNTING AND FINANCIAL CONTROL - GROUP CHIEF ACCOUNTING OFFICER</b>	Born in 1961, José Doncel joined Grupo Santander in 1989 as head of Accounting. Previously, he had served as head of accounting and financial management at Banco Español de Crédito, S.A. (Banesto) (1994-2013). Mr Doncel was appointed senior executive vice-president and head of the Internal Audit division in 2013 and group head of Accounting and Financial Control - group chief accounting officer - in 2014.
<b>Keiran Foad</b>	<b>GROUP CHIEF RISK OFFICER</b>	Born in 1968, Keiran Foad joined Grupo Santander in 2012 as deputy chief risk officer at Santander UK. Previously, he held risk and corporate leadership roles at Barclays Bank plc (1985-2011) and served as chief risk officer at Northern Rock plc. In 2016, he was appointed senior executive vice-president and deputy chief risk officer of Banco Santander until his appointment in 2018 as group chief risk officer.
<b>José Antonio García Cantera</b>	<b>GROUP CHIEF FINANCIAL OFFICER</b>	Born in 1966, José Antonio García joined Grupo Santander in 2003 as senior executive vice-president of Global Wholesale Banking of Banco Español de Crédito, S.A. (Banesto). In 2006, he was appointed chief executive officer of Banesto. Previously, Mr García had served on the executive committee of Citigroup EMEA, as well as 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. In 2015, he was appointed group chief financial officer.
<b>Juan Guitard</b>	<b>GROUP CHIEF AUDIT EXECUTIVE</b>	Born in 1960, Juan Guitard joined Grupo Santander in 1997 as head of Human Resources at Santander Investment, S.A. Previously, he had been general counsel and secretary of the board of Santander Investment, S.A. and Banco Santander de Negocios, S.A. In 2013, Mr Guitard was head of Banco Santander's Risk division. In November 2014, he was appointed head of the Internal Audit division - group chief audit executive. He is also a state attorney.

<b>José María Linares</b>	<b>GLOBAL HEAD OF CORPORATE &amp; INVESTMENT BANKING</b>	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. New York (1993-1994). He worked as senior vice-president and senior Latin America telecom equity analyst at Oppenheimer & Co. New York (1994-1997), as well as senior director Latin America TMT equity analyst at Société Générale, New York & São Paolo (1997-1999). Mr Linares 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).
<b>Mónica López-Monís</b>	<b>GROUP HEAD OF SUPERVISORY AND REGULATORY RELATIONS</b>	Born in 1969, Mónica López-Monís joined Grupo Santander in 2009 as general counsel and secretary of the board of Banco Español de Crédito, S.A. (Banesto). Previously, she had been general counsel at Aldeasa, S.A. and Bankinter, S.A., as well as independent director at Abertis Infraestructuras, S.A. In 2015, Ms López-Monís was appointed senior executive vice-president of Santander and group chief compliance officer until her appointment in 2019 as group head of Supervisory and Regulatory Relations. She is a state attorney.
<b>Javier Maldonado</b>	<b>GROUP HEAD OF COSTS</b>	Born in 1962, Javier Maldonado joined Grupo Santander in 1995 as head of the International Legal division of Banco Santander de Negocios, S.A. Mr Maldonado held several roles at Santander UK and in 2014 was appointed senior executive vice-president of Santander and head of Coordination and Control of Regulatory Projects until his appointment in 2015 as group head of Costs.
<b>Dirk Marzluf</b>	<b>GROUP HEAD OF TECHNOLOGY AND OPERATIONS</b>	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. Mr Marzluf also held global roles at Accenture, Daimler Chrysler and Winterthur Group.
<b>Víctor Matarranz</b>	<b>GLOBAL HEAD OF WEALTH MANAGEMENT &amp; INSURANCE</b>	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, Mr Matarranz had held several roles at McKinsey & Company, where he had become partner.
<b>José Luis de Mora</b>	<b>GROUP HEAD OF STRATEGY AND CORPORATE DEVELOPMENT AND OF CONSUMER FINANCE (SANTANDER CONSUMER FINANCE)</b>	Born in 1966, José Luis de Mora joined Grupo Santander in 2003. Since then, he has been in charge of 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 was appointed head of Santander Consumer Finance on 1 January 2020 and CEO of the same entity on 17 December 2020.
<b>Jaime Pérez Renovales</b>	<b>GROUP HEAD OF GENERAL SECRETARIAT</b>	See profile in section <a href="#">4.1 'Our directors'</a> .
<b>António Simões</b>	<b>REGIONAL HEAD OF EUROPE AND COUNTRY HEAD OF SANTANDER ESPAÑA</b>	Born in 1975, António Simões joined Grupo Santander in 2020 as regional head of Europe and he was appointed country head of Santander España in 2021. 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.
<b>Marjolein van Hellemond-Gerdingh</b>	<b>GROUP CHIEF COMPLIANCE OFFICER</b>	Born in 1964, Marjolein van Hellemond-Gerdingh joined Santander Group 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, section [6.4](#) y [6.5](#) sets out the directors' remuneration policy for 2022, 2023 and 2024, 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 2022, 2023 and 2024 were approved by our board of directors on 24 February 2022. 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 (2020 Annual Report, Corporate Governance, chapter 6: Remuneration).

## 6.1 Principles of the remuneration policy

### Director 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 2021 and section [6.4](#) about the remuneration policy for 2022 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.
- Advise in the update to the remuneration policy described in section [6.4](#).

## 6.2 Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2021

### 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 2021 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 2020 and 2021.

As regards 2020, on 5 May 2020, as a gesture of responsibility in view of the situation created by the health emergency, the board of directors agreed to reduce their allotments by 20% for the balance of 2020, with effect from 1 April 2020, and propose that amounts saved thereby be used to finance the initiatives of Banco Santander to fight against the covid-19 pandemic.

In accordance with the remuneration policy approved at the general shareholders' meeting on 26 March 2021, the amounts for serving and holding roles on the board and committees was the same amount as initially approved for 2020, adding that the innovation and technology committee began to be remunerated, with its members receiving EUR 25,000 and its Chair, an additional EUR 70,000. Applicable amounts were:

Amount per director in euros	2021	2020	
		1 Jan to 31 Mar	1 Apr to 31 Dec
Members of the board of directors	90,000	22,500	49,500
Members of the executive committee	170,000	42,500	93,500
Members of the audit committee	40,000	10,000	22,000
Members of the appointments committee	25,000	6,250	13,750
Members of the remuneration committee	25,000	6,250	13,750
Members of the risk supervision, regulation and compliance committee	40,000	10,000	22,000
Members of the responsible banking, sustainability and culture committee	15,000	3,750	8,250
Members of the innovation and technology committee	25,000	—	—
Chairman of the audit committee	70,000	17,500	38,500
Chairman of the appointments committee	50,000	12,500	27,500
Chairman of the remuneration committee	50,000	12,500	27,500
Chairman of the risk supervision, regulation and compliance committee	70,000	17,500	38,500
Chairman of the responsible banking, sustainability and culture committee	50,000	12,500	27,500
Chairman of the innovation and technology committee	70,000	—	—
Lead director <sup>A</sup>	110,000	27,500	60,500
Non-executive vice chairmen	30,000	7,500	16,500

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. However, in line with the board of directors' decision (shared by Bruce Carnegie-Brown) to reduce their allotments and fees from 1 April 2020 to 31 December, the same reduction was applied to that amount. Accordingly, his allotment for 2020 was EUR 595,000.

## C. Attendance fees

Pursuant to resolutions approved by the board on the remuneration committee's recommendations, attendance fees for board and committees meetings (not including the executive committee, for which no fees are set) totalled the amounts included in the chart below for the last two years.

As regards 2020, on 5 May 2020, as a gesture of responsibility in view of the situation created by the health emergency, the board of directors agreed to reduce their attendance fees by 20% for the balance of 2020, with effect from 1 April 2020, and propose that the amounts saved thereby be used to finance the initiatives of Banco Santander to fight against the covid-19 pandemic. For 2021, in the same manner as with the annual allotment, the board voted to keep the same amounts set out in the 2020 policy before the exceptional decision above, and, as foreseen in the remuneration policy approved at the general shareholders' meeting on 26 March 2021, attendance fees for innovation and technology committee members were added.

Attendance fees per director per meeting in euros	2021	2020	
		1 Jan to 31 Mar	1 Apr to 31 Dec
Board of directors	2,600	2,600	2,080
Audit committee and risk supervision, regulation and compliance committee	1,700	1,700	1,360
Other committees (excluding executive committee)	1,500	1,500	1,200

## D. Breakdown of bylaw-stipulated emoluments

Total director bylaw-stipulated emoluments and attendance fees received in 2021 amounted to EUR 4,8 million (EUR 4,1 million in 2020). This is 20% less than the amount approved at the general meeting. Each director earned the following amounts for these items:

Directors	Execu tive	Non- execu tive	Amount in euros										Board and committee attendance fees	Total by-law stipulated emoluments and attendance fees	2020
			2021												
			Board <sup>M</sup>	EC	AC	Annual allotment			ASC	RC	RSRCC	RBSCC			
Ana Botín		—	90,000	170,000	—	—	—	—	—	—	25,000	285,000	45,000	330,000	288,970
José Antonio Álvarez		—	90,000	170,000	—	—	—	—	—	—	25,000	285,000	45,000	330,000	269,620
Bruce Carnegie-Brown		I	275,500	170,000	—	75,000	75,000	—	—	—	25,000	620,500	79,500	700,000	595,000
Homaira Akbari		I	90,000	—	40,000	—	—	—	—	15,000	25,000	170,000	77,800	247,800	202,290
Javier Botín <sup>A</sup>		N	90,000	—	—	—	—	—	—	—	—	90,000	39,000	129,000	121,220
Álvaro Cardoso <sup>B</sup>		I	90,000	—	—	—	—	27,500	15,000	—	—	132,500	49,600	182,100	243,170
R.Martín Chávez <sup>C</sup>		I	90,000	—	—	25,000	25,000	40,000	—	—	95,000	275,000	99,400	374,400	37,453
Sol Daurella		I	90,000	—	—	25,000	25,000	—	—	15,000	—	155,000	84,000	239,000	213,670
Henrique de Castro		I	90,000	—	40,000	—	25,000	—	—	—	25,000	180,000	86,800	266,800	216,790
Gina Díez <sup>E</sup>		I	90,000	—	—	685	—	—	—	—	—	90,685	39,000	129,685	4,053
Luis Isasi <sup>F</sup>		N	90,000	170,000	—	—	25,000	40,000	—	—	—	325,000	81,000	406,000	203,027
Ramiro Mato		I	90,000	170,000	40,000	—	—	40,000	65,000	—	—	405,000	93,900	498,900	430,410
Sergio Rial <sup>G</sup>		—	90,000	—	—	—	—	—	—	—	—	90,000	39,000	129,000	62,800
Belén Romana		I	90,000	170,000	40,000	—	—	92,500	15,000	25,000	—	432,500	99,900	532,400	417,274
Pamela Walkden <sup>H</sup>		I	90,000	—	110,000	—	—	26,667	—	—	—	226,667	76,400	303,067	214,594
Rodrigo Echenique <sup>I</sup>		N	—	—	—	—	—	—	—	—	—	—	—	—	155,501
Ignacio Benjumea <sup>J</sup>		N	—	—	—	—	—	—	—	—	—	—	—	—	173,473
Guillermo de la Dehesa <sup>K</sup>		N	—	—	—	—	—	—	—	—	—	—	—	—	107,747
Esther Giménez-Salinas <sup>L</sup>		I	—	—	—	—	—	—	—	—	—	—	—	—	191,405
			<b>1,535,500</b>	<b>1,020,000</b>	<b>270,000</b>	<b>125,685</b>	<b>175,000</b>	<b>266,667</b>	<b>125,000</b>	<b>245,000</b>	<b>245,000</b>	<b>3,762,852</b>	<b>1,035,300</b>	<b>4,798,152</b>	<b>4,148,467</b>

A. All amounts received were reimbursed to Fundación Botín.

B. Director since 1 April 2018.

C. Director since 27 October 2020.

D. Director since 17 July 2019.

E. Director since 22 December 2020.

F. Director since 19 May 2020

G. Executive director since 30 May 2020

H. Director since 29 October 2019.

I. Stepped down as executive director on 30 April 2019. Non-executive director from 1 May 2019 to 22 December 2020

J. Stepped down as director on 5 May 2020.

K. Stepped down as director on 3 April 2020.

L. Stepped down as director on 27 October 2020

M. 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 ASC: Appointments 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 2021 was approved by the board of directors and put to a binding vote at the 2021 general shareholders' meeting, with 93.26% votes in favour. The table below summarizes the policy and its implementation for Ana Botín and José Antonio Álvarez.

In the case of Sergio Rial, he has qualified as an executive director since his appointment as director became effective on 30 May 2020, pursuant to section 529 *duodecies* of the Spanish Companies Act (*Ley de Sociedades de Capital*) because of his role as CEO and vice-chair

of Banco Santander (Brasil) S.A. (Santander Brasil). In 2021 he received as fixed pay for his role as Regional head for South America, the EUR 750 thousand that had been approved at the 2021 general shareholders meeting as part of the 2021 remuneration policy. He has not received any other remuneration for executive functions in Banco Santander, S.A. On 31 December 2021, Mr Rial has stepped down as CEO and vice-chair of Santander Brasil and as Regional head for South America. Accordingly, he is not considered as an executive director since that date.

Component	Type	Policy	Effective in 2021
Gross annual salary	Fixed	<ul style="list-style-type: none"> <li>• Paid in cash on a monthly basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Ana Botín: EUR 3,176 thousand.</li> <li>• José Antonio Álvarez: EUR 2,541 thousand.</li> </ul>
Variable remuneration	Variable	<ul style="list-style-type: none"> <li>• Individual benchmark reference.</li> <li>• Calculated against annual quantitative metrics and a qualitative assessment on account of individual performance.</li> <li>• 50% of each payment is shares. The number of shares is set at the time of the award.</li> <li>• 40% paid in 2022;</li> <li>• 60% deferred in five years.</li> <li>• 24% paid in equal parts in 2023 and 2024.</li> <li>• 36% paid in equal parts in 2025, 2026 and 2027, provided certain long-term objectives are met (2021-2023).</li> </ul>	<ul style="list-style-type: none"> <li>• See section 6.3 B ii for details on annual metrics and assessment.</li> <li>• See section 6.3 B iv for details on long-term metrics.</li> <li>• See section 6.3 B iii for details on individual variable pay.</li> </ul>
Pension scheme	Fixed	<ul style="list-style-type: none"> <li>• Annual contribution of 22% of base salary.</li> </ul>	<ul style="list-style-type: none"> <li>• No change since 2018</li> </ul>
	Variable	<ul style="list-style-type: none"> <li>• Annual contribution of 22% of 30% of the average of variable remuneration in the last three years</li> </ul>	<ul style="list-style-type: none"> <li>• See section 6.3 C for details on annual contributions and pension balance.</li> </ul>
Other remuneration	Fixed	<ul style="list-style-type: none"> <li>• Includes life, accident and medical insurance, and other in-kind compensation.</li> <li>• Payment for non-compete commitment</li> </ul>	<ul style="list-style-type: none"> <li>• No change for Ana Botín or José Antonio Álvarez since 2018.</li> <li>• No change.</li> </ul>
Shareholding policy	N/A	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

#### A. Gross annual salary

The board resolved to maintain the same gross annual salary for Ana Botín and José Antonio Álvarez for 2021 as in 2020.

It also maintained the fixed pension contribution of 22% of gross annual salary it had agreed in 2020 for 2021.

Executive directors' gross annual salary and fixed annual contribution to pensions for 2021 and 2020 were as follows:

EUR thousand	2021			2020		
	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
<b>Total</b>	<b>5,717</b>	<b>1,258</b>	<b>6,975</b>	<b>5,717</b>	<b>1,258</b>	<b>6,975</b>

Sergio Rial also received EUR 750 thousand as remuneration for his role as Regional Head for South America in 2021.

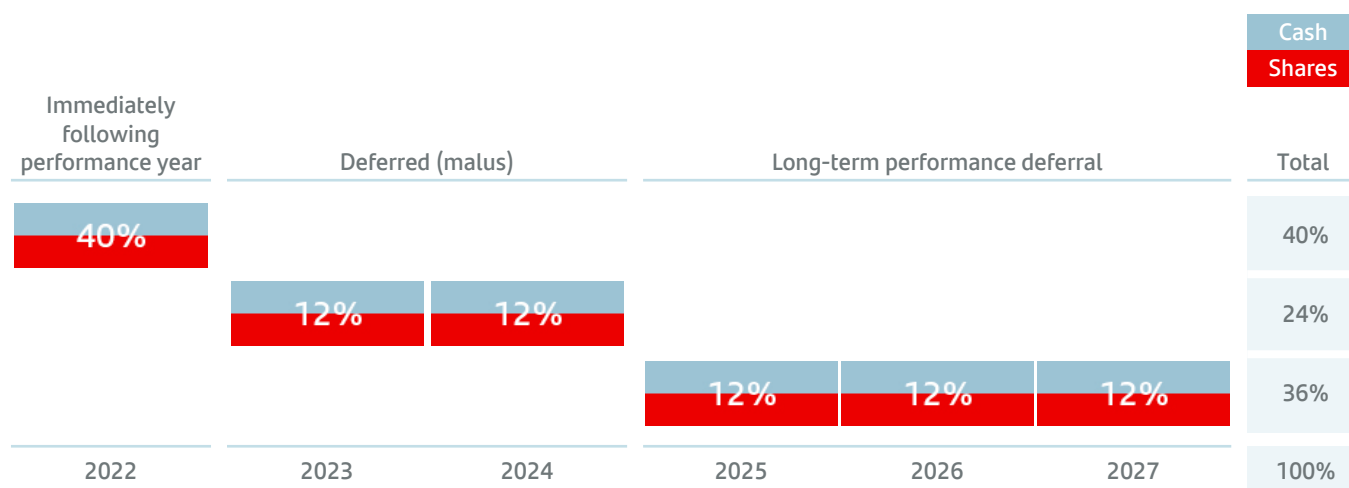
## B. Variable remuneration

### i) General policy for 2021

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 components<sup>22</sup> (including the variable part of the contributions to the benefit systems) of executive directors' total remuneration in 2021 should amount to less than 200% of fixed components, as established by resolution of the general shareholders' meeting on 26 March 2021.
- At the beginning of 2022, on the remuneration committee's recommendation, the board approved the final amount of the 2021 incentive, based on the set bonus pool in accordance with the directors' remuneration policy approved at the general shareholders' meeting on 26 March 2021, 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 capital adequacy metrics as well as the three pillars the Group's strategy stands on: One Santander, PagoNxt and Digital Consumer Bank; and (ii) how they achieve them in consideration of how they manage employees and demonstrated the corporate values.

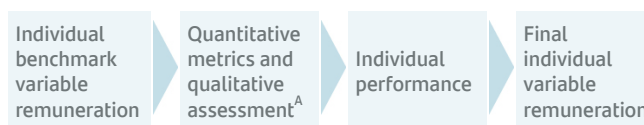
The payment schedule of the incentive is illustrated below.



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 2021

Executive directors' variable remuneration for 2021 has been based on the corporate centre executives' common bonus pool, which



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 shares. 40% is paid in 2022, 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 2023 and 2024, (24% of the total) will be paid if none of the malus clauses described below are triggered.
  - The deferred amount payable in 2025, 2026 and 2027, (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 only reduce these amounts and the number of deferred shares (which can be lower but not higher).
  - 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 years 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 Santander shares 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.

<sup>22</sup> 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.

recurrence, and compliance and control. The quantitative and qualitative results for the bonus pool resulting from the process

above, which are considered by the board, upon recommendation from the remunerations committee, are included in the chart below.

Category and (weight)	Quantitative metrics			Qualitative		Total weighted score <sup>B</sup>	
	Metrics	% Achievement over target	Assessment	Weighted assessment <sup>A</sup>	Component		Assessment
Customers (20%)	Net Promoter Score (NPS) <sup>C</sup>	Target: TOP3 in 6 countries. Achieved: TOP3 in 8 <sup>D</sup> countries	109.3 %	21.86 %	Evaluation of the effective satisfaction of objectives regarding customers conduct risk	+ 3.40% - Strengthened product governance and made progress with customer conduct risk management, especially to further embed it in the first lines of defence.	25.26 %
	Risk - Cost of credit ratio (IFRS9) (10%)	% Target: 1.18% % Achieved: 0.77%	134.97 %	13.50 %	Appropriate management of risk appetite and operational risk Risks culture and employee awareness	+1.42 % - Considerable progress in our risk management and control environment underpinned by the advances in our cutting edge technology (machine learning, AI and robotics), the definition of new target operating models for financial crime, as well as the successful implementation of our Risk Strategy.	14.92 %
	Capital ratio (CET1) (20%)	% Target: 11.90% % Achieved: 12.35% <sup>E</sup>	280.0 %	56.00 %	Efficient capital adequacy management: Sustainable capital contribution Capital strategy planning and execution	+ 3.34% - Positive Evolution of CET1 ratio with active management of regulatory and markets (e.g. available for sale portfolios) headwinds throughout the year.	59.34 %
Shareholders (80%)					Ideal business growth from the previous year in view of market conditions and competition (net profit and profit margin after provisions)	-2% - Growth in a complex landscape, influenced by our competitors' management of pandemic-related provisions. While Santander leads its peers in revenue generation, it has released less provisions in 2021.	
	Profitability - Return on tangible equity (RoTE) (50%)	Target: 9.50% Result: 11.96%	125.84 %	62.92 %	Sustainable and sound results, efficient cost management and cost-to-income objectives Progress in public commitments on responsible banking (especially financial inclusion, green finance and diversity-based targets)	+ 1.17% - Total net operating income growth year-on-year (+6%) provided by our geographic and business diversification and efficiency ratio of 46.2%, having improved 0.8 pp on 2020 and 2019. The Group remained one of the most efficient global banks in the world. + 4.17% - Good progress made with selected commitments on the Responsible banking agenda, especially in: (i) women in senior leadership positions (the ratio increased by 260 bps from 23.7% in 2020 to 26.3% in 2021. The target was 26.2% in 2021 and the public commitment is 30% by 2025); (ii) financially empowered people (7.5 million people since 2019, including 2.5 million in 2021. The 2021 target was to reach 7.0 million and the public commitment is 10 million people between 2019 and 2025); (iii) green finance (of the EUR 120 billion committed from 2019 to 2025 and EUR 66 billion have been reached so far (EUR 51 billion was the target for close of 2021)).	66.26 %
Exceptional adjustment		Elements (non-exhaustive) under consideration: macro-economic environment, general control environment, compliance with internal and external regulations, prudent and efficient liquidity and capital planning management.			Although the underlying business performance resulted in a bonus calculus of 165.77%, there has been a management proposal, supported by the remuneration committee and approved by the Board of Directors, to exercise downward discretion to the 2021 variable remuneration to align with the ongoing uncertainty about the covid-19 health crisis in the Group's markets and its impact on shareholder returns.		(14.54)%
<b>TOTAL</b>							<b>151.23 %</b>

A. The weighted assessment is the result of multiplying each objective's assessment by its weighting per category. Each qualitative component under the RoTE category has 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 in the top 3, as well as on its performance against competitors.

D. The achievement amount is calculated by adding the weight each country where the target is met has over the total of Santander Group clients.

E. For this purpose, CET1 phased-in metric has 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 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.

The following section details the individual variable remuneration approved by the board.

### iii) Determination of the individual variable remuneration for executive directors set in 2021

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 ONP<sup>23</sup> for 2021 was not more than 50% less than for 2020. 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 2021 as in 2020.

Variable contributions to pensions were not modified in 2021, so the amounts are the 22% of the 30% of the last three assigned bonus' average.

#### Breakdown of immediately payable and deferred remuneration

Comparing with the previous year, it should be mentioned that amid the covid-19 health crisis in 2020, Ana Botín and José Antonio Álvarez

proposed to reduce their total 2020 compensation (salary and bonus) by 50%.

To achieve the 50% reduction compared to 2019, the board of directors decided to apply an additional adjustment to Ana Botín's and José Antonio Álvarez's variable compensation, reducing the variable compensation by 74% in the case of Ana Botín and 79% in the case of José Antonio Álvarez.

In 2021, the good business performance (which enabled Banco Santander to reach a 12.73% underlying RoTE, above 2019), the excellent execution of our strategy (with the highest underlying attributable profit of the last 12 years), and efficient capital management, have improved substantially the bonus pool results, and thus the variable remuneration of corporate centre employees, including the executive directors.

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	2021			2020		
	In cash	In shares	Total	In cash	In shares	Total
Ana Botín	2,941	2,941	5,883	534	534	1,068
José Antonio Álvarez	1,985	1,985	3,970	290	290	580
<b>Total</b>	<b>4,926</b>	<b>4,926</b>	<b>9,853</b>	<b>824</b>	<b>824</b>	<b>1,648</b>

A. The share amounts in the foregoing table correspond to a total of 1,587 thousand shares in Banco Santander (307 thousand shares in 2020).

The following chart states deferred variable remuneration at fair value, which will only be received in 2025, 2026 and 2027, provided that long-term multi-year targets are met (see section 6.3 B iv)), 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 occur<sup>24</sup>:

#### DEFERRED VARIABLE REMUNERATION LINKED TO LONG-TERM OBJECTIVES (FAIR VALUE)

EUR thousand	2021			2020		
	In cash	In shares	Total	In cash	In shares	Total
Ana Botín	1,158	1,158	2,316	210	210	420
José Antonio Álvarez	782	782	1,563	114	114	228
<b>Total</b>	<b>1,940</b>	<b>1,940</b>	<b>3,880</b>	<b>324</b>	<b>324</b>	<b>648</b>

A. The number of shares in the table total 625 thousand shares in Banco Santander (121 thousand shares in 2020).

Fair value has been determined on the grant date based on the valuation report of an independent expert, Willis Towers Watson. Based on the design of the plan for 2021 and success levels of similar plans at peer entities, the expert found a range of 60%-80% reasonable to estimate the initial success ratio. Therefore, fair value was considered to be 70% of the maximum value.

<sup>23</sup> 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.

<sup>24</sup> 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 number of shares to be delivered under the plan (2,480 thousand shares not adjusted for fair value) is within the limit of 3,705 thousand shares authorised in the 2021 AGM for executive directors. This limit was 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 1 February 2022 (the date on which the board approved the 2021 bonus for executive directors), which was EUR 3.104 per share.

#### iv) Multi-year targets linked to the payment of deferred amounts in 2025, 2026 and 2027

The multi-year targets linked to the payment of the deferred amounts payable in 2025, 2026 and 2027 are:

	Metrics	Weight	Target and compliance scales (metrics ratios)
A	Earnings per share (EPS) growth in 2023 vs 2020	33 %	If EPS in 2023 (% vs.2020) $\geq$ 125%, then metric ratio is 1.5 If EPS in 2023 (% vs.2020) $\geq$ 100% but < 125%, then metric ratio is 1 – 1.5 <sup>C</sup> If EPS in 2023 (% vs. 2020) $\geq$ 70% but < 100%, then metric ratio is 0 – 1 <sup>C</sup> If EPS in 2023 (% vs. 2020) < 70%, ratio is 0
B	Relative Total Shareholder Return (TSR) <sup>A</sup> in 2021-2023 within a peer group	33 %	If ranking of Santander above percentile 66, then metric ratio is 1 If ranking of Santander between percentiles 33 and 66, then ratio is 0 – 1 <sup>D</sup> If ranking of Santander below percentile 33, then metric ratio is 0
C	Fully loaded target common equity Tier 1 ratio (CET1) <sup>B</sup> for 2023	33 %	If CET1 is $\geq$ 12%, then metric ratio is 1 If CET1 is $\geq$ 11% but < 12%, then metric ratio is 0 – 1 <sup>E</sup> If CET1 is < 11%, then metric ratio is 0

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 2021 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2024 (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. To check success in terms of this objective, possible increases in CET1 resulting from capital increases will be disregarded (except in relation to the Santander Scrip Dividend programme). Furthermore, the CET1 ratio at 31 December 2023 could be adjusted to factor out the impact of any new regulations on its calculation up to that date.

C. Linear increase in the EPS ratio based on the specific EPS growth rate in 2023 in respect of 2020 within this bracket of the scale.

D. Proportional increase in the TSR ratio based on the number of positions moved up in the ranking.

E. Linear increase in the CET1 ratio as a function of the CET1 ratio in 2023 within this bracket of the scale.

To determine the annual amount of the deferred portion linked to objectives corresponding to each board member in 2025, 2026 and 2027, the following formula shall be applied to each of these payments ('Final annuity') without prejudice to any adjustment deriving from the malus clauses:

$$\text{Final annuity} = \text{Amt.} \times (1/3 \times A + 1/3 \times B + 1/3 \times C)$$

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 2022).
- 'A' is the EPS ratio according to the scale in the table above, based on EPS growth in 2023 vs 2020.

- 'B' is the TSR ratio according to the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2021-2023.

- 'C' is the CET1 ratio according to compliance with the CET1 target for 2023 described in the table above.

- In any event, if the result of  $(1/3 \times A + 1/3 \times B + 1/3 \times C)$  is greater than 1, the multiplier will be 1.

#### 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 group<sup>25</sup>, 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.

<sup>25</sup> 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.

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 2021 can be clawed back until the beginning of 2028.

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.

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 2028. 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.

José Antonio Álvarez's contract has been updated in 2020 so that he has ceased to have the right to early retirement in case of termination of his contract. Ana Botín has ceased to have the right to voluntary early retirement, keeping this right if Banco Santander terminates her contract before 31 August 2022, after which early retirement will no longer be available. As long as she retains that right, she is entitled to an annual allotment equal to her total fixed remuneration, plus 30% of the average of up to her last three variable pays.

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 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 2021 for retirement pensions amounted to 1,825 thousand euros (2,019 thousand euros in 2020), as broken down below.

EUR thousand	2021	2020
Ana Botín	1,041	1,155
José Antonio Álvarez	783	864
<b>Total</b>	<b>1,825</b>	<b>2,019</b>

These are the amounts corresponding to each executive director as of 31 December 2021 and 2020 in the pension scheme:

EUR thousand	2021	2020
Ana Botín	48,075	49,444
José Antonio Álvarez	18,821	18,082
<b>Total</b>	<b>66,896</b>	<b>67,526</b>

### 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 at 31 December 2021 of 2.94 euros:

	2021			2020		
	Gross annual salary (thousand)	number of shares (thousand)	X	Gross annual salary (thousand)	number of shares (thousand)	X
Chair	3,176	25,365	23.5	3,176	24,608	22.8
CEO	2,541	1,985	2.3	2,541	1,821	2.1

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 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 Sergio Rial in Santander Brasil

In addition to the EUR 750 thousand Sergio Rial received as Regional head for South America, he was paid the following amounts as CEO of Santander Brasil:

2021	BRL thousand	EUR thousand
Base salary	12,645	1,985
Other fixed benefits	47	7
Pensions	7,350	1,153
Variable remuneration immediately payable and deferred (not linked to long-term objectives)	26,600	4,018
<b>Total 2021</b>	<b>46,642</b>	<b>7,163</b>
<b>Total 2020</b>	<b>37,079</b>	<b>6,378</b>

His variable remuneration is subject to the same policy principles, deferrals, multi-year targets linked to the payment of deferred amounts and malus and clawback principles described under section B above (but in relation to the subsidiary where he was the CEO until 31 December 2021).

The following table shows the variable remuneration deferred and contingent on long-term objectives (with a fair value applied of 70%):

### Deferred and linked to long-term objectives variable remuneration

	2021			2020		
	In cash	In shares	Total	In cash	In shares	Total
Sergio Rial	791	791	1,582	655	655	1,311

## G. 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 2021 or 2020.

However, in their personal capacity, in 2021 Álvaro Cardoso was paid BRL 2,130 thousand (EUR 334 thousand) as non-executive chair of Banco Santander Brasil, S.A., Homaira Akbari was paid USD 190 thousand (EUR 161 thousand) as member of the board of Santander Consumer USA (SCUSA) and EUR 52 thousand as member of the Board of PagoNxt, and Henrique de Castro and R.Martín Chávez were each paid the same EUR 52 thousand as members of the board of PagoNxt. Likewise, Pamela Walkden was paid GBP 31 thousand (EUR 36 thousand) as member of Santander UK plc and Santander UK Group Holdings boards.

Likewise, Luis Isasi was paid EUR 1,000 thousand for his roles as non-executive chair and for board and committees meetings (amount included in the chart below as "other remuneration" as it is paid by Banco Santander, S.A.).

## H. Individual remuneration of directors for all items in 2021

Below is a breakdown of each director's short-term salary (payable immediately) and deferred remuneration not based on long-term performance for 2021 and 2020. Note 5 to the group's consolidated financial statements contains disclosures on shares delivered in 2021 under the deferred remuneration schemes of previous years where conditions for their delivery were met in the related years.

An additional column for 2019 is included for comparison purposes, being 2019 a more representative year due to the aforementioned extraordinary reduction in the variable remuneration applied in 2020. Total remuneration rose 15% for the Chair and 11% for the chief executive officer compared to 2019, as attributable profit grew 25% from 2019 to 2021. Underling RoTE in 2021 was 12.73% (11.79% in 2019), TSR 18.58% (-4% in 2019).

Directors	EUR thousand											
	2021								2020	2019		
	Bylaw-stipulated emoluments		Salary and bonus of executive directors						Pension Contribution	Other remuneration	Total	Total
Board and board committees annual allotment	Board and committee attendance fees	Fixed Salary	Immediate payment bonus (50% in shares)	Deferred payment bonus (50% in shares)	Total	Total						
Ana Botín	285	45	3,176	3,676	2,206	9,058	1,041	1,006	11,435	6,818	9,954	
José Antonio Álvarez	285	45	2,541	2,482	1,488	6,511	783	1,536	9,160	6,018	8,270	
Bruce Carnegie-Brown	620	80	—	—	—	—	—	—	700	595	700	
Homaira Akbari	170	78	—	—	—	—	—	—	248	202	226	
Javier Botín <sup>A</sup>	90	39	—	—	—	—	—	—	129	122	137	
Álvaro Cardoso <sup>B</sup>	133	50	—	—	—	—	—	—	183	243	276	
R.Martín Chávez <sup>C</sup>	275	99	—	—	—	—	—	—	374	37	—	
Sol Daurella	155	84	—	—	—	—	—	—	239	214	240	
Henrique de Castro <sup>D</sup>	180	87	—	—	—	—	—	—	267	217	86	
Gina Díez <sup>E</sup>	91	39	—	—	—	—	—	—	130	4	—	
Luis Isasi <sup>F</sup>	325	81	—	—	—	—	—	1,000	1,406	943	—	
Ramiro Mato	405	94	—	—	—	—	—	—	499	430	500	
Sergio Rial <sup>G</sup>	90	39	750	—	—	750	—	—	879	63	—	
Belén Romana	433	100	—	—	—	—	—	—	533	417	525	
Pamela Walkden <sup>H</sup>	227	76	—	—	—	—	—	—	303	214	34	
Rodrigo Echenique <sup>I</sup>	—	—	—	—	—	—	—	—	—	1,955	4,874	
Ignacio Benjumea <sup>J</sup>	—	—	—	—	—	—	—	—	—	275	524	
Guillermo de la Dehesa <sup>K</sup>	—	—	—	—	—	—	—	—	—	108	399	
Esther Giménez-Salinas <sup>L</sup>	—	—	—	—	—	—	—	—	—	191	228	
<b>Total 2021</b>	<b>3,764</b>	<b>1,036</b>	<b>6,467</b>	<b>6,158</b>	<b>3,694</b>	<b>16,319</b>	<b>1,824</b>	<b>3,542</b>	<b>26,485</b>	—	—	
<b>Total 2020</b>	<b>3,081</b>	<b>1,066</b>	<b>5,717</b>	<b>1,029</b>	<b>617</b>	<b>7,363</b>	<b>2,019</b>	<b>5,537</b>	—	<b>19,066</b>	—	
<b>Total 2019</b>	<b>3,770</b>	<b>1,094</b>	<b>6,317</b>	<b>5,146</b>	<b>3,087</b>	<b>14,550</b>	<b>2,003</b>	<b>5,770</b>	—	—	<b>27,187</b>	

A. All amounts received were reimbursed to Fundación Botín.

B. Director since 1 April 2018.

C. Director since 27 October 2020.

D. Director since 17 July 2019.

E. Director since 22 December 2020.

F. Director since 19 May 2020

G. Executive director since 30 May 2020

H. Director since 29 October 2019.

I. Stepped down as executive director on 30 April 2019. Non-executive director from 1 May 2019 to 22 December 2020

J. Stepped down as director on 5 May 2020.

K. Stepped down as director on 3 April 2020.

L. Stepped down as director on 27 October 2020.

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 reduced, or even be zero if the related minimum thresholds are not achieved).

	EUR thousand	
	2021	2020
	(50% in shares) <sup>A</sup>	(50% in shares) <sup>A</sup>
Ana Botín	2,316	420
José Antonio Álvarez	1,563	228
<b>Total</b>	<b>3,880</b>	<b>648</b>

A. Fair value of the maximum amount receivable over a total of 3 years (2025, 2026 and 2027), which was estimated when the plan was granted, based on several scenarios relating to variables in the plan during the measurement periods.

### I. Ratio of variable to fixed pay components in 2021

At the 2021 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 2021. This ratio increased from 2020 by 142 pp for Ana Botín and by 104 pp for José Antonio Álvarez due to the exceptional reduction of their remuneration in 2020 amid the covid-19 health crisis mentioned in subsection B, iii) above.

Executive directors	Variable Components / fixed components (%)
Ana Botín	182 %
José Antonio Álvarez	128 %
Sergio Rial	161 %

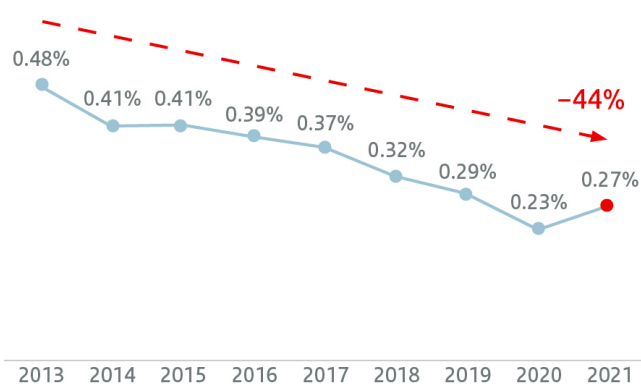
For these purposes:

- 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.

### J. 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) 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 DIRECTOR REMUNERATION TO UNDERLYING ATTRIBUTABLE PROFIT



Compared to 2019 as a more representative year, due to the aforementioned extraordinary reduction in the variable remuneration applied in 2020, total remuneration rose 15% for the Chair and 11% for the chief executive officer, as attributable profit grew 25% from 2019 to 2021. Underling RoTE in 2021 was 12.73% (11.79% in 2019), TSR 18.58% (-4% in 2019).

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 <sup>1</sup> (EUR thousand)	2021	% var. 21/20	2020	% var. 20/19	2019	% var. 19/18	2018	% var. 18/17	2017
<b>• Executive Directors</b>									
Ana Botín	11,435	68%	6,818	(32)%	9,954	(5)%	10,483	(1)%	10,582
José Antonio Álvarez	9,160	52%	6,018	(27)%	8,270	(4)%	8,645	(3)%	8,893
Sergio Rial <sup>A</sup>	879	—	63	—	—	—	—	—	—
<b>• Non-Executive Directors<sup>2</sup></b>									
Bruce Carnegie-Brown	700	18%	595	(15)%	700	(4)%	732	—	731
Javier Botín <sup>B</sup>	129	6%	122	(11)%	137	13%	121	(2)%	124
Sol Daurella	239	12%	214	(11)%	240	12%	215	4%	207
Belén Romana <sup>C</sup>	533	28%	417	(21)%	525	27%	414	39%	297
Homaira Akbari <sup>D</sup>	248	23%	202	(11)%	226	14%	199	25%	159
Ramiro Mato <sup>E</sup>	499	16%	430	(14)%	500	11%	450	—	36
Álvaro Cardoso <sup>F</sup>	183	(25)%	243	(12)%	276	86%	148	—	—
Henrique de Castro <sup>G</sup>	267	23%	217	152%	86	—	—	—	—
Pamela Walkden <sup>H</sup>	303	42%	214	529%	34	—	—	—	—
Luis Isasi <sup>I</sup>	1,406	49%	943	—	—	—	—	—	—
R. Martín Chávez <sup>J</sup>	374	911%	37	—	—	—	—	—	—
Gina Díez <sup>K</sup>	130	—	4	—	—	—	—	—	—
<b>Company's performance</b>									
Underlying profit attributable to the Group (EUR mn)	8,654	70%	5,081	(38)%	8,252	2%	8,064	7%	7,516
Consolidated results of the Group <sup>3</sup> (EUR mn)	14,547	—	(2,076)	—	12,543	(12)%	14,201	17%	12,091
Ordinary RoTE	12.73%	71%	7.44%	(37)%	11.79%	(2)%	12.08%	2%	11.82%
<b>Employees' average remuneration<sup>4</sup> (EUR)</b>	<b>55,673</b>	<b>18%</b>	<b>47,130</b>	<b>(12)%</b>	<b>53,832</b>	<b>2%</b>	<b>52,941</b>	<b>(5)%</b>	<b>55,484</b>

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.

A. Executive director since 30 May 2020.

B. All amounts received were reimbursed to Fundación Botín.

C. Director since 22 December 2015.

D. Director since 27 September 2016.

E. Director since 28 November 2017.

F. Director since 23 March 2018.

G. Director since 17 July 2019.

H. Director since 29 October 2019.

I. Director since 19 May 2020.

J. Director since 27 October 2020.

K. Director since 22 December 2020.

## J. Summary of link between risk, performance and remuneration

Banco Santander's remuneration policy and its application in 2021 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 2021 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, earnings per share and maintaining a sound capital base.
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 shares and subject to retention for at least one year from their delivery.

## 6.4 Directors' remuneration policy for 2022, 2023 and 2024 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 2022, 2023 and 2024, no changes to the principles and composition of directors' remuneration for supervisory and collective decision-making duties are planned with respect of those in 2021. 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.

For 2022, 2023 and 2024, several changes to the principles of executive directors' remuneration for executive duties are planned (sections [6.1](#) and [6.3](#)).

First, to simplify the variable remuneration scheme, the proposal is to reduce the number of metrics in the bonus scorecard from the four applied in 2021 to three (30% for customers; 40% for RoRWA; and 30% for RoTE) to focus more on the Group's strategic priorities of customers and profitability, assuring adequate risk management and efficient use of capital.

The qualitative assessment for the scorecard will be conformed by the same metrics as in 2021, but adding CET1, to acknowledge the importance of having sufficient capital to support the bank's strategy even in the event of severe stress.

Second, to create a stronger alignment with shareholder returns, it is

proposed to introduce options as a remuneration instrument.

Accordingly, the variable remuneration of Banco Santander's identified staff would be 50% in cash, 25% in shares and 25% in share options, instead of 50% in cash and 50% in shares under the current scheme. Executive directors would also be allowed to choose to receive only options, so their variable remuneration would be 50% in cash and 50% in share options.

Options will not include any premium, as they will be valued at fair market price at the moment when they are awarded. So the executives' exposure to shareholders' return is amplified by the effect of the evolution of the share price both positively and negatively.

Third, it is proposed to update the long-term performance metrics according to market best practice and our stakeholders' preferences, prioritising 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:

- Relative performance of Banco Santander's total shareholder return (TSR) compared to our peer group will remain; however, the threshold at which executives begin to accrue remuneration is increased from 33% to 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.
- Five ESG (environmental, social and governance) metrics linked to the progress we make on our commitments to implement the Group's Responsible banking agenda. Their weight will be 20% of the total. For additional details about our public commitments, please see [Responsible banking](#) section.

As shown below in the 'Deferred variable remuneration linked to long-term objectives' section, the maximum achievement ratio is also increased from 100% to 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 be able to receive restricted share units (RSUs) of PagoNxt, S.L.

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.

Specifically, as regards 2022, Ana Botín would receive the equivalent of EUR 608 thousand in RSUs, and José Antonio Álvarez would receive the equivalent of EUR 410 thousand in RSUs, under 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. It is also subject to specific objectives of PagoNxt, the main of which is the completion of its corporate restructuring for 2022.

Finally, every year, Banco Santander conducts a comparative analysis of total compensation for executive directors and other senior executives. For 2022, 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 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-term commitment and promote long-term sustainability. The remuneration scheme for the c. 1,000 identified staff also includes deferral of up to 60% of variable remuneration, its payment 25% in Santander shares and 25% in Santander share options (also 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 commitments. From 2022, with the purpose

of increasing focus on the group's Responsible banking agenda and highlight sustainability as a core long-term strategy, five new 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 (set out in 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 2022

#### A. Directors' remuneration in their capacity as such

In 2022, directors, in their capacity as such, will receive remuneration for supervisory and collective decision-making duties for a total of up to 6 million euros as authorised by the shareholders at the April 2021 AGM (which will again be put to a vote at the 2022 AGM). It consists of:

- annual allocation; and
- attendance fees.

The amounts agreed for 2022 are the same as initially established for 2021 (disclosed in section 6.2.B and C above), with the exception of the annual board member allotment (which is to increase from EUR 90,000 to EUR 95,000).

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 2022. 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

##### i) Fixed remuneration components

###### A) Gross annual salary

On the remuneration committee's recommendation, the board resolved that Ana Botín and José Antonio Álvarez's gross annual salaries would be the same for 2022 as in 2021.

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 'Pre-retirement and benefit schemes'<sup>26</sup>.
- Supplement to fixed salary: Ana Botín will receive the fixed salary supplement for an amount of EUR 525 thousand in 2022, and José Antonio Álvarez, EUR 710 thousand, that was approved in 2018 when the supplementary death and disability pension schemes were eliminated.
- Social welfare benefits: executive directors will also receive social welfare benefits such as life insurance premiums, 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 terms and conditions approved by the board of directors upon proposal from the remuneration committee. This information can also be found under the 'Pre-retirement and benefit plans' section

**ii) Variable remuneration components**

The board approved the policy on executive directors' variable remuneration for 2022 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 (2023) 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 2024 and 2025 on the condition that no malus clauses described under section 6.3 B vi) are triggered.
  - The amount deferred over the next three years (36% of the total) will be paid in 2026, 2027 and 2028, 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 vi\)](#).

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 2022 cannot exceed the limit of 200% of fixed components submitted for approval to the 2022 AGM. However, under EU

regulations on remuneration, certain variable components can be excluded.

**A. Variable remuneration benchmark**

Variable remuneration for executive directors in 2022 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, increasing 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.

**B. Setting of final variable remuneration based on yearly results**

Based on that standard benchmark, 2022 variable remuneration for executive directors will be based on the corporate bonus pool, and set according to:

- Short-term quantitative metrics for annual objectives, which reduce from the four used in 2021 to three (customers, RoTE and RoRWA) to reflect strategic priorities regarding customers and profitability.
- A qualitative assessment that cannot raise or lower the quantitative result by more than 25%, which among other elements includes metrics on capital and progress on ESG commitments.
- An exceptional adjustment that must be supported by duly substantiated evidence and may involve changes owing to control and/or risk deficiencies, negative assessments from supervisors or unexpected material events.

Capital continues to be an important part of key employees' remuneration (including executive directors), due to the management of RWA (RoRWA metric weights 40%), the inclusion of CET1 in the qualitative assessment below and also the individual targets of the executive chair, the CEO and all executives running businesses.

<sup>26</sup> As indicated in the next section, executive directors contribution to the benefit systems includes both fixed and variable components

The new scorecard below provides the proposed quantitative metrics, qualitative assessment factors and weightings:

Category and weighting	Quantitative metrics	Qualitative assessment
Customers (30%)	NPS <sup>A</sup> and total customers and loyal customers	Customer conduct Risk. Measurement of additional customer satisfaction metrics, such as easy access to service or response time
	Return - RoTE: return on tangible equity <sup>B</sup> (30%)	CET1 - Efficient capital adequacy management Appropriate management of operational risk, risk appetite and recorded breaches
Shareholders (70%)	RoRWA <sup>B</sup> (Return on risk weighted assets)(40%)	Sustainable and sound results and efficient cost management Suitability of business growth compared to the previous year in view of market conditions and competition Annual progress on Responsible banking commitments (as shown in Section D below for 2022)

A. Net promoter score.

B. 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.

Lastly, as additional conditions for determining the incentive, the following circumstances must be confirmed to set variable pay:

- If the Group's ONP for 2022 were 50% less than in 2021, variable pay would in no case exceed 50% of the benchmark incentive for 2022.
- 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 will be 50% in cash, 25% in shares and 25% in share options. One portion is paid in 2023 and the other is deferred for five years and subject to long-term metrics:

- 40% of variable remuneration is paid in 2023 net of tax, with 50% in cash, 25% in shares and 25% in share options.
- 60% paid, if applicable, in five equal parts in 2024, 2025, 2026, 2027 and 2028 (net of tax), with 50% in cash, 25% in shares and 25% in share options 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. For share options, the retention period applied will be in accordance with the rules of the plan

approved by the board of directors to comply with applicable regulations and regulatory recommendations.

Options will not include any premium, as they will be valued at fair market price at the moment when they are awarded. They may be exercised from the moment they are delivered to the executive, in accordance with the deferral calendar above, and until the tenth anniversary of the date when they are delivered.

### D) Deferred variable pay subject to long-term objectives

As indicated above, the amounts deferred in 2026, 2027 and 2028 will be paid on the condition that the group achieves its long-term targets for 2022-2024, in addition to the terms described in section E).

As advanced in section B) on the principles of the remuneration policy, the new long-term targets are:

- Banco Santander's consolidated Return on tangible equity (RoTE) target in 2024. The RoTE ratio for this target is obtained as follows:

RoTE in 2024 (%)	'RoTE Ratio'
≥ 15%	1.5
≥ 12% but < 15%	0 – 1.5 <sup>A</sup>
< 12%	0

A. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2024 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 2022-2024 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 <sup>th</sup> percentile	1.5
Between the 75 <sup>th</sup> and 100 <sup>th</sup> percentiles (not inclusive)	1 – 1.5 <sup>A</sup>
Between the 40 <sup>th</sup> and 75 <sup>th</sup> percentiles (not inclusive)	0.5 - 1 <sup>A</sup>
Less than the 40 <sup>th</sup> percentile	0

A. Increase in the TSR ratio proportional to the number of positions moved up in the ranking.



TSR<sup>27</sup> 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.

c. ESG (environmental, social and governance) metrics.

Achievement of this target will depend on the progress made on the Group's responsible banking commitments (described below):

1. Target for women in senior leadership positions by the end of 2024:

Women in senior leadership positions <sup>B</sup> (%)	Coefficient
≥ 30.5%	1.25
≥ 30% but < 30.5%	1 – 1.25 <sup>A</sup>
≥ 28% but < 30%	0 – 1 <sup>A</sup>
< 28%	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

2. Financially empowered people target between 2019 and 2024:

Financially empowered people <sup>B</sup> (million)	Coefficient
≥ 14	1.25
≥ 13 but < 14	1 – 1.25 <sup>A</sup>
≥ 9 but < 13	0 – 1 <sup>A</sup>
< 9	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. Unbanked, underbanked or financially vulnerable individuals receive tailored finance solutions and can increase their knowledge and resilience through financial education.  
More ambitious target than the public commitment announced due to the good performance of this metric.  
Furthermore, our financial inclusion target will always conform to the Group's credit risk policy without altering loanbook performance.  
The public commitment is measured with cumulative data since 2019 to align with our 2019-2025 responsible banking public commitments.

3. Green finance raised and facilitated target between 2019 and 2024:

Green Finance <sup>B</sup> (EUR Bn)	Coefficient
≥ 170	1.25
≥ 160 but < 170	1 – 1.25 <sup>A</sup>
≥ 120 but < 160	0 – 1 <sup>A</sup>
< 120	0

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. 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. Includes the public commitment and the launch of new products and green retail volumes.  
The public commitment is measured with cumulative data since 2019 to align with our 2019-2025 responsible banking public commitments.

4. Setting decarbonisation targets across the business following NZBA:

Sectors with decarbonisation targets (number)	Coefficient
≥ 11	1.25
= 10	1
≥ 0 but < 10	0 – 1 <sup>A</sup>

A. Increase of the coefficient is proportional to its position on this line of the scale.

The Group is working on aligning our climate-material portfolios with the goals of the Paris Agreement. In 2021, we set decarbonization targets for the coal and electricity generation industries, based on our ambition to be net zero by 2050. In February, we made our decarbonization targets public with a view to end financing for electricity-generating customers if the source of over 10% of their revenue is thermal coal; and to eliminating our exposure to coal mining entirely by 2030. In July 2021, we announced a new decarbonization target to reduce the emissions intensity of our electricity generation portfolio. As part of the NZBA, we have the obligation to set and announce interim emissions-related targets for 2030 (or sooner) regarding these ten industries by March 2024: electricity generation; coal; oil and gas, transport; iron and steel; aluminium; cement; mortgage lending; property; and agriculture (subject to the availability of data and methodologies, in line with our commitment to NZBA). To meet NZBA guidelines, we must disclose, at least, one target for portfolios of each of those ten industries.

5. Meeting the decarbonisation target set for Santander Power Generation Portfolio:

Emission intensity reduction of our power generation portfolio (%)	Coefficient
≥ 18.75%	1.25
≥ 15% but < 18.75%	1 – 1.25 <sup>A</sup>
≥ 0% <sup>B</sup> but < 15%	0 – 1 <sup>A</sup>

A. Increase of the coefficient is proportional to its position on this line of the scale.

B. In case emission intensity increase, the coefficient would be 0.

This commitment aims to make sure we succeed in lowering the emissions intensity of our electricity generation portfolio from 0.23 tCO<sub>2</sub>e/MWh (2019) to 0.18 tCO<sub>2</sub>e/MWh by 2025 and 0.11 tCO<sub>2</sub>e/MWh by 2030, in accordance with the "IEA – Net Zero emissions" scenario. From the 2019 baseline scenario of 0.23, a 21.7% emissions reduction is necessary to reach the 2025 target of 0.18. Cutting emissions from 2019 by between 15% and 18.75% will put us on the right path with momentum to reach the targets for our electricity generation portfolio by 2025 and 2030.

Each of the five Responsible banking commitments have the same weighting and this formula to calculate them:

$$C = (1/5 \times \text{Coefficient 1} + 1/5 \times \text{Coefficient 2} + 1/5 \times \text{Coefficient 3} + 1/5 \times \text{Coefficient 4} + 1/5 \times \text{Coefficient 5})$$

<sup>27</sup> 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 following formula will be used to set the annual amount of performance-based deferred variable remuneration in 2026, 2027 and 2028 ('Final annuity'), without prejudice to any adjustment deriving from the application of the malus policy (see section 6.3 B vi):

$$\text{Final annuity} = \text{Amt.} \times (2/5 \times A + 2/5 \times B + 1/5 \times C)$$

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 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 commitments for 2024 (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 shares or share options to executive directors is 11.5 million euros.

#### E) Other terms of the incentive

Payment of the deferred amounts (including those linked to long-term targets) if they remain in the group and none of the circumstances triggering malus clauses arising (as per the malus and clawback section in the group's remuneration policy) under terms similar to those indicated for 2021. 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 or 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. Shares received by the exercise of options, as well as cash proceeds deriving from exercise by differences, will be in accordance with the rules of the plan approved by the board of directors.

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.

#### iv. 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. For share options, the retention period applied will be in accordance with the rules of the plan approved by the board of directors to comply with applicable regulations and regulatory recommendations.

### Directors' remuneration for 2023 and 2024

#### A. Directors' remuneration

For 2023 and 2024, no changes to directors' remuneration are planned for 2022. However, shareholders at the 2023 or 2024 annual general meeting could approve an amount higher than the six million euros currently in force, or the board could approve an alternative allocation of that amount to directors in accordance with article 58.2 of Banco Santander's Bylaws (duties and responsibilities; positions held on the board; their 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 2022, 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 2023 and 2024, it may not increase above 5% of their annual gross salary in the previous year. It could also increase over that threshold owing to adjustments made to the fixed remuneration mix based on standards approved by the remuneration committee, as long as it will not increase the Group's costs.

The 5% increase mentioned above may be higher for one or several directors provided that, when applying the rules or requirements or supervisory recommendations that may be applicable, 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 2022.

##### ii) Variable remuneration components

The policy on executive directors' variable remuneration for 2023 and 2024 will be based on the same principles as in 2022, 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 2023 and 2024 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 qualitative assessment that cannot raise or lower the quantitative result by more than 25%. It will be conducted for the same categories as the quantitative metrics, including shareholder returns, risk and capital management and customers.
- 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, 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 (60%) and their compliance with corporate values (40%).

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

No changes to pay forms are planned in respect of the terms in place for 2022.

It is also envisaged that for 2023 and 2024 Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and José Antonio Álvarez would receive the equivalent of EUR 410 thousand in RSUs, under 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.

### 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 shares.

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. For share options, the retention period applied will be in accordance with the rules of the plan approved by the board of directors.

### D) Other terms of the incentive

No changes to the continuity, malus and clawback clauses of the remuneration policy for 2022 described in section E are expected. Furthermore, no changes are planned in respect of the clauses on hedging shares 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 2023 and 2024, 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 2022 applies for 2023 and 2024.

### 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 José Antonio Álvarez, 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 (6 months from the moment pre-retirement

provisions are taken out). During this period, she would continue to receive her gross annual salary.

#### D. Pre-retirement and benefit plans

The board of directors has approved in 2020, an amendment to the contracts of the executive directors whereby:

- Ana Botín ceases to have the right to pre-retire if she leaves Banco Santander out of her own volition, keeping this right in case of termination by Banco Santander until 31 August 2022. After this date, she does not have the right to pre-retire. While she keeps this right she will be entitled to an annual allotment equal to the sum of her fixed remuneration and 30% of the average amount of her last variable remuneration, to a maximum of three. This allotment is subject to the malus and clawback provisions in place for a period of five years.
- José Antonio Álvarez ceases to have the right to pre-retire in case of termination of his contract.

They both participate in the defined contribution scheme created in 2012, which covers the contingencies of 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. 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 and José Antonio Álvarez 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 2022, 2023 and 2024 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 2022 include standard life insurance and the life insurance cover with the supplement to their fixed remuneration mentioned above. In 2023 and 2024, 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 terms and conditions approved by the board of directors upon proposal from the remuneration 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

Sergio Rial signed an agreement (effective on 1 January 2022) as strategic adviser to Grupo Santander for providing specific advisory services on strategic and digital transformation, including also business development in the Asian markets and other strategic matters. He will receive fixed remuneration of EUR 2.1 million and variable pay of EUR 1 million, subject to the achievement of objectives. The agreement is for an indefinite term. It also includes a one year non-compete commitment which would entitle him to receive EUR 2 million if he complies with this commitment.

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 925,000 a year) and to serve as a member of the board of Santander España (for which he receives EUR 75,000 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 and share options, 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 and share options 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.

In 2021, no executive director appointments could trigger buy outs, sign-on bonuses or any other form of remuneration.

### 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 2021](#)', (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 2021, including joint sessions with the risk, compliance and regulation supervision committee.
- The date of the meeting in which the report was approved.
- The 2020 annual report on directors' remuneration was approved by the board of directors and put to a binding vote at the 2021 AGM, with 91.6% of the votes in favour. The tally of the votes was:

	Number	% of total <sup>A</sup>
Votes	11,397,073,138	97.12 %
	Number	%
Votes for <sup>B</sup>	10,434,787,981	91.59 %
Votes against <sup>B</sup>	957,730,594	8.41 %
Blank <sup>C</sup>	4,554,563	0.04 %
Abstentions <sup>C</sup>	338,103,702	2.88 %

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 *novedecies* of the Spanish Companies Act, the remuneration committee issues the report on the proposed remuneration policy for 2022, 2023 and 2024 herein. The board of directors then submits it to the 2022 AGM as a separate item on the agenda and an integral part of this text. See section 6.4 'Directors' remuneration policy for 2022, 2023 and 2024 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 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 2021 annual remuneration report elaboration and its continued supervision of the remuneration policy, the remuneration committee believes the director remuneration policy for 2022, 2023 and 2024 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.

As detailed herein, the policy considers (i) further simplifying our executive remuneration scheme by reducing the four metrics relating to annual results to three (i.e. customers, RoRWA and RoTE) and combining more simplicity with our key strategic pillars of customers and profitability, without losing sight of proper risk and capital management, which is also added as qualitative element for the result; (ii) introducing share options as part of variable pay, with the aim of creating a greater alignment with shareholder returns; and (iii) updating the metrics linked to the achievement of multi-year objectives, maintaining total shareholder return (TSR) and introducing RoTE and ESG-related metrics related to our Responsible banking commitments, in order to adhere to best market practice and our stakeholders' preferences, prioritizing long-term profitability for

shareholders and Santander, as well as a stable and sustainable balance sheet and operations.

In 2021, no deviations from, or temporary exceptions to, the application of the remuneration policy occurred.

## 6.6 Remuneration of non-director members of senior management

2021 variable remuneration was approved by the board of directors on 1 February 2022 in view of the recommendation the remuneration committee of 31 January 2022. 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 senior managers' contracts were amended in 2018 in the same manner described under 6.3.C and D in respect of Ana Botín and José Antonio Alvarez, 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 2021 and 2020, excluding those of executive directors. This amount has been reduced by 33% compared to that reported in 2014 (EUR 80,792 thousand):

EUR thousand							
Short-term and deferred salary remuneration							
Year	Number of people	Fixed	Immediately receivable variable remuneration (50% in shares) <sup>A</sup>	Deferred variable remuneration (50% in shares) <sup>B</sup>	Pension contributions	Other remuneration <sup>C</sup>	Total <sup>D</sup>
2021	15	19,183	16,804	7,296	5,542	5,055	53,880
2020	18	21,642	11,479	4,941	6,039	6,312	50,413

A. The amount immediately payable in shares in 2021 was 2,707 thousand Santander shares (2,136 thousand Santander shares in 2020).

B. The amount of deferred shares in 2021 was 1,175 thousand Santander shares (919 thousand Santander shares in 2020).

C. Includes life insurance premiums, health insurance and relocation packages and other remuneration items.

This table breaks down remuneration linked to multi-year targets for senior management (excluding executive directors) at 31 December 2021 and 2020, 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 <sup>A</sup> (50% in shares) <sup>B</sup>
2021	15	7,660
2020	18	5,188

A. In 2021, this corresponds to the fair value of maximum annual payments for 2025, 2026 and 2027 in the sixth cycle of the plan for deferred variable remuneration linked to multi-year targets. In 2020, this corresponds to the estimated fair value of maximum annual payments for 2024, 2025 and 2026 in the fifth 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 2021 and success levels of similar plans at peer entities, the expert found a range of 60%-80% reasonable to estimate the initial success ratio. Therefore, fair value was considered to be 70% of the maximum value.

B. The number of shares in Santander as deferred variable pay subject to long-term metrics shown in the table above was 1,234 thousand in 2021 (965 thousand shares in Santander in 2020).

The long-term goals are the same as those for executive directors. They are described in section [6.3 B iv](#).

Senior executives who stepped down from their roles in 2021 consolidated salary remuneration and other remuneration until the cessation of their duties for a total amount of EUR 5,294 thousand during the year (EUR 5,984 thousand for those who stepped down from their roles in 2020). They also have the right to receive, in total, 55 thousand euros in variable pay subject to long-term targets (EUR 133 thousand for those who stepped down from their roles in 2020).

At our 2021 AGM, shareholders approved the 2021 Digital Transformation Incentive, a variable remuneration scheme that delivers Santander shares and share options if the group hits major milestones on its digital roadmap, and 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 2021.

The 2020 Digital Transformation Incentive, which terms are substantially the same as those of the 2021 one, included three senior executives, who may receive a total of EUR 1,700 thousand.

See [Note 46](#) to the 2021 Group's consolidated financial statements for further information on the Digital Transformation Incentive.

In 2021, the ratio of variable to fixed pay components was 125% of the total for senior managers, well within the maximum limit of 200% set by shareholders.

See [note 5](#) of the group's 2021 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, if applicable, updates identified staff in order to include individuals within the organization who qualify as such. The Remuneration Policies chapter in the 2021 Pillar III disclosures report<sup>28</sup> of Banco Santander, S.A. explains the criteria and regulations followed to identify such staff.

At the end of 2021, 1,018 group executives (including executive directors and non-director senior managers) were considered identified staff (1,394 in 2020), which accounts for 0.52% of the total final workforce (0.73% in 2020).

Identified staff have the same remuneration standards as executive directors (see sections [6.1](#) and [6.3](#)), but not:

- Category-based deferral percentages and terms.
- The possibility in 2021 of certain manager categories of only having deferred variable pay subject to malus and clawback clauses (and not to long-term targets).
- 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 2022, on top of the inclusion of share options, described in section 6.4 above, 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), in addition to the aforementioned introduction of share options in the executive pay of Banco Santander, S.A.

The aggregate amount of variable remuneration for identified staff in 2021, the amounts deferred in cash and shares, 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 2021.

<sup>28</sup> The 2021 Pillar III disclosures report can be found on our corporate website.

# 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 functions such 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.

## 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, and Wealth Management & Insurance).

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 countries in the three geographic areas where it operates: Europe, South America and North America. Their key responsibilities must be undertaken in compliance with European Union and country-specific laws and regulations, ensuring that the country heads' role and accountability (including regulatory responsibilities) are not compromised.

Since 2020, the Europe region (Spain, Portugal, Poland and UK) has 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 the 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, covering risk, capital, liquidity, compliance, financial crime, technology, auditing, accounting, finance, strategy, human resources, outsourcing, cybersecurity, special situations management, and communications and brand. In 2021 a new Responsible Banking Corporate Framework was approved by the board. They also specify:

- How the Group should supervise and exert control over subsidiaries; and
- The group's involvement in subsidiaries' decision-making (and vice versa).

Banco Santander board of directors approves the GSGM and corporate frameworks for the subsidiary governing bodies to formally adhere to them. They take local requirements for subsidiaries into account, and are revised each year as required by the group's board and adapted 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 an assessment is conducted by the Functions on the effective embedding of the contents of the group's internal regulation at local level. This information is presented by the internal governance office to the board of directors.

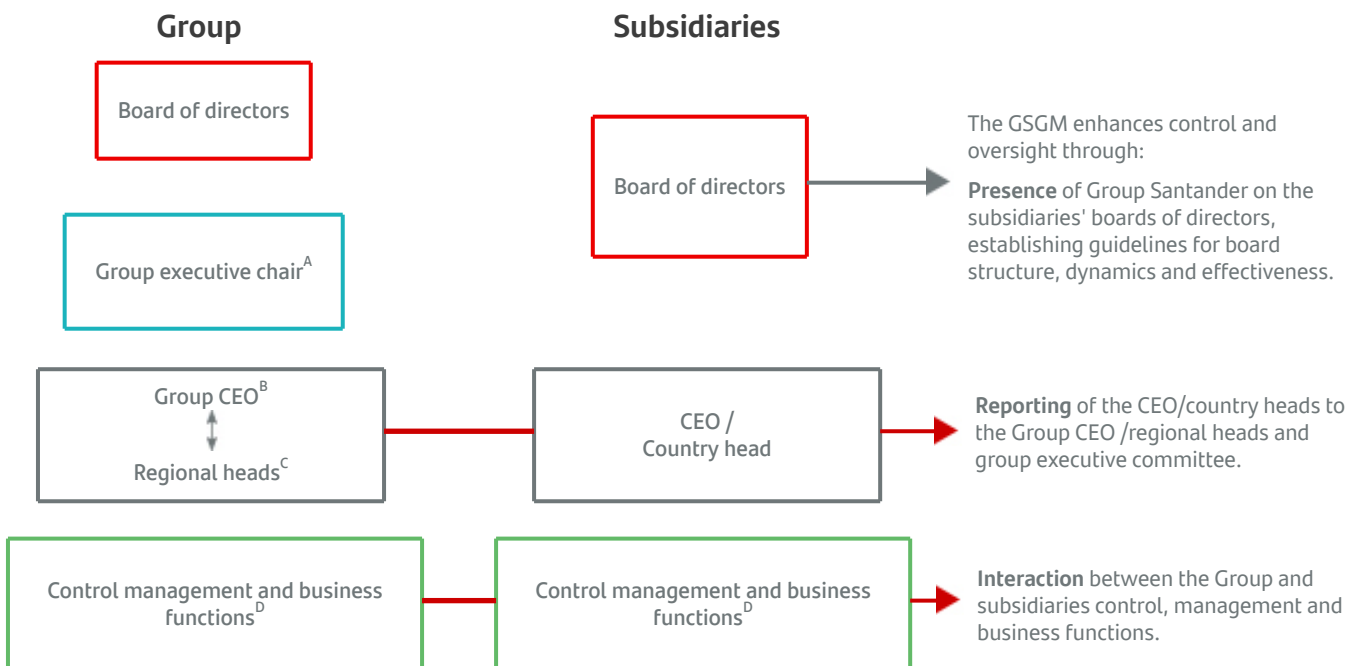
The group's internal governance office and subsidiary general counsels are responsible for embedding the governance model and corporate frameworks. Every year, the group assesses their performance in reports sent to governing bodies.

Since 2019, a policy for the governance of non-GSGM subsidiaries , completes and enhances the governance and control system that has been applied to those companies thus far.

Since 2020, PagoNxt, a wholly-owned subsidiary of Banco Santander that is structured as a dedicated holding company with a set of key initiatives on digitalizing the group's financial services, with payments at the core has its own governance model. This model defines an organizational and governance framework for PagoNxt and its subsidiaries in the context of the group-wide arrangements. It specifically 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 have specific governance models to ensure robust, group-wide oversight of those businesses, as set out in the GSGM.

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.  
 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.

Identifying **synergies and economies of scale** across the Group.

**Definition 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, including:

- Control activities and control environment.
- Risk assessment in financial reporting.
- 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 systems for internal communication, operational and financial control, accounting, financial reporting 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 2021'](#)).

The audit committee works with the external auditor to address every aspect with impact in 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

#### Responsibility functions

Grupo Santander, through its corporate organization functions, in countries and businesses, defines, implements and maintains the unit's organizational structures, catalogue of roles and size. The corporate organization function defines and documents the corporate model for managing structures and templates which is used as a reference across the group.

The organizational units are in charge of identifying and defining the main functions under the responsibility of each structural unit, ensuring that the organization has a solid ICFRS model.

Grupo Santander has a responsibility scheme to identify potential risks and their mitigating controls under a three-pronged defence model that establishes lines of authority and accountability including:

The head of the financial accounting and control function (the CAO), 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 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, each controller 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 non-financial risk control function is responsible for:

- Establishing and circulating the methodology for documenting the group's Internal Risk Control System (IRCS) and IRCS evaluation and certification, which covers the ICFRS, amongst other regulatory and regulatory requirements. Grupo Santander's IRCS means the process carried out by the board of directors, senior managers and other group staff to provide reasonable assurance that their objectives will be achieved.
- Encouraging documentation maintenance to adapt it to organizational and regulatory changes and, along with the Financial Accounting and Control division, and, where applicable, representatives of the divisions and/or companies involved, to present the IRCS evaluation outcome to the audit committee. Similar functions in each unit that reports to the corporate non-financial risk control area.

### General Code of Conduct (GCC)

The group's GCC sets out the guidelines, principles and rules approved by the board of directors to govern Grupo Santander employees' conduct and ethics. Furthermore, it dictates guidelines in relation to accounting standards and financial reporting. The GCC can be viewed on our corporate website.

All of the group's employees, including members of its governance bodies, sign the Code of Conduct, even though some are also bound to the Code of Conduct in Securities Markets and other codes of

conduct specific to the area or business in which they work. Employees have access to e-learning courses on the Code and can consult the compliance and conduct function to address any queries about its application.

The GCC is a fundamental resource of the compliance function. It explains the duties of the group's governance bodies, units and areas required to implement it together with the compliance function.

If anyone violates the code, the human resources function adopts disciplinary measures and recommends corrective action (including work sanctions), irrespective of any related administrative or criminal sanctions.

The board of directors adapted the GCC in 2021 to forbid board members and employees from releasing external communications on Banco Santander's behalf or from acting as its representatives and employees if such communications could undermine the Group's neutrality by showing political or ideological bias. See the on the information on 'General Code of Conduct' section '[Conduct and ethical behaviour](#)' in the 'Responsible banking' chapter.

### Whistleblowing channel

Banco Santander's whistleblowing 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.

It can also be used to report claims of accounting or auditing irregularities under SOX to the compliance and conduct function, which will elevate them to the audit committee for appropriate measures to be taken.

The channel does not require whistleblowers to give personal information in order to keep reports confidential before they the audit committee can review them. 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 whistleblowing channel in matters that fall under the remit of the audit committee (specifically financial and accounting, including those related to the audit), while the supervision of reports of breaches of regulatory requirements for corporate behaviours or the internal governance system are the responsibility of the risk, regulation and compliance committee. The channel can be viewed on our corporate website.

For more information on the number of complaints filed on the channel and their typology, see the on the information on 'Ethical Channels' section '[A talented and motivated team](#)' in the 'Responsible banking' chapter, for additional information.

### 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 Financial Accounting and Control division promotes, designs and oversees these programmes and courses. It has with support from the corporate learning and career development unit under the Human Resources division.

Training takes the form of both e-learning and on-site sessions monitored and overseen by the corporate learning and career development unit to guarantee that employees duly complete them and assimilate concepts properly.

Training programmes and refresher courses taught in 2020 focused on matters directly and indirectly related to the financial reporting. These subjects include: (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) numerical skills; and (vi) calculations and statistics.

31,373 employees in the all of the group's markets were involved in training programmes. Over 545,459 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 the parent'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. The Financial Accounting and Control division and the General Secretariat division oversee this approach.

This process enables us to identify the entities the Grupo Santander controls through the voting rights that grant direct or indirect ownership of its capital and other entities controlled by others such as mutual funds, securitization funds and structured entities; analyses 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 and is consolidated using 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 it is measured using the equity method.

For entities with the greatest impact on the preparation of the group's financial information, we implement an IRCS using a homogeneous methodology to make sure that relevant controls are included and all significant risks to financial reporting are covered.

The group's IRCS complies with the strictest international standards, particularly the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) within its last published Internal Control framework in 2013 which covers control targets for the effective and efficient operations, reliable financial reporting and regulatory compliance.

The risk identification process takes into account 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 necessarily be covered by the IRCS is based on management's knowledge and understanding of the business and its operations relative 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, such as (i) the existence of assets, liabilities and transactions at the relevant date; (ii) the items are assets or rights or liabilities and obligations of the group; (iii) timely and correct recording and adequate valuation of assets, liabilities and transactions; and (iv) correct application of accounting principles and rules, as well as appropriate breakdowns.

The main features of the group's IRCS are as follows:

- It is a corporate model that involves the entire organizational structure through a direct set of individual responsibilities.
- Management of the IRCS 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 assessment, 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 constantly updated 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 IRCS 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.

The audit committee is responsible for supervising Banco Santander and the group's regulated financial information procedures and the internal control systems.

## 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. They also review compliance with regulatory requirements, the scope of consolidation and the correct application of accounting criteria, ensuring that this information is permanently updated on the Banco Santander corporate's 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 (sale of investments, fixed assets transactions, etc.) and aspects related to judgements and estimates,

to correctly record, evaluate, present and breakdown financial information.

The audit committee is responsible for reporting to the board on the financial information that the group must regularly publish, 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 of contingent liabilities.
- The fair value of certain unquoted assets and liabilities.
- The recoverability of the tax assets.
- The fair value of acquired identifiable assets and the liabilities assumed in business combinations.

The group CAO presents the financial information to the audit committee for validation at least quarterly, giving explanations of the main criteria used to make estimates, assessments and significant judgements.

The information provided to directors prior to meetings, including relevant judgements, estimates and projections is specifically prepared for these sessions.

The group 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.

To verify that the IRCS operates correctly, the group conducts an annual pyramid assessment and certification, identifying and analysing the criticality of risks and the effectiveness of controls. This begins with an assessment of control activities by those responsible for them, which is then challenged and ratified through the organization's different hierarchy, so that, the CEO, the CFO and the CAO can certify the effectiveness of the IRCS.

The Non-Financial Risk Control area prepares a report that includes the main conclusions from the units' certifications reflecting the main deficiencies identified during the year and indicating whether they have been appropriately resolved or what plans are in place for satisfactory resolution as well as supporting evidence for the signatures of the CEO, CFO and CAO.

The Non-Financial Risk Control area presents the conclusions of these assessments to the audit committee alongside with the Financial Accounting and Control division and, where applicable, the representatives of the divisions and/or companies in question, prior to submission to the risk supervision, regulation and compliance committee.

The Group also has a forum to oversee internal control. It is chaired by the heads of the Risk and Financial Accounting & Control divisions and continuously monitors the Group's control environment and ICFR strategy and operations.

### Internal control policies and procedures for IT systems

The Technology and Operations division draws up the group's corporate policies on IT systems involved directly or indirectly with the financial statements. These systems implement special internal controls to prepare and post financial information correctly.

The internal control policies on the following aspects are of particular importance:

- 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 accounting for transactions and asset valuations.
- IT support in terms of software development, infrastructure maintenance, incident management, security and processing.
- Other material support services not directly related to financial reporting, such as supplier management, property management, HR management, etc.

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.

- The external suppliers must undergo 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.

The group reviews estimates internally according to its control model guidelines. It will hire the services of a third party to help with specific matters upon confirming their expertise and independence and approving their methods and rationale of its assumptions through relevant procedures.

Furthermore, the group's controls make sure information for external suppliers of services that could affect the financial statements is accurately and comprehensively detailed in service level agreements.

## 8.4 Information and communication

### Responsible for accounting policies

The Financial Accounting and Control division has an area called 'accounting policies', whose manager reports directly to the head of the division, and has the following exclusive responsibilities:

- To define the accounting treatment of the transactions that constitute Banco Santander's activity, in accordance with their economic nature and the regulations governing the financial system.
- To define and keep up-to-date the group's accounting policies and resolve any doubts or conflicts arising from their interpretation.
- Improve 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. The group'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 described in this framework are adequately reflected 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) that statements and financial information made available to the management bodies, supervisors or other third parties, provide accurate and reliable information for decision-making in relation to the group, and (ii) timely compliance by all group entities with their legal obligations.

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 financial regulation and accounting processes area, as well as with the other areas of the Financial Accounting and Control division.

## 8.5 Monitoring

### 2021 ICFR monitoring activities and results

The board of directors approved an Internal Audit framework for Grupo Santander that defines 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. The internal audit function 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.
- The 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, the activities, businesses and processes carried out (either directly or through outsourcing), the 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 this 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 2021'](#).

As at 2021 year-end, Internal Audit had 1,212 employees, all exclusively dedicated to this service. Of these, 269 were based at Corporate Centre and 943 in the local units located in the main geographies where the group is present.

Every year, Internal Audit prepares an audit plan based on a risk self-assessment and is solely responsible for executing the plan. Reviews may lead to audit recommendations, which are prioritized in accordance with their relative importance, and are continuously monitored until fully implemented.

At its meeting of 19 February 2021, the audit committee reviewed the 2021 audit plan, which was reported to and approved by the board at its meeting of 22 February 2021.

Internal audit reports, as regards the review of the ICFR, mainly aimed to:

- Verify compliance with the provisions contained in sections 302, 404, 406, 407 and 806 of the SOX Act.
- Check corporate governance with regard to information relating to the internal control system for financial reporting, including the risk culture.
- Review the functions performed by the internal control departments and by other departments, areas or divisions involved in ensuring compliance with the SOX Act.
- Make sure the supporting documentation relating to the SOX Act is 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 recommendations made in the audit plan.

In 2021, the audit committee and the board of directors were informed of the Internal Audit unit's work, in accordance with its annual plan, and of other matters related to this function. See section [4.5 'Audit committee activities in 2021'](#).

### Detection and management of deficiencies

The audit committee oversees to supervise the financial reporting process and the internal control systems. It is responsible for any control deficiencies that could affect the reliability and accuracy of the annual accounts. It may refer to the areas of the Group involved in the process to obtain the necessary information and clarifications. The committee also assesses the potential impact of any errors detected in the financial information.

The audit committee is responsible for discussing any significant weaknesses detected in the audit with the external auditor.

As part of its oversight, the audit committee assesses the results of the work of the internal audit unit, and may take the necessary measures to correct any deficiencies identified in the financial information.

In 2021, the audit committee was informed of the IRCS evaluation and certification for the 2019 financial year. See section [4.5 'Audit committee activities in 2021'](#).

## **8.6 External auditor report**

The external auditor issued an independent reasonable assurance report on the design and effectiveness of the ICFR and the description on the ICFR that is provided in this section 8 of the annual corporate governance report.

This 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 Santander Group) as at December 31, 2021. 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).

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1

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 Control

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics 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 Control 1 (ISQC 1)" and maintains an exhaustive qualitative control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

#### Opinion

In our opinion, Santander Group, maintained as at December 31, 2021, 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, 2021 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, 2021, 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 Santander Group 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 25, 2022 expresses a favorable opinion on those consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'Julian Gonzalez Gomez', is written over the printed name and date.

Julián González Gómez  
February 25, 2022

# 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 2021 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
<b>A. OWNERSHIP STRUCTURE</b>		
A.1	Yes	See sections <a href="#">2.1 'Share capital'</a> , <a href="#">3.2 'Shareholder rights'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
A.2	Yes	See section <a href="#">2.3 'Significant shareholders'</a> where we explain there are no significant shareholders on their own account.
A.3	Yes	See 'Tenure and equity ownership' in section <a href="#">4.2</a> and sections <a href="#">6. 'Remuneration'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
A.4	No	See section <a href="#">2.3 'Significant shareholders'</a> where we explain there are no significant shareholders on their own account so this section does not apply.
A.5	No	See section <a href="#">2.3 'Significant shareholders'</a> where we explain there are no significant shareholders on their own account so this section does not apply.
A.6	No	See section <a href="#">2.3 'Significant shareholders'</a> where we explain there are no significant shareholders on their own account so this section does not apply.
A.7	Yes	See sections <a href="#">2.4 'Shareholders' agreements'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
A.8	Yes	Not applicable.
A.9	Yes	See section <a href="#">2.5 'Treasury shares'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
A.10	No	See section <a href="#">2.5 'Treasury shares'</a> .
A.11	Yes	See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
A.12	No	See section <a href="#">3.2 'Shareholder rights'</a> .
A.13	No	See section <a href="#">3.2 'Shareholder rights'</a> .
A.14	Yes	See section <a href="#">2.6 'Stock market information'</a> .

Section in the CNMV model	Included in statistical report	Comments
<b>B. GENERAL SHAREHOLDERS' MEETING</b>		
B.1	No	See 'Quorum and majorities for passing resolutions at general meeting' in section <a href="#">3.2</a> .
B.2	No	See 'Quorum and majorities for passing resolutions at general meeting' in section <a href="#">3.2</a> .
B.3	No	See 'Rules for amending our Bylaws' in section <a href="#">3.2</a> .
B.4	Yes	See 'Quorum and attendance' in section <a href="#">3.4</a> , in relation to financial year 2021, and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> , in relation to the remaining financial years.
B.5	Yes	See 'Voting results and resolutions' in section <a href="#">3.4</a> .
B.6	Yes	See 'Shareholder participation at general meetings' in section <a href="#">3.2</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
B.7	No	See 'Quorum and majorities for passing resolutions at general meeting' in section <a href="#">3.2</a> .
B.8	No	See 'Corporate website' in section <a href="#">3.1</a> .
<b>C. MANAGEMENT STRUCTURE</b>		
C.1 Board of directors		
C.1.1	Yes	See 'Size' in section <a href="#">4.2</a> .
C.1.2	Yes	See 'Tenure and equity ownership' in section <a href="#">4.2</a> , and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.3	Yes	See sections <a href="#">2.4 'Shareholders' agreements'</a> , <a href="#">4.1 'Our directors'</a> , 'Composition by type of director' in section <a href="#">4.2</a> , 'Duties and activities in 2021' in section <a href="#">4.6</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.4	Yes	See 'Diversity' and 'Board skills and diversity matrix' in section <a href="#">4.2</a> , in relation to financial year 2021, and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> , in relation to the remaining financial years.
C.1.5	No	See 'Diversity' in section <a href="#">4.2</a> and 'Duties and activities in 2021' in section <a href="#">4.6</a> .
C.1.6	No	See 'Diversity' in section <a href="#">4.2</a> , 'Duties and activities in 2021' in section <a href="#">4.6</a> and, regarding top executive positions, see ' <a href="#">Responsible banking</a> ' chapter.
C.1.7	No	See 'Diversity' in section <a href="#">4.2</a> and 'Duties and activities in 2021' in section <a href="#">4.6</a> .
C.1.8	No	Not applicable, since there are no proprietary directors. See 'Composition by type of director' in section <a href="#">4.2</a> .
C.1.9	No	See 'Group executive chair and chief executive officer' in section <a href="#">4.3</a> and 'Functions' in section <a href="#">4.4</a> .
C.1.10	No	See section <a href="#">4.1 'Our directors'</a> .
C.1.11	Yes	See sections <a href="#">4.1 'Our directors'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.12	Yes	See 'Board and committees attendance' in section <a href="#">4.3</a> .
C.1.13	Yes	See sections <a href="#">6 'Remuneration'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> . Additionally, see note <a href="#">5 c)</a> to our 'consolidated financial statements'.
C.1.14	Yes	See sections <a href="#">5 'Management team'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.15	Yes	See 'Rules and regulations of the board' in section <a href="#">4.3</a> .
C.1.16	No	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> .
C.1.17	No	See 'Board assessment in 2021' in section <a href="#">4.3</a> , 'Annual assessment of the committee and its achievement of 2021 objectives' in section <a href="#">4.6</a> and 'Board assessment and actions to continuously improve its functioning' in section <a href="#">1.2</a> .
C.1.18	No	See 'Board assessment in 2021' in section <a href="#">4.3</a> .
C.1.19	No	See 'Director election, renewal and succession' in section <a href="#">4.2</a> .
C.1.20	No	See 'Board meetings' in section <a href="#">4.3</a> .
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 <a href="#">4.2</a> .
C.1.23	Yes	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.24	No	See 'Board meetings' in section <a href="#">4.3</a> .
C.1.25	Yes	See 'Lead independent director' and 'Board and committees attendance' in section <a href="#">4.3</a> , 'Duties and activities in 2021' in sections <a href="#">4.4</a> , <a href="#">4.5</a> , <a href="#">4.6</a> , <a href="#">4.7</a> , <a href="#">4.8</a> , <a href="#">4.9</a> and <a href="#">4.10</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.26	Yes	See 'Board and committees attendance' in section <a href="#">4.3</a> , and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.27	Yes	See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.28	No	See 'Duties and activities in 2021' in section <a href="#">4.5</a> .
C.1.29	Yes	See section <a href="#">4.1 'Our directors'</a> and section 'Secretary of the board' in section <a href="#">4.3</a> .

Section in the CNMV model	Included in statistical report	Comments
C.1.30	No	See section <a href="#">3.1 'Shareholder communication and engagement'</a> and 'Duties and activities in 2021' in section <a href="#">4.5</a>
C.1.31	Yes	See 'External auditor' in section <a href="#">4.5</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV's'</a> .
C.1.32	Yes	See 'Duties and activities in 2021' in section <a href="#">4.5</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.33	Yes	Not applicable.
C.1.34	Yes	See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.35	Yes	See 'Board meetings' and 'Committee meetings' in section <a href="#">4.3</a> .
C.1.36	No	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> .
C.1.37	No	Not applicable. See 'Duties and activities in 2021' in section <a href="#">4.6</a> .
C.1.38	No	Not applicable.
C.1.39	Yes	See sections <a href="#">6.4 'Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote'</a> , <a href="#">6.7 'Prudentially significant disclosure document'</a> and <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
<b>C.2 Board committees</b>		
C.2.1	Yes	See 'Committee structure' and 'Committee meetings' in section <a href="#">4.3</a> , 'Duties and activities in 2021' in sections <a href="#">4.4</a> , <a href="#">4.5</a> , <a href="#">4.6</a> , <a href="#">4.7</a> , <a href="#">4.8</a> , <a href="#">4.9</a> and <a href="#">4.10</a> and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.2.2	Yes	See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.2.3	No	See 'Rules and regulations of the board' and 'Committee structure', 'Committee meetings' in section <a href="#">4.3</a> and 'Duties and activities in 2020' in sections <a href="#">4.4</a> , <a href="#">4.5</a> , <a href="#">4.6</a> , <a href="#">4.7</a> , <a href="#">4.8</a> , <a href="#">4.9</a> and <a href="#">4.10</a> .
<b>D. RELATED PARTY AND INTRAGROUP TRANSACTIONS</b>		
D.1	No	See 'Related-party transactions' in section <a href="#">4.12</a> .
D.2	Yes	Not applicable. See 'Related-party transactions' in section <a href="#">4.12</a> .
D.3	Yes	Not applicable. See 'Related-party transactions' in section <a href="#">4.12</a> .
D.4	Yes	See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
D.5	Yes	Not applicable. See 'Related-party transactions' in section <a href="#">4.12</a> .
D.6	No	See 'Conflicts of interests' in section <a href="#">4.12</a>
D.7	Yes	Not applicable. See section <a href="#">2.3 'Significant shareholders'</a> and 'Conflicts of interests' in section <a href="#">4.12</a> .
<b>E. CONTROL AND RISK MANAGEMENT SYSTEMS</b>		
E.1	No	See chapter ' <a href="#">Risk management and compliance</a> ', in particular section <a href="#">2 'Risk management and control model'</a> and sections ' <a href="#">A strong and inclusive culture: The Santander Way</a> ' and ' <a href="#">Principles of action in tax matters</a> ' in the 'Responsible banking' chapter.
E.2	No	See note <a href="#">53</a> to our consolidated financial statements, section <a href="#">2.3 'Risk governance'</a> in the 'Risk management and compliance' chapter, and sections ' <a href="#">A strong and inclusive culture: The Santander Way</a> ' and ' <a href="#">Principles of action in tax matters</a> ' in the 'Responsible banking' chapter.
E.3	No	See sections <a href="#">2.2 'Risk factors'</a> , <a href="#">3. 'Credit risk'</a> , <a href="#">4. 'Market, structural and liquidity risk'</a> , <a href="#">5. 'Credit risk'</a> , <a href="#">6. 'Operational risk'</a> , <a href="#">7. 'Compliance and conduct risk'</a> , <a href="#">8 'Model risk'</a> and <a href="#">9. 'Strategic risk'</a> in the 'Risk management and compliance' chapter. See also the ' <a href="#">Responsible banking</a> ' chapter and, for our capital needs, see section <a href="#">3.5 'Capital management and adequacy. Solvency ratios'</a> of the 'Economic and financial review' chapter.
E.4	No	See section <a href="#">2.4. 'Management processes and tools'</a> in the Risk management and compliance chapter and sections ' <a href="#">A strong and inclusive culture: The Santander Way</a> ' and ' <a href="#">Principles of action in tax matters</a> ' in the 'Responsible banking' chapter.
E.5	No	See <a href="#">3. 'Credit risk'</a> , <a href="#">4. 'Market, structural and liquidity risk'</a> , <a href="#">5. 'Credit risk'</a> , <a href="#">6. 'Operational risk'</a> , <a href="#">7 'Compliance and conduct risk'</a> , <a href="#">8 'Model risk'</a> , <a href="#">9 'Strategic risk'</a> and in <a href="#">10. 'Climate and environmental risk'</a> the 'Risk management and compliance' chapter. Additionally, see note <a href="#">25e</a> to our consolidated financial statements.
E.6	No	See sections <a href="#">2. 'Risk management and control model'</a> , <a href="#">3. 'Credit risk'</a> , <a href="#">4. 'Market, structural and liquidity risk'</a> , <a href="#">5. 'Capital risk'</a> , <a href="#">6. 'Operational risk'</a> , <a href="#">7. 'Compliance and conduct risk'</a> , <a href="#">8. 'Model risk'</a> , <a href="#">9. 'Strategic risk'</a> and <a href="#">10. 'Climate and environmental risk'</a> in the 'Risk management and compliance' chapter.
<b>F. ICFRS</b>		
F.1	No	See section <a href="#">8.1 'Control environment'</a> .
F.2	No	See section <a href="#">8.2 'Risk assessment in financial reporting'</a> .
F.3	No	See section <a href="#">8.3 'Control activities'</a> .
F.4	No	See section <a href="#">8.4 'Information and communication'</a> .
F.5	No	See section <a href="#">8.5 'Monitoring'</a> .
F.6	No	Not applicable.
F7	No	See section <a href="#">8.6 'External auditor report'</a> .

Section in the CNMV model	Included in statistical report	Comments
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**G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

G	Yes	See 'Degree of compliance with the corporate governance recommendations' in section <a href="#">9.2</a> and section <a href="#">9.3</a> 'Table on compliance with or explanations of recommendations on corporate governance'.
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**H. OTHER INFORMATION OF INTEREST**

H	No	Banco Santander also complies with the Polish Code of Best Practices, updated in 2021, except in areas where regulation is different in Spain and Poland. In addition, see sections ' <a href="#">Conduct and ethical behaviour</a> ' and ' <a href="#">Governance</a> ', in particular, 'Joint initiatives to promote our agenda', in the Responsible banking chapter.
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## 9.2 Statistical information on corporate governance required by the CNMV

Unless otherwise indicated all data as of 31 December 2020.

### A. OWNERSHIP STRUCTURE

#### A.1 Complete the following table on the company's share capital:

Indicate whether company bylaws contain the provision of double loyalty voting:

No

Yes

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
03/12/2020	8,670,320,651	17,340,641,302	17,340,641,302

Indicate whether different types of shares exist with different associated rights:

No

Yes

#### 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	3.46%	5.43%

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%	3.46%	5.43%

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		% of voting rights through financial instruments		Total % of voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ana Botín-Sanz de Sautuola y O'Shea	0.01	0.17	0.00	0.00	0.18	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	0.11	0.00	0.00	0.14	0.00	0.00
Álvaro Cardoso de Souza	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R. Martín Chávez Márquez	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sol Daurella Comadrán	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					0.34		
% total voting rights represented on the board of directors					0.71		

## 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	% of voting rights that may be transferred through financial instruments
-	-	-	-	-	-

## A.7 Indicate whether the company has been notified of any shareholders' agreements pursuant to Articles 530 and 531 of the Spanish Companies Act (LSC). 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.	0.58%	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

## Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:

Yes  No 

Participants in the concerted action	% of share capital affected	Brief description of concerted action	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.	0.58%	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

## A.8 Indicate whether any individual or entity currently exercises control or could exercise control over the company in accordance with article 5 of the Spanish Securities Market Act. If so, identify them:

Yes  No 

## A.9 Complete the following tables on the company's treasury shares:

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
259,930,273	17,661,667	1.601%

(\*) Through:

Name or corporate name of the direct shareholder	Number of shares held directly
Pereda Gestión, S.A.	13,680,000
Banco Santander Río, S.A.	975,238
Banco Santander México, S.A.	3,006,429
<b>Total:</b>	<b>17,661,667</b>

## A.11 Estimated free float:

	%
Estimated free float	91.92 %

## A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes  No



**B. GENERAL SHAREHOLDERS' MEETING**

B.4 Indicate the attendance figures for the general shareholders' meetings held during the fiscal year to which this report relates and in the two preceding fiscal years:

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
12/04/2019	0.77%	65.31%	0.96%	1.47%	68.51%
of which free float:	0.07%	64.87%	0.96%	1.47%	67.37%

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
23/07/2019	0.66%	41.82%	15.54%	1.21%	59.23%
of which free float:	0.02%	41.32%	15.54%	1.21%	58.09%

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
03/04/2020	0.09%	62.60%	1.71%	0.60%	65.00%
of which free float:	0.01%	61.59%	1.71%	0.60%	63.91%

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
27/10/2020	0.17%	43.29%	16.30%	0.59%	60.35%
of which free float:	0.11%	42.27%	16.30%	0.59%	59.27%

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
26/03/2021	0.06%	65.02%	2.04%	0.55%	67.67%
of which free float:	0.01%	64.03%	2.04%	0.55%	66.63%

B.5 Indicate whether in the general shareholders' meetings held during the fiscal year to which this report relate there has been any matter submitted to them which, for any reason, has not been approved by the shareholders:

Yes  No

B.6 Indicate whether the Bylaws require a minimum holding of shares to attend to or to vote remotely in the general shareholders' meeting:

Yes  No

## C. MANAGEMENT STRUCTURE

### C.1 Board of directors

#### C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	17
Minimum number of directors	12
Number of directors fixed by GSM	15

#### C.1.2 Complete the following table with the directors' details:

Name or corporate name of director	Representative	Category of director	Position in the board	Date of first appointment	Date of last appointment	Election procedure
Ana Botín-Sanz de Sautuola y O'Shea	N/A	Executive	Chair	04/02/1989	03/04/2020	Vote in general shareholders' meeting
José Antonio Álvarez Álvarez	N/A	Executive	Chief executive officer	25/11/2014	12/04/2019	Vote in general shareholders' meeting
Bruce Carnegie-Brown	N/A	Independent	Lead independent director	25/11/2014	26/03/2021	Vote in general shareholders' meeting
Homaira Akbari	N/A	Independent	Director	27/09/2016	26/03/2021	Vote in general shareholders' meeting
Javier Botín-Sanz de Sautuola y O'Shea	N/A	Other external	Director	25/07/2004	26/03/2021	Vote in general shareholders' meeting
Álvaro Cardoso de Souza	N/A	Independent	Director	23/03/2018	26/03/2021	Vote in general shareholders' meeting
R. Martín Chávez Márquez	N/A	Independent	Director	27/10/2020	27/10/2020	Vote in general shareholders' meeting
Sol Daurella Comadrán	N/A	Independent	Director	25/11/2014	03/04/2020	Vote in general shareholders' meeting
Henrique de Castro	N/A	Independent	Director	12/04/2019	12/04/2019	Vote in general shareholders' meeting
Gina Díez Barroso	N/A	Independent	Director	22/12/2020	22/12/2020	Vote in general shareholders' meeting
Luis Isasi Fernández de Bobadilla	N/A	Other external	Director	03/04/2020	03/04/2020	Vote in general shareholders' meeting
Ramiro Mato García-Ansorena	N/A	Independent	Director	28/11/2017	26/03/2021	Vote in general shareholders' meeting
Sergio Rial	N/A	Other external	Director	03/04/2020	03/04/2020	Vote in general shareholders' meeting
Belén Romana García	N/A	Independent	Director	22/12/2015	12/04/2019	Vote in general shareholders' meeting
Pamela Walkden	N/A	Independent	Director	29/10/2019	03/04/2020	Vote in general shareholders' meeting
Total number of directors					15	

Indicate any directors who have left during the fiscal year to which this report relates, regardless of the reason (whether for resignation or by agreement of the general meeting or any other):

Name or corporate name of director	Category of director at the time he/her left	Date of last appointment	Date of leave	Board committees he or she was a member of	Indicate whether he or she has left before the expiry of his or her term
N/A	N/A	N/A	N/A	N/A	N/A

#### C.1.3 Complete the following tables for the directors in each relevant category:

##### EXECUTIVE DIRECTORS

Name or corporate name of director	Position held in the company	Profile
Ana Botín-Sanz de Sautuola y O'Shea	Executive chair	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
José Antonio Álvarez Álvarez	CEO	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Total number of executive directors		2
% of the Board		13.33%

**PROPRIETARY NON-EXECUTIVE DIRECTORS**

Name or corporate name of director	Name or corporate name of significant shareholder represented or having proposed his or her appointment	Profile
N/A	N/A	N/A
Total number of proprietary non-executive directors		0
% of the Board		0%

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Name or corporate name of director	Profile	
Bruce Carnegie-Brown	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Homaira Akbari	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Álvaro Cardoso de Souza	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
R. Martín Chávez Márquez	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Sol Daurella Comadrán	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Henrique de Castro	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Gina Díez Barroso	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Ramiro Mato García-Ansorena	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Belén Romana Garcia	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Pamela Walkden	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.	
Total number of independent directors		10
% of the Board		66.67%

Identify any independent director who receives from the company or its group any amount or perk other than his or her director remuneration or who maintain or have maintained during the fiscal year covered in this report a business relationship with the company or any group company, either in his or her own name or as a principal shareholder, director or senior manager of an entity which maintains or has maintained such a business relationship.

In such a case, a reasoned statement from the Board on why the relevant director(s) is able to carry on their duties as independent director(s) will be included.

Name or corporate name of director	Description of the relationship	Reasoned statement
Homaira Akbari	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the company in which Homaira Akbari was a director in 2021 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>
Sol Daurella	Financing	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the funding Grupo Santander granted to companies in which Sol Daurella was a principal shareholder or director in 2021 was not significant because, among other reasons: (i) it did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) it aligned with Grupo Santander's share in the corresponding market, and (iii) it did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Henrique de Castro	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the company in which Henrique de Castro was a director in 2021 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>
Gina Díez	Financing	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the funding granted by Grupo Santander to the companies in which Gina Díez was a principal shareholder and director in 2021 was not significant because, among other reasons: (i) it did not generate a situation of economic dependence on the company involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) it aligned with Grupo Santander's share in the corresponding market, and (iii) it did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
R. Martín Chávez	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the company in which R. Martín Chávez was a director in 2021 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>
Belén Romana	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the companies in which Belén Romana was a director in 2021 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>

## Other external directors

Identify all other non-executive directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
Javier Botín-Sanz de Sautuola y O'Shea	Given that Mr Botin has been director for over 12 years, pursuant to sub-section 4. i) of article 529 <i>duodecies</i> of the Spanish Companies Act.	Banco Santander, S.A.	See section <a href="#">4.1 'Our directors'</a> in the Corporate governance chapter in the annual report.
Luis Isasi Fernández de Bobadilla	Under prudent criteria given his remuneration as non-executive chair of Santander España's body as supervisor, unit without its own corporate identity separate to Banco Santander, pursuant to sub-sections 2 to 4 of article 529 <i>duodecies</i> of the Spanish Companies Act.	Banco Santander, S.A.	See section <a href="#">4.1 'Our directors'</a> in the Corporate governance chapter in the annual report.
Sergio Rial	Given that Mr Rial, as a former executive director of Banco Santander as CEO of Banco Santander (Brasil) S.A. and Regional head of South America until 31 December 2021, pursuant to sub-section 4 a) of article 529 <i>duodecies</i> of the Spanish Companies Act.	Banco Santander, S.A.	See section <a href="#">4.1 'Our directors'</a> in the Corporate governance chapter in the annual report.
Total number of other non-executive directors			3
% of the Board			20.00%

List any changes in the category of a director which have occurred during the period covered in this report.

Name or corporate name of director	Date of change	Previous category	Current category
Sergio Rial	31/12/2021	Executive	

C.1.4 Complete the following table on the number of female directors at the end of each the past four years and their category:

Number of female directors	% of total directors of each category							
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2021	FY 2020	FY 2019	FY 2018
Executive	1	1	1	1	50.00 %	33.33 %	50.00 %	33.33 %
Proprietary	—	—	—	—	0.00 %	0.00 %	0.00 %	0.00 %
Independent	5	5	5	4	50.00 %	50.00 %	55.55 %	44.44 %
Other external	—	—	—	—	0.00 %	0.00 %	0.00 %	0.00 %
Total:	6	6	6	5	40.00 %	40.00 %	40.00 %	33.33 %

**C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:**

Identity of the director or representative	Company name of the listed or non-listed entity	Position	Remunerated YES/NO
Ana Botín-Sanz de Sautuola y O'Shea	The Coca-Cola Company	Director	YES
Bruce Carnegie-Brown	Lloyd's of London	Chair	YES
	Cuvva Limited	Chair	YES
Homaira Akbari	Landstar System, Inc.	Director	YES
	AKnowledge Partners, LLC	Chief executive officer	YES
	Temenos AG	Director	YES
Sol Daurella Comadrán	Coca-Cola Europacific Partners plc.	Chair	YES
	Cobega, S.A.	Representative of director	NO
	Equatorial Coca Cola Bottling Company, S.L.	Director	YES
	Cobega Invest S.L.	Sole administrator	NO
	Olive Partners, S.A.	Representative of director	NO
	Indau, S.A.R.L.	Sole administrator	YES
Henrique de Castro	Fiserv Inc.	Director	YES
	Stakecorp Capital, s.a.r.l.	Director	NO
Gina Díez Barroso	Grupo Diarq, S.A. de C.V.	Chair-chief executive officer	NO
	Dalia Women, S.A.P.I. de C.V.	Director	NO
	Centro de Diseño y Comunicación, S.C.	Chair	NO
Ramiro Mato García-Ansorena	Ansorena, S.A.	Chair	NO
R. Martín Chávez Márquez	Sixth Street Partners Management Company, L.P.	Vice-president	YES
	Recursion Pharmaceuticals, Inc.	Chair	YES
Luis Isasi Fernández de Bobadilla	Compañía de Distribución Integral Logista Holdings, S.A.	Director	YES
	Agropecuaria Fuenfría, S.L.	Director	NO
	Santa Clara de C. Activos, S.L.	Director	NO
Sergio Rial	Delta Airlines Inc	Director	YES
	Ebury Partners Limited	Chair	YES
Belén Romana García	Aviva plc.	Director	YES
	Six Group AG	Director	YES
	Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	Director	YES
Javier Botín-Sanz de Sautuola y O'Shea	JB Capital Markets, Sociedad de Valores, S.A.U.	Chair	YES
	Inversiones Zulu, S.L.	Chair-chief executive officer	NO
	Agropecuaria EL Castaño, S.L.E	Joint and several administrator	NO
	Inversiones Peña Cabarga, S.L.	Sole administrator	NO

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Bruce Carnegie-Brown	Member of investment committee of Gresham House Plc
Belén Romana García	Member of the advisory board of Inetum
	Senior advisor of Artá Capital, S.G.E.I.C., S.A
Pamela Walkden	Member of the advisory board of JD Haspel Limited
Luis Isasi Fernández de Bobadilla	Senior Advisor of Morgan Stanley
R. Martín Chávez Márquez	Senior advisor of Cambrian Biopharma
	Senior advisor of Earli
	Senior advisor of Block.one
	Senior advisor of Ketch Kloud
	Senior advisor of Abacus.AI

**C.1.12 Indicate and, if applicable explain, if the company has established rules on the maximum number of directorships its directors may hold and, if so, where they are regulated:**

Yes  No

The maximum number of directorships is established, as provided for in article 30 of the Rules and regulations of the board, in article 26 of Spanish Law 10/2014 on the ordering, supervision and solvency of credit institutions. This rule is further developed by articles 29 and subsequent of Royal Decree 84/2015 and by Rules 30 and subsequent of Bank of Spain Circular 2/2016.

**C.1.13 Identify the following items of the total remuneration of the board of directors:**

Board remuneration accrued in the fiscal year (EUR thousand)	26,485
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (EUR thousand)	66,896
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (EUR thousand)	0
Pension rights accumulated by former directors (EUR thousand)	49,778

**C.1.14 Identify the members of the company's senior management who are non executive directors and indicate total remuneration they have accrued during the fiscal year:**

Name or corporate name	Position (s)	
Alexandra Brandão	Head of Human Resources	
Juan Manuel Cendoya Méndez de Vigo	Group head of Communications, Corporate Marketing and Research	
José Francisco Doncel Razola	Group head of Accounting and Financial Control - Group Chief Accounting Officer	
Keiran Paul Foad	Group Chief Risk Officer	
José Antonio García Cantera	Group Chief Financial Officer	
Juan Guitard Marín	Group Chief Audit Executive	
José María Linares Perou	Global head of Corporate & Investment Banking	
Mónica Lopez-Monis Gallego	Group head of Supervisory and Regulatory Relations	
Javier Maldonado Trinchant	Group head of Costs	
Dirk Marzluf	Group head of Technology and Operations	
Víctor Matarranz Sanz de Madrid	Global head of Wealth Management	
José Luis de Mora Gil-Gallardo	Group head of Strategy and Corporate Development and Head of Consumer Finance (Santander Consumer Finance)	
Jaime Pérez Renovales	Group head of General Secretariat	
Antonio Simões	Head regional of Europe and Country head of Santander Spain	
Marjolein van Hellemond-Gerdingh	Group Chief Compliance Officer	
Number of women in senior management		3
Percentage of total senior management		20.00 %
Total remuneration accrued by the senior management (EUR thousand)		53,880

**C.1.15 Indicate whether any changes have been made to the board Rules and regulations during the fiscal year:**

Yes  No

**C.1.21 Indicate whether there are any specific requirements, other than those applying to directors generally, to be appointed chair:**

Yes  No

**C.1.23 Indicate whether the bylaws or the board Rules and regulations set a limited term of office (or other requirements which are stricter than those provided for in the law) for independent directors different than the one provided for in the law.**

Yes  No

**C.1.25 Indicate the number of board meetings held during the fiscal year and how many times the board has met without the chair's attendance. Attendance will also include proxies appointed with specific instructions:**

Number of board meetings	15
Number of board meetings held without the chair's attendance	0

**Indicate the number of meetings held by the lead independent director with the rest of directors without the attendance or representation of any executive director.**

Number of meetings	8
--------------------	---

Indicate the number of meetings of the various board committees held during the fiscal year.

Number of meetings of the audit committee	14
Number of meetings of the responsible banking, sustainability and culture committee	6
Number of meetings of the innovation and technology committee	4
Number of meetings of the nomination committee	12
Number of meetings of the remuneration committee	12
Number of meetings of the risk supervision, regulation and compliance committee	16
Number of meetings of the executive committee	40

C.1.26 Indicate the number of board meetings held during the fiscal year and data about the attendance of the directors:

Number of meetings with at least 80% of directors being present	15
% of votes cast by members present over total votes in the fiscal year	98.66%
Number of board meetings with all directors being present (or represented having given specific instructions)	14
% of votes cast by members present at the meeting or represented with specific instructions over total votes in the fiscal year	99.11%

C.1.27 Indicate whether the company's consolidated and individual financial statements are certified before they are submitted to the board for their formulation.

Yes  No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their formulation by the board:

Name	Position
José Francisco Doncel Razola	Group head of Accounting and Financial Control

C.1.29 Is the secretary of the board also a director?

Yes  No

If the secretary of the board is not a director fill in the following table:

Name or corporate name of the secretary	Representative
Jaime Pérez Renovales	N/A

C.1.31 Indicate whether the company has changed its external audit firm during the fiscal year. If so, identify the incoming audit firm and the outgoing audit firm:

Yes  No

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and express this amount as a percentage they represent of all fees invoiced to the company and/or its group.

Yes  No

	Company	Group companies	Total
Amount of non-audit work (EUR thousand)	556	2,567	3,123
Amount of non-audit work as a % of amount of audit work	0.5%	2.5%	3.0%

C.1.33 Indicate whether the audit report on the previous year's financial statements contains a qualified opinion or reservations. Indicate the reasons given by the chair of the audit committee to the shareholders in the general shareholders meeting to explain the content and scope of those qualified opinion or reservations.

Yes  No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual financial statements	Consolidated financial statements
Number of consecutive years	6	6
	Company	Group
Number of years audited by current audit firm/Number of years the company's or its Group financial statements have been audited (%)	15.38%	15.38%



**C.1.35 Indicate and if applicable explain whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:**

Yes  No

Procedures

Our Rules and regulations of the board stipulate that members of the board and committees are provided with the relevant documentation for each meeting sufficiently in advance of the meeting date.

**C.1.39 Identify, individually in the case of directors, and in the aggregate in all other cases, and provide detailed information on, agreements between the company and its directors, executives and employees that provide indemnification, guarantee or golden parachute clause in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of transaction.**

Number of beneficiaries	21
Type of beneficiary	Description of the agreement:
Employees	The Bank has no commitments to provide severance pay to directors. A number of employees have a right to compensation equivalent to one to two years of their basic salary in the event of their contracts being terminated by the Bank in the first two years of their contract in the event of dismissal on grounds other than their own will, retirement, disability or serious dereliction of duties. In addition, for the purposes of legal compensation, in the event of redundancy a number of employees are entitled to recognition of length of service including services provided prior to being contracted by the Bank; this would entitle them to higher compensation than they would be due based on their actual length of service with the Bank itself.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group beyond the procedures provided for in applicable law. If applicable, specify the process applied, the situations in which they apply, and the bodies responsible for approving or communicating those agreements:

	Board of directors	General Shareholders' Meeting
Body authorising clauses	√	
	YES	NO
Is the general shareholders' meeting informed of such clauses?	√	

## C.2 Board committees

### C.2.1 Give details of all the board committees, their members and the proportion of executive, independent and other external directors.

#### EXECUTIVE COMMITTEE

Name	Position	Type	
Ana Botín-Sanz de Sautuola y O'Shea	Chair	Executive director	
José Antonio Álvarez Álvarez	Member	Executive director	
Bruce Carnegie-Brown	Member	Independent director	
Luis Isasi Fernández de Bobadilla	Member	Other external director	
Ramiro Mato García-Ansorena	Member	Independent director	
Belén Romana García	Member	Independent director	
% of executive directors			33.33%
% of proprietary directors			0.00%
% of independent directors			50.00%
% of other non-executive directors			16.67%

#### AUDIT COMMITTEE

Name	Position	Type	
Pamela Walkden	Chair	Independent director	
Homaira Akbari	Member	Independent director	
Henrique de Castro	Member	Independent director	
Ramiro Mato García-Ansorena	Member	Independent director	
Belén Romana García	Member	Independent director	
% of executive directors			0%
% of proprietary directors			0%
% of independent directors			100%
% of other non-executive directors			0%

Identify those directors in the audit committee who have been appointed on the basis of their knowledge and experience in accounting, audit or both and indicate the date of appointment of the committee chair.

Name of directors with accounting or audit experience	Pamela Walkden Belén Romana García Homaira Akbari Ramiro Mato García-Ansorena Henrique de Castro
Date of appointment of the committee chair for that position	26 April 2020

#### NOMINATION COMMITTEE

Name	Position	Type	
Bruce Carnegie-Brown	Chair	Independent director	
R. Martín Chávez Márquez	Member	Independent director	
Sol Daurella Comadrán	Member	Independent director	
Gina Díez Barroso	Member	Independent director	
% of executive directors			0%
% of proprietary directors			0%
% of independent directors			100%
% of other executive directors			0%

**REMUNERATION COMMITTEE**

Name	Position	Type
Bruce Carnegie-Brown	Chair	Independent director
R. Martín Chávez Márquez	Member	Independent director
Sol Daurella Comadrán	Member	Independent director
Henrique de Castro	Member	Independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		80%
% of other external directors		20%

**RISK SUPERVISION, REGULATION AND COMPLIANCE COMMITTEE**

Name	Position	Type
Belén Romana García	Chair	Independent director
R. Martín Chávez Márquez	Member	Independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
Ramiro Mato García-Ansorena	Member	Independent director
Pamela Walkden	Member	Independent director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		80%
% of other external directors		20%

**RESPONSIBLE BANKING, SUSTAINABILITY AND CULTURE COMMITTEE**

Name	Position	Type
Ramiro Mato García-Ansorena	Chair	Independent director
Homaira Akbari	Member	Independent director
Álvaro Cardoso de Souza	Member	Independent director
Sol Daurella Comadrán	Member	Independent director
Belén Romana García	Member	Independent director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		100%
% of other external directors		0%

**INNOVATION AND TECHNOLOGY COMMITTEE**

Name	Position	Type
R. Martín Chávez Márquez	Chair	Independent director
Ana Botín-Sanz de Sautuola y O'Shea	Member	Executive director
José Antonio Álvarez Álvarez	Member	Executive director
Bruce Carnegie-Brown	Member	Independent director
Homaira Akbari	Member	Independent director
Henrique de Castro	Member	Independent director
Belén Romana García	Member	Independent director
% of executive directors		28.57%
% of proprietary directors		0.00%
% of independent directors		71.43%
% of other external directors		0.00%

## C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years.

	Number of female directors							
	FY 2021		FY 2020		FY 2019		FY 2018	
	Number	%	Number	%	Number	%	Number	%
Audit committee	3	60.00 %	3	60.00%	3	60.00%	2	50.00%
Responsible banking, sustainability and culture committee	3	60.00 %	3	60.00%	5	62.50%	5	62.50%
Innovation and technology committee	3	— %	3	42.85%	3	37.50%	3	42.85%
Nomination committee	2	50.00 %	1	33.33%	2	40.00%	1	25.00%
Remuneration committee	1	20.00 %	1	20.00%	1	20.00%	1	20.00%
Risk supervision, regulation and compliance committee	2	40.00 %	1	20.00%	2	40.00%	2	33.30%
Executive committee	2	33.33 %	2	33.33%	2	28.50%	2	25.00%

## D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

**D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

Not applicable.

**D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

Not applicable.

**D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.**

In any case, report any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company	Brief description of the transaction and any other information necessary for its evaluation	Amount (EUR thousand)
Banco Santander (Brasil) S.A. (Cayman Islands Branch)	This chart shows the transactions and the results obtained by the Bank at 31 December 2021 with Group entities resident in countries or territories that were considered non-cooperative jurisdictions pursuant to Spanish legislation, at such date (Law 11/2021 on measures to prevent and fight against tax fraud expands the meaning of tax havens, which it renames "non-cooperative jurisdictions").	18,681
	These results, and the balances indicated below, were eliminated in the consolidation process. See note 3 to the 2021 Consolidated financial statements for more information on offshore entities.	
	The amount shown on the right corresponds to positive results relating to contracting of derivatives (includes branches in New York and London of Banco Santander, S.A.).	
	The referred derivatives had a net positive market value of EUR 274 million in the Bank and covered the following transactions:	
	- 91 Non Delivery Forwards. - 251 Swaps. - 65 Cross Currency Swaps. - 12 Options. - 44 Forex.	
	The amount shown on the right corresponds to negative results relating to short term deposits with the New York branch of Banco Santander, S.A. (liability), all of them expired before 31 December 2021.	1,036
The amount shown on the right corresponds to positive results relating to deposits with the Hong Kong branch of Banco Santander, S.A. (asset). These deposits had a nominal value of EUR 0.9 million at 31 December 2021.	16	
The amount shown on the right corresponds to positive results relating to fixed income securities-subordinated instruments (asset). This relates to the investment in November 2018 in two subordinated instruments (Tier I Subordinated Perpetual Notes and Tier II Subordinated Notes due 2028) with an amortised cost of EUR 2,228 million as at 31 December 2021.	140,892	
The amount shown on the right corresponds to negative results relating to interests and commissions concerning correspondent accounts (includes Hong Kong branch of Banco Santander, S.A.) (liability). This relates to correspondent accounts with a credit balance of EUR 40 million at 31 December 2021.	15	

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Not applicable.

## G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the good governance code for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies  Explain

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

b) The mechanisms established to resolve any conflicts of interest that may arise.

Complies  Partially complies  Explain  Not applicable

3. During the AGM the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Complies  Partially complies  Explain

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible its implementation.

Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies  Partially complies  Explain

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

And that whenever the board of directors approves an issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable mercantile law.

Complies  Partially complies  Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the AGM, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committees.

c) Audit committee report on third-party transactions.

Complies  Partially complies  Explain

7. The company should broadcast its general meetings live on the corporate website.

The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.

Complies  Explain

8. The audit committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditors includes any qualification in its report, the chair of the audit committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

Complies  Partially complies  Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies  Partially complies  Explain

10. When a shareholder so entitled exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the standard attendance card or proxy appointment or remote voting form, duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies  Partially complies  Explain  Not applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies  Partially complies  Explain  Not applicable

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies  Partially complies  Explain

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies  Explain

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board that:

- a) is concrete and verifiable;
- b) ensures that appointment or re-election proposals are based on a prior analysis of the competences required by the board; and
- c) favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The nomination committee should run an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Complies  Partially complies  Explain

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Complies  Partially complies  Explain

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies  Explain

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies  Explain

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complies  Partially complies  Explain

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies  Partially complies  Explain  Not applicable

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of the latter should be reduced accordingly.

Complies  Partially complies  Explain  Not applicable

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies  Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending

to the particular circumstances, de-cide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Complies  Partially complies  Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies  Partially complies  Explain  Not applicable

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Complies  Partially complies  Explain  Not applicable

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board rules and regulations should lay down the maximum number of company boards on which directors can serve.

Complies  Partially complies  Explain

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies  Partially complies  Explain

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies  Partially complies  Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes book if the person expressing them so requests.

Complies  Partially complies  Explain  Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies  Partially complies  Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies  Explain  Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or obtain the information they consider appropriate.

For reasons of urgency, the chair may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies  Partially complies  Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies in the company and its group.

Complies  Partially complies  Explain

33. The chair, as the person responsible for the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, of the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies  Partially complies  Explain

34. When a lead independent director has been appointed, the bylaws or the Rules and regulations of the board of directors should grant him or her the following powers over and above those conferred by law: to chair the board of directors in the absence of the chair or vice chair; to give voice to the concerns of non-executive directors; to maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and to coordinate the chair's succession plan.

Complies  Partially complies  Explain  Not applicable

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies  Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competencies.
- d) The performance of the chair of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chair of board committees.

The evaluation of board committees should start from the reports they send to the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies  Partially complies  Explain

37. When there is an executive committee, there should be at least two non-executive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies  Partially complies  Explain  Not applicable

38. The board should be kept fully informed of the matters discussed and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies  Partially complies  Explain  Not applicable

39. All members of the audit committee, particularly its chair, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Complies  Partially complies  Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chair or the chair of the audit committee.

Complies  Partially complies  Explain

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Complies  Partially complies  Explain  Not applicable

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice.

2. With regard to the external auditor:

a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor, does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provisions of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies  Partially complies  Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another manager.

Complies  Partially complies  Explain

44. The audit committee should be informed of any structural changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies  Partially complies  Explain  Not applicable

45. Risk control and management policy should identify or establish at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures in place to mitigate the impact of identified risk events should they occur.

e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies  Partially complies  Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other specialised board committee. This internal department or unit should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies  Partially complies  Explain



47. Members of the nomination and remuneration committee-or of the nomination committee and remuneration committee, if separately constituted - should be chosen procuring they have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies  Partially complies  Explain

48. Large cap companies should have formed separate nomination and remuneration committees.

Complies  Explain  Not applicable

49. The nomination committee should consult with the company's chair and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies  Partially complies  Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies  Partially complies  Explain

51. The remuneration committee should consult with the company's chair and chief executive, especially on matters relating to executive directors and senior officers.

Complies  Partially complies  Explain

52. The rules regarding composition and functioning of supervision and control committees should be set out in the regulations of the board of directors and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies  Partially complies  Explain  Not applicable

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, a committee specialised in

sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Complies  Partially complies  Explain

54. The minimum functions referred to in the previous recommendation are as follows:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.
- b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.
- c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.
- e) Monitor and evaluate the company's interaction with its stakeholder groups.

Complies  Partially complies  Explain

55. Environmental and social sustainability policies should identify and include at least:

- a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.
- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.
- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies  Partially complies  Explain

56. Director remuneration should be sufficient to attract and retain directors with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies  Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans, retirement accounts or any other retirement plan should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies  Partially complies  Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the achievement of short, medium and long-term targets, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one off, occasional or extraordinary events.

Complies  Partially complies  Explain  Not applicable

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Complies  Partially complies  Explain  Not applicable

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complies  Partially complies  Explain  Not applicable

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies  Partially complies  Explain  Not applicable

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation.

Complies  Partially complies  Explain  Not applicable

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies  Partially complies  Explain  Not applicable

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Complies  Partially complies  Explain  Not applicable

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes  No

I declare that the information included in this statistical annex are the same and are consistent with the descriptions and information included in the annual corporate governance report published by the company.

### 9.3 Table on compliance with or explanations of recommendations on corporate governance

Recommendation	Comply / Explain	Information
1	Comply	See section <a href="#">3.2 'Shareholder rights'</a> .
2	Not applicable	See 'Conflicts of interest' in section <a href="#">4.12</a> , and section <a href="#">2.3 'Significant shareholders'</a> .
3	Comply	See section <a href="#">3.1 'Shareholder communication and engagement'</a> .
4	Comply	See section <a href="#">3.1 'Shareholder communication and engagement'</a> .
5	Comply	See section <a href="#">2.2 'Authority to increase capital'</a> .
6	Comply	See sections <a href="#">4.5 'Audit committee activities in 2021'</a> , <a href="#">4.6 'Nomination committee activities in 2021'</a> , <a href="#">4.7 'Remuneration committee activities in 2021'</a> , <a href="#">4.8 'Risk supervision, regulation and compliance committee activities in 2021'</a> , <a href="#">4.9 'Responsible banking, sustainability and culture committee activities in 2021'</a> , <a href="#">4.10 'Innovation and technology committee activities in 2021'</a> and <a href="#">4.12 'Related-party transactions and conflicts of interest'</a> .
7	Comply	See 'Engagement with shareholders in 2021' in section <a href="#">3.1</a> , 'Shareholder participation at general meetings' in section <a href="#">3.2</a> and section <a href="#">3.5 'Our next AGM in 2022'</a> .
8	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> and section <a href="#">4.5 'Audit committee activities in 2021'</a> .
9	Comply	See 'Participation of shareholders at the general meeting' in section <a href="#">3.2</a> .
10	Comply	See 'Supplement to the annual general meeting notice' in section <a href="#">3.2</a> .
11	Not applicable	See section <a href="#">3.5 'Our next AGM in 2022'</a> .
12	Comply	See section <a href="#">4.3 'Board functioning and effectiveness'</a> .
13	Comply	See 'Size' in section <a href="#">4.2</a> .
14	Comply	See 'Diversity' and 'Election, renewal and succession of directors' in section <a href="#">4.2</a> , 'Rules and regulations of the board' in section <a href="#">4.3</a> , 'Duties and activities in 2021' in section <a href="#">4.6</a> , section <a href="#">5 'Management team'</a> and ' <a href="#">Responsible banking</a> ' chapter.
15	Comply	See section <a href="#">4.2 'Board composition'</a> .
16	Comply	See 'Composition by type of director' in section <a href="#">4.2</a> .
17	Comply	See 'Composition by type of director' and 'Election, renewal and succession of directors' in section <a href="#">4.2</a> .
18	Comply	See 'Corporate website' in section <a href="#">3.1</a> and section <a href="#">4.1 'Our directors'</a> .
19	Not applicable	See 'Composition by type of director' and 'Tenure and equity ownership' in section <a href="#">4.2</a> .
20	Comply	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> .
21	Comply	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> .
22	Comply	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> , 'Rules and regulations of the board' in section <a href="#">4.3</a> and 'Duties and activities in 2021' in section <a href="#">4.6</a> .
23	Comply	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> .
24	Comply	See 'Election, renewal and succession of directors' in section <a href="#">4.2</a> , 'Rules and regulations of the board' in section <a href="#">4.3</a> and 'Duties and activities in 2021' in section <a href="#">4.6</a> .
25	Comply	See 'Board and committees attendance' in section <a href="#">4.3</a> and 'Duties and activities in 2021' in section <a href="#">4.6</a> .
26	Comply	See 'Board meetings' and 'Board and committee attendance' in section <a href="#">4.3</a> .
27	Comply	See 'Board meetings' and 'Board and committee attendance' in section <a href="#">4.3</a> .
28	Comply	See 'Board meetings' in section <a href="#">4.3</a> .
29	Comply	See 'Board meetings' in section <a href="#">4.3</a> .
30	Comply	See 'Training of directors and induction programmes for new directors' in section <a href="#">4.3</a> .
31	Comply	See 'Board meetings' in section <a href="#">4.3</a> .
32	Comply	See section <a href="#">3.1 'Shareholder communication and engagement'</a> and 'Duties and activities in 2021' in section <a href="#">4.6</a> .
33	Comply	See section <a href="#">4.3 'Board functioning and effectiveness'</a> .
34	Comply	See 'Lead independent director' in section <a href="#">4.3</a> .
35	Comply	See 'Secretary of the board' in section <a href="#">4.3</a> .
36	Comply	See 'Board assessment in 2021' in section <a href="#">4.3</a> .
37	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> and 'Composition' in section <a href="#">4.4</a> .
38	Comply	See 'Committee meetings' in section <a href="#">4.3</a> and section <a href="#">4.4 'Executive committee activities in 2021'</a> .
39	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> and 'Composition' in section <a href="#">4.5</a> .
40	Comply	See 'Duties and activities in 2021' in section <a href="#">4.5</a> and section <a href="#">8.5 'Monitoring'</a> .
41	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> and 'Duties and activities in 2021' in section <a href="#">4.5</a> .
42	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> and 'Duties and activities in 2021' in section <a href="#">4.5</a> .
43	Comply	See 'Committee meetings' in section <a href="#">4.3</a> .
44	Comply	See 'Duties and activities in 2021' in section <a href="#">4.5</a> .
45	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> , 'Duties and activities in 2021' in section <a href="#">4.5</a> , 'Duties and activities in 2021' in section <a href="#">4.8</a> and the ' <a href="#">Risk management and compliance</a> ' chapter.

Recommendation	Comply / Explain	Information
46	Comply	See 'Duties and activities in 2021' in section <a href="#">4.5</a> , 'Duties and activities in 2021' in section <a href="#">4.8</a> and the ' <a href="#">Risk management and compliance</a> ' chapter.
47	Comply	See 'Composition' in section <a href="#">4.6</a> and 'Composition' in section <a href="#">4.7</a> .
48	Comply	See 'Structure of board committees' in section <a href="#">4.3</a> .
49	Comply	See 'Duties and activities in 2021' in section <a href="#">4.6</a> .
50	Comply	See 'Duties and activities in 2021' in section <a href="#">4.7</a> .
51	Comply	See 'Duties and activities in 2021' in section <a href="#">4.7</a> .
52	Comply	See 'Rules and regulations of the board' and 'Committee meetings' in section <a href="#">4.3</a> and sections <a href="#">4.8</a> ' <a href="#">Risk supervision, regulation and compliance committee activities in 2021</a> ' and <a href="#">4.9</a> ' <a href="#">Responsible banking, sustainability and culture committee activities in 2021</a> '.
53	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> , 'Duties and activities in 2021' in section <a href="#">4.6</a> , 'Duties and activities in 2021' in section <a href="#">4.8</a> and 'Duties and activities in 2021' in section <a href="#">4.9</a> .
54	Comply	See 'Rules and regulations of the board' in section <a href="#">4.3</a> , 'Duties and activities in 2021' in section <a href="#">4.6</a> , 'Duties and activities in 2021' in section <a href="#">4.8</a> and 'Duties and activities in 2021' in section <a href="#">4.9</a> .
55	Comply	See 'Duties and activities in 2021' in section <a href="#">4.9</a> and ' <a href="#">Responsible banking</a> ' chapter.
56	Comply	See sections <a href="#">6.2</a> ' <a href="#">Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2021</a> ', <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.
57	Comply	See sections <a href="#">6.2</a> ' <a href="#">Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2021</a> ', <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.
58	Comply	See section <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.
59	Comply	See section <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> '.
60	Comply	See section <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> '.
61	Comply	See section <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.
62	Comply	See 'Duties and activities in 2021' in section <a href="#">4.7</a> , section <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.
63	Comply	See section <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.
64	Comply	See sections <a href="#">6.1</a> ' <a href="#">Principles of the remuneration policy</a> ' and <a href="#">6.3</a> ' <a href="#">Remuneration of directors for executive duties</a> ' and <a href="#">6.4</a> ' <a href="#">Directors' remuneration policy for 2022, 2023 and 2024 submitted to a binding shareholder vote</a> '.

## 9.4 Reconciliation to the CNMV's remuneration report model

Section in the CNMV model	Included in statistical report	Further information elsewhere and comments
<b>A. Remuneration policy for the present fiscal year</b>		
A.1	No	<ul style="list-style-type: none"> <li>See section <a href="#">6.4</a>: A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.1.6, A.1.7, A.1.8, A.1.9, A.1.10, A.1.11 (<a href="#">note 5</a>), A.1.12.</li> <li>See also sections <a href="#">4.7</a> and <a href="#">6.5</a> for A.1.1 y A.1.6.</li> <li>See 'Summary of link between risk, performance and reward' in section <a href="#">6.3</a>.</li> </ul>
A.2	No	See section <a href="#">6.4</a> .
A.3	No	See section <a href="#">6.4</a> . See Introduction.
A.4	No	See section <a href="#">6.5</a> .
<b>B. Overall summary of application of the remuneration policy over the last fiscal year</b>		
B.1	No	For B.1.1, see sections <a href="#">6.1</a> , <a href="#">6.2</a> and <a href="#">6.3</a> . For B.1.2 y B.1.3 (not applicable) see section <a href="#">6.5</a>
B.2	No	See 'Summary of link between risk, performance and reward' in section <a href="#">6.3</a> .
B.3	No	See sections <a href="#">6.1</a> , <a href="#">6.2</a> and <a href="#">6.3</a> .
B.4	No	See section <a href="#">6.5</a> .
B.5	No	See section <a href="#">6.2</a> and <a href="#">6.3</a>
B.6	No	See 'Gross annual salary' in section <a href="#">6.3</a> .
B.7	No	See 'Variable remuneration' in section <a href="#">6.1</a> , <a href="#">6.2</a> and <a href="#">6.3</a> .
B.8	No	Not applicable.
B.9	No	See 'Main features of the benefit plans' in section <a href="#">6.3</a> .
B.10	No	See 'Other remuneration' in section <a href="#">6.3</a> .
B.11	No	See 'Terms and conditions of executive directors' contracts' in section <a href="#">6.4</a> .
B.12	No	See section <a href="#">6.3</a> : "Remuneration of board members as representatives of Banco Santander"
B.13	No	See <a href="#">note 5</a> to the consolidated financial statements.
B.14	No	See 'Insurance and other remuneration and benefits in kind' in section <a href="#">6.4</a> .
B.15	No	See 'Remuneration of board members as representatives of the Bank' in section <a href="#">6.3</a> .
B.16	No	No remuneration for this component.
<b>C. Breakdown of the individual remuneration of directors</b>		
C	Yes	See section <a href="#">9.5</a> .
C.1 a) i)	Yes	See section <a href="#">9.5</a> .
C.1 a) ii)	Yes	See section <a href="#">9.5</a> .
C.1 a) iii)	Yes	See section <a href="#">9.5</a> .
C.1 a) iii)	Yes	See section <a href="#">9.5</a> .
C.1 b) i)	Yes	See section <a href="#">9.5</a> .
C.1 b) ii)	No	See section <a href="#">9.5</a> .
C.1 b) iii)	No	See section <a href="#">9.5</a> .
C.1 b) iv)	No	See section <a href="#">9.5</a> .
C.1 c)	Yes	See section <a href="#">9.5</a> .
C.2	Yes	See section <a href="#">9.5</a> .
<b>D. Other information of interest</b>		
D	No	See section <a href="#">4.7</a>

## 9.5 Statistical information on remuneration required by the CNMV

### B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	11,735,176,840	100.00 %

	Number	% of votes cast
Votes in favour	10,434,787,981	88.92 %
Votes against	957,730,594	8.16 %
Blank	4,554,563	0.04 %
Abstentions	338,103,702	2.88 %

### C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Directors	Type	Period of accrual in year 2021
Ms Ana Botín-Sanz de Sautuola y O'Shea	Executive	From 01/01/2021 to 31/12/2021
Mr José Antonio Álvarez Álvarez	Executive	From 01/01/2021 to 31/12/2021
Mr Bruce Carnegie-Brown	Lead independent director	From 01/01/2021 to 31/12/2021
Ms Homaira Akbari	Independent	From 01/01/2021 to 31/12/2021
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea	Other external	From 01/01/2021 to 31/12/2021
Mr Álvaro Antonio Cardoso de Souza	Independent	From 01/01/2021 to 31/12/2021
Mr Ramón Martín Chávez Márquez	Independent	From 01/01/2021 to 31/12/2021
Ms Sol Daurella Comadrán	Independent	From 01/01/2021 to 31/12/2021
Mr Henrique Manuel Drummond Borges Cirne de Castro	Independent	From 01/01/2021 to 31/12/2021
Ms Gina Díez Barroso	Independent	From 01/01/2021 to 31/12/2021
Mr Luis Isasi Fernández de Bobadilla	Other External	From 01/01/2021 to 31/12/2021
Mr Ramiro Mato García-Ansorena	Independent	From 01/01/2021 to 31/12/2021
Mr Sergio Rial	Executive	From 01/01/2021 to 31/12/2021
Ms Belén Romana García	Independent	From 01/01/2021 to 31/12/2021
Mrs Pamela Ann Walkden	Independent	From 01/01/2021 to 31/12/2021

C.1 Complete the following tables on individual remuneration of each director (including the remuneration for exercising executive functions) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration <sup>1</sup>	Severance pay	Other grounds	Total year 2021	Total year 2020
Ms Ana Botín-Sanz de Sautuola y O'Shea	90	45	195	3,176	2,941	561	—	525	7,533	5,352
Mr José Antonio Álvarez Álvarez	90	45	195	2,541	1,985	375	—	710	5,941	4,370
Mr Bruce Carnegie-Brown	275	80	345	—	—	—	—	—	700	595
Ms Homaira Akbari	90	78	80	—	—	—	—	—	248	202
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea	90	39	—	—	—	—	—	—	129	122
Mr Álvaro Antonio Cardoso de Souza	90	50	43	—	—	—	—	—	183	243
Mr Ramón Martín Chávez Márquez	90	99	185	—	—	—	—	—	374	37
Ms Sol Daurella Comadrán	90	84	65	—	—	—	—	—	239	214
Mr Henrique Manuel Drummond Borges Cirne de Castro	90	87	90	—	—	—	—	—	267	217
Ms Gina Díez Barroso	90	39	1	—	—	—	—	—	130	4
Mr Luis Isasi Fernández de Bobadilla	90	81	235	—	—	—	—	1,000	1,406	943
Mr Ramiro Mato García-Ansorena	90	94	315	—	—	—	—	—	499	430
Mr Sergio Rial	90	39	—	750	—	—	—	—	879	63
Ms Belén Romana García	90	100	343	—	—	—	—	—	533	417
Mrs Pamela Ann Walkden	90	76	137	—	—	—	—	—	303	214
Mr Rodrigo Echenique Gordillo	—	—	—	—	—	292	—	—	292	2,369
Mr Ignacio Benjumea Cabeza de Vaca	—	—	—	—	—	—	—	—	—	275
Mr Guillermo de la Dehesa Romero	—	—	—	—	—	—	—	—	—	108
Ms Esther Giménez-Salinas i Colomer	—	—	—	—	—	—	—	—	—	191

Comments (Not included in the electronic submission to the CNMV)

1. Includes deferred amounts from the 2017 deferred and conditional variable remuneration plan subject to long term metrics for Ana Botín, José Antonio Álvarez and Rodrigo Echenique.

## ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted at start of year 2021		Financial instruments consolidated during 2021				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Ms Ana Botín-Sanz de Sautuola y O'Shea	2nd cycle of deferred variable remuneration plan linked to multi-year targets (2017)	206,775	206,775	—	—	94,083	94,083	3.104	292	112,692	—	—
	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	309,911	309,911	—	—	—	—	—	—	—	309,911	309,911
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	319,390	319,390	—	—	—	—	—	—	—	319,390	319,390
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	111,823	111,823	—	—	—	—	—	—	—	111,823	111,823
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	—	—	1,480,622	1,480,622	947,598	947,598	3.104	2,941	—	533,024	533,024
Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted at start of year 2021		Financial instruments consolidated during 2021				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. José Antonio Álvarez Álvarez	2nd cycle of deferred variable remuneration plan linked to multi-year targets (2017)	138,283	138,283	—	—	62,919	62,919	3.104	195	75,364	—	—
	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	207,097	207,097	—	—	—	—	—	—	—	207,097	207,097
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	213,449	213,449	—	—	—	—	—	—	—	213,449	213,449
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	60,739	60,739	—	—	—	—	—	—	—	60,739	60,739
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	—	—	999,259	999,259	639,526	639,526	3.104	1,985	—	359,733	359,733



Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted at start of year 2021		Financial instruments consolidated during 2021				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. Rodrigo Echenique Gordillo	2nd cycle of deferred variable remuneration plan linked to multi-year targets (2017)	107,764	107,764	—	—	49,033	49,033	3.104	152	58,731		
	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	164,462	164,462	—	—						164,462	164,462
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	98,092	98,092	—	—						98,092	98,092

Comments (Not included in the electronic submission to the CNMV)

After reviewing the results of the 2nd cycle of the deferred variable remuneration plan linked to multi-year targets (2017), the board of directors confirmed in 2021, upon recommendation from the remunerations committee, a 45.5% achievement of the long-term metrics of the plan (as the following level of achievement was met during 2017-2019 period: CET1 at 100% (the target was 11.30%); underlying EPS growth at 36.34% (the target was a 25% growth); and TSR metric at 0% (33% minimum target not reach), with a 33% weight each one; and the amounts of the pending deliveries for each executive director, payable in February 2021, 2022 and 2023 in connection with this plan.

## iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
Ms Ana Botín-Sanz de Sautuola y O'Shea	1,041
Mr José Antonio Álvarez Álvarez	783

Name	Contribution over the year from the company (EUR thousand)				Amount of accumulated funds (EUR thousand)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		2021		2020	
	2021	2020	2021	2020	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
	Ms Ana Botín-Sanz de Sautuola y O'Shea	1,041	1,155	—	—	48,075	—	49,444
Mr José Antonio Álvarez Álvarez	783	864	—	—	18,821	—	18,082	—

## iv) Details of other items (Thousands of EUR)

Name	Item	Amount remunerated
Ms Ana Botín-Sanz de Sautuola y O'Shea	Life and accident insurance and fixed remuneration supplement insurance	459
	Other remuneration	22

Name	Item	Amount remunerated
Mr José Antonio Álvarez Álvarez	Life and accident insurance and fixed remuneration supplement insurance	817
	Other remuneration	7

## b) Remuneration of the company directors for seats on the boards of other group companies:

## i) Remuneration in cash (Thousands of EUR)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total year 2021	Total year 2020
Ms Homaira Akbari	213	—	—	—	—	—	—	—	213	184
D. Álvaro Antonio Cardoso de Souza	282	—	—	—	—	—	—	52	334	335
Mr. Ramón Martín Chávez Márquez	52	—	—	—	—	—	—	—	52	17
D. Henrique Manuel Drummond Borges Cirne de Castro	52	—	—	—	—	—	—	—	52	17
Ms. Pamela Walkden	36	—	—	—	—	—	—	—	36	—
D. Sergio Rial <sup>1</sup>	—	—	—	1,985	2,009	—	—	7	4,001	4,020
D.ª Gina Díez Barroso	—	—	—	—	—	—	—	—	—	14

Comments (Not included in the electronic submission to the CNMV)

1. Long-term variable remuneration includes amounts since the appointment as director.

## ii) Table of changes in share/based remunerations schemes and gross profit from consolidated shares of financial instruments

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments granted at start of year 2021		Financial instruments consolidated during 2021				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Mr. Sergio Rial	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	472,500	472,500	—	—	—	—	—	—	—	472,500	472,500
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	—	—	625,000	625,000	400,000	400,000	5.022	2,009	—	225,000	225,000

Comments (Not included in the electronic submission to the CNMV)

After reviewing the results of the 2nd cycle of the deferred variable remuneration plan linked to multi-year targets (2017), the board of directors confirmed in 2021, upon recommendation from the remunerations committee, a 45.5% achievement of the long-term metrics of the plan (as the following level of achievement was met during 2017-2019 period: CET1 at 100% (the target was 11.30%); underlying EPS growth at 36.34% (the target was a 25% growth); and TSR metric at 0% (33% minimum target not reach), with a 33% weight each one; and the amounts of the pending deliveries for each executive director, payable in February 2021, 2022 and 2023 in connection with this plan.

## iii) Long term saving systems

Name	Remuneration from consolidation of rights to savings system
Mr Sergio Rial	1,153

Name	Contribution over the year from the company (EUR thousand)				Amount of accumulated funds (EUR thousand)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		2020		2019	
	2020	2019	2020	2019	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Mr Sergio Rial	1,153	693	—	—	5,202	—	3,900	—

## iv) Detail of other items (Thousands of EUR)

Name	Item	Amount Remunerated 2021
Mr Sergio Rial	Fundo de Pensão do Governo	159
	Other remuneration	7

## c) Summary of remuneration (Thousands of EUR)

The summary should include the amounts corresponding to all the items of remuneration included in this report that have been accrued by the director, in thousand euros.

Name	Remuneration accrued in the company					Remuneration accrued in group companies						
	Total cash remuneration	Gross profit on consolidated shares or financial instruments <sup>1</sup>	Contributions to the long-term savings plan	Remuneration for other items	Total 2021	Total 2020	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2021	Total 2020
Ms Ana Botín-Sanz de Sautuola y O'Shea	7,533	3,233	1,041	481	12,288	8,090	—	—	—	—	—	—
Mr José Antonio Álvarez Álvarez	5,941	2,180	783	824	9,728	6,877	—	—	—	—	—	—
Mr Bruce Carnegie-Brown	700	—	—	—	700	595	—	—	—	—	—	—
Ms Homaira Akbari	248	—	—	—	248	202	213	—	—	—	213	184
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea	129	—	—	—	129	122	—	—	—	—	—	—
Mr Álvaro Antonio Cardoso de Souza	183	—	—	—	183	243	334	—	—	—	334	335
Mr Ramón Martín Chávez Márquez	374	—	—	—	374	37	52	—	—	—	52	17
Ms Sol Daurella Comadrán	239	—	—	—	239	214	—	—	—	—	—	—
Mr Henrique Manuel Drummond Borges Cirne de Castro	267	—	—	—	267	217	52	—	—	—	52	17
Ms Gina Díez Barroso	130	—	—	—	130	4	—	—	—	—	—	14
Mr Luis Isasi Fernández de Bobadilla	1,406	—	—	—	1,406	943	—	—	—	—	—	—
Mr Ramiro Mato García-Ansorena	499	—	—	—	499	430	—	—	—	—	—	—
Mr Sergio Rial	879	—	—	—	879	63	4,001	2,009	1,153	7	7,170	6,558
Ms Belén Romana García	533	—	—	—	533	417	—	—	—	—	—	—
Mrs Pamela Ann Walkden	303	—	—	—	303	214	36	—	—	—	36	—
Mr Rodrigo Echenique Gordillo	292	152	—	—	444	2,595	—	—	—	—	—	—
Mr Ignacio Benjumea Cabeza de Vaca	—	—	—	—	—	275	—	—	—	—	—	—
Mr Guillermo de la Dehesa Romero	—	—	—	—	—	108	—	—	—	—	—	—
Ms Esther Giménez-Salinas i Colomer	—	—	—	—	—	191	—	—	—	—	—	—
<b>Total</b>	<b>19,656</b>	<b>5,565</b>	<b>1,824</b>	<b>1,305</b>	<b>28,350</b>	<b>21,837</b>	<b>4,688</b>	<b>2,009</b>	<b>1,153</b>	<b>7</b>	<b>7,857</b>	<b>7,125</b>

Comments (Not included in the electronic submission to the CNMV)

1. Includes deferred amounts from the 2017 deferred and conditional variable remuneration plan subject to long term metrics for Ana Botín, José Antonio Álvarez and Rodrigo Echenique.

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

Directors' remuneration (EUR Thousand)	2021	% var. 21/20	2020	% var. 20/19	2019	% var. 19/18	2018	% var. 18/17	2017
<b>• Executive Directors</b>									
Ana Botín-Sanz de Sautuola y O'Shea	12,288	52%	8,090	(19)%	9,954	(10)%	11,011	4%	10,582
José Antonio Álvarez Álvarez	9,728	41%	6,877	(17)%	8,270	(8)%	9,001	1%	8,893
Sergio Rial	8,049	22%	6,621	—	—	—	—	—	—
<b>• External Directors<sup>1</sup></b>									
Bruce Carnegie-Brown	700	18%	595	(15)%	700	(4)%	732	—	731
Francisco Javier Botín-Sanz de Sautuola y O'Shea	129	6%	122	(11)%	137	13%	121	(2)%	124
Sol Daurella Comadrán	239	12%	214	(11)%	240	12%	215	4%	207
Belén Romana García	533	28%	417	(21)%	525	27%	414	39%	297
Homaira Akbari	461	19%	386	71%	226	14%	199	25%	159
Ramiro Mato García-Ansorena	499	16%	430	(14)%	500	11%	450	—	36
Álvaro Cardoso de Souza	517	(11)%	578	(14)%	673	355%	148	—	—
Henrique Manuel Drummond Borges Cirne de Castro	319	36%	234	172%	86	—	—	—	—
Pamela Ann Walkden	339	59%	214	529%	34	—	—	—	—
Luis Isasi Fernández de Bobadilla	1,406	49%	943	—	—	—	—	—	—
Ramón Martín Chávez Márquez	426	689%	54	—	—	—	—	—	—
Gina Díez Barroso	130	622%	18	—	—	—	—	—	—
<b>Company's performance</b>									
Underlying profit attributable to the Group (EUR mn)	8,654	70%	5,081	(38)%	8,252	2%	8,064	7%	7,516
Consolidated results of the Group <sup>2</sup> (EUR mn)	14,547	—	(2,076)	—%	12,543	(12)%	14,201	17%	12,091
Ordinary RoTE	12.73%	71%	7.44%	(37)%	11.79%	(2)%	12.08%	2%	11.82%
<b>Employees' average remuneration<sup>3</sup> (EUR)</b>	<b>55,673</b>	<b>18%</b>	<b>47,130</b>	<b>(12)%</b>	<b>53,832</b>	<b>2%</b>	<b>52,941</b>	<b>(5)%</b>	<b>55,484</b>

1. 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.

2. Group operating profit/(loss) before tax.

3. 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. Evolutive data impacted by exchange rate performance in the group's geographies.

(Notes not included in the electronic submission to the CNMV)

This annual report on remuneration has been approved by the board of directors of the company, at its meeting on 24 February 2022.

State if any directors have voted against or abstained from approving this report.

Yes  No

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