

# Banco Santander, S.A.

## 2022 Information on corporate governance and remunerations

- 2022 Annual corporate governance report
- 2022 Activities reports of the audit; nomination; remuneration; risk supervision, regulation and compliance, responsible banking, sustainability and culture; and innovation and technology committees
- 2022 Annual directors' remuneration report

The corporate governance chapter of the consolidated directors' report that forms part of the 2022 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)).

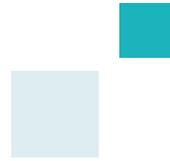
This chapter includes the content of the 2022 annual corporate governance and remuneration reports, drafted in a free format as we have been doing since the entry into force of the relevant Circular of the Spanish stock market authority (CNMV), as well as the 2022 activities reports of the audit; nomination; 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 2022 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 2022 Annual Report that are included in the attached document do not work.

The references to the above information within the attached corporate governance chapter are the following:

→ 2022 Annual corporate governance report	Entire corporate governance chapter
→ 2022 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
→ 2022 Annual directors' remuneration report	Sections 6 (excluding 6.4 and 6.6), 9.4 and 9.5

# Corporate governance





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## Structure of our corporate governance report

Since 2018, Banco Santander's annual reports on corporate governance and remuneration have followed an open format, as permitted by the Spanish stock market authority (CNMV), and are included in this chapter. It includes:

- Content legally required for the annual corporate governance report.
- Reports on board committees' operations. See sections [4.4](#) to [4.10](#).
- Annual report on directors' remuneration, which we are required to prepare and submit to a non-binding vote at our 2023 annual general meeting. See section [6. 'Remuneration'](#).
- Directors' remuneration policy. See section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- Cross references for each section of the corporate governance and remuneration reports in the CNMV's required format in this and other chapters. See sections [9.1 'Reconciliation with the CNMV's corporate governance report model'](#) and [9.4 'Reconciliation with the CNMV's remuneration report model'](#).
- Cross references for each response to all recommendations in the CNMV'S Good Governance Code for Listed Companies (Spanish Corporate Governance Code) in this corporate governance report and other chapters of this annual report. See section [9.3 'Table on compliance with and explanations of recommendations on corporate governance'](#).



Banco Santander has the highest score in the Spanish Association for Standardisation and Certification's (AENOR) Good Corporate Governance Index, which verifies aspects such as board structure and dynamics, shareholders' general meeting operation and participation, transparency, and ESG governance.

# 1. 2022 Overview

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'The 2022 geopolitical environment has been even more challenging than 2021, primarily driven by the continuing impact of the covid pandemic and the war in Ukraine which have significantly disrupted supply chains, increased energy and food costs and generated global inflation. In these challenging times, strong and effective governance overseen by the board is essential and in 2022 we made a number of improvements to ensure that this remained the case.

During the year, we strengthened our board composition with the addition of both Germán de la Fuente and Glenn Hutchins who both bring highly relevant skills and experience. We also continued to focus on succession planning and developing the quality of our internal pipeline of talent. Of particular note was the process we ran to appoint a new Group CEO which resulted in the appointment of Héctor Grisi to the role from 1 January 2023. I am delighted that José Antonio Álvarez will stay on the board as a non-executive director, retaining his Vice Chair position. We have significantly benefited from José Antonio's exceptional dedication and professionalism whilst in an executive role and will continue to do so in a non-executive capacity. In turn, and following their departure from the board of directors, I would like to thank R. Martín Chávez and Sergio Rial for their contribution and commitment to the Group.

We also remained focused on delivering against the agreed actions arising from the governance review we conducted in 2021, which delivered a number of governance enhancements, notably introducing a direct reporting line for the CEO to the board of directors. Most recently, we completed our internal board effectiveness review in 2022, the details of which can be found in '[Board effectiveness review in 2022](#)', in section 4.3.

The board has also continued to embrace its commitment to a green economy and to supporting our customers in their own transition to a Net Zero situation. To ensure maximum progress in this regard, we have factored responsible banking and ESG criteria into both our long and short-term incentives schemes for executive directors and top management; details can be found in section [6. 'Remuneration'](#).

For 2023, the rapidly evolving macro-economic environment will continue to be volatile and unpredictable. This will crystallise challenges that the board will need to navigate. I am confident that our ongoing commitment to best-in-class governance will ensure that we continue to be well placed to deal with such challenges.'

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

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## 1.1 Board skills and diversity

### Appointments in 2022

Throughout 2022, we continued to renew and strengthen the board, reflecting our strong commitment to ensuring balance of expertise and skills and diversity. 40% of board members are women (in line with our representation target of 40-60% of both genders); and two thirds are independent directors.

The changes have reinforced the board's banking, financial, technological and digital prowess, and to make it more diverse in terms of regional origin; and, overall, giving it the right composition to lead the Group in pursuit of its strategy now and in the future.

The main board changes in 2022 were as follows:

- Héctor Grisi was co-opted on 20 December 2022 as executive director and Group CEO with effect from 1 January 2023, succeeding Jose Antonio Álvarez who remains on the board of directors as non-executive Vice Chair. Mr Grisi filled the vacancy left by Sergio Rial, who stepped down with effect 1 January 2023. He brings a relentless focus on the customer, proven leadership in driving transformation and greater connectivity across the Group, and a strong track record of delivering growth and business profitability. See section [4.1 'Our directors'](#) for further details.
- Glenn Hutchins was co-opted as independent director on 20 December 2022 to fill the vacancy left by R. Martín Chávez, who stepped down with effect from 1 July 2022. Glenn Hutchins has a solid background in the financial sector, including experience in the private sector and supervisory activities, tech savviness and business transformation. See section [4.1 'Our directors'](#) for further details.

The board of directors has submitted the referred nominations to our annual general meeting called for 30 or 31 March 2023 at first or second call, respectively, (2023 AGM) for ratification. See section [3.5 'Our next AGM in 2023'](#) for further details.

### Board committees

The board made the following changes to the composition of its committees to ensure that they remained well equipped to discharge their responsibilities:

- Executive committee: Héctor Grisi joined the committee with effect from 1 January 2023.
- Audit committee: Germán de la Fuente became member on 21 April 2022.
- Nomination committee: Glenn Hutchins joined the committee on 20 December 2022 and R. Martín Chávez stepped down on 1 July 2022.
- Remuneration committee: Glenn Hutchins joined the committee on 20 December 2022 and R. Martín Chávez stepped down on 19 April 2022.
- Risk supervision, regulation and compliance committee: Germán de la Fuente became member on 1 January 2023 and R. Martín Chávez stepped down on 7 April 2022.
- Responsible banking, sustainability and culture committee: Álvaro Cardoso stepped down on 1 April 2022 and Gina Díez Barroso was appointed to the committee on 31 January 2023.

- Innovation and technology committee: Ana Botín was appointed chair on 18 April 2022 replacing R. Martín Chávez who stepped down on the same date. Glenn Hutchins also joined the committee on 20 December 2022 and Héctor Grisi joined with effect from 1 January 2023.

## 1.2 Board effectiveness

### Group and subsidiary board relations

Strengthening the ties between the Group's and its subsidiaries' boards of directors is key to effective oversight of policies, controls and corporate culture. In the last years, the global pandemic together with the rapidly evolving macro-economic environment heightened the need for effective cross-border cooperation, which our proven Group Subsidiary Governance Model (GSGM) facilitates.

Governance is strengthened by the presence of a number of Group non-executive directors on our subsidiary boards: José Antonio Álvarez at Banco Santander (Brasil) S.A. and PagoNxt, S.L.; Homaira Akbari at Santander Consumer USA Holdings Inc. and PagoNxt, S.L.; Henrique de Castro at PagoNxt, S.L.; Gina Díez Barroso at Universia México, S.A. de C.V.; Pamela Walkden at Santander UK PLC and Santander UK Group Holdings PLC; and Luis Isasi at Santander España. See section [7. 'Group structure and internal governance'](#).

Group audit and risk supervision, regulation and compliance committees' chairs attended specific subsidiary committee meetings during 2022. In turn, they invited local audit and risk supervision, regulation and compliance committees' chairs to join Group audit and risk supervision, regulation and compliance committee meetings throughout the year. This helped to enhance communication and information cross-sharing.

In 2022, we continued to hold the convention with the chairs of the audit committees, which was held at our headquarters in Boadilla del Monte. The aim was to foster further collaboration between subsidiaries, raise awareness about global initiatives and expectations, collectively discuss topical issues and encourage networking. The event was both successful and very productive, with universal positive feedback received from participants. Further meetings of chairs of this and other committees are planned in 2023 and beyond.

The Group's training, induction and development methodology and content has been shared with subsidiaries in 2022 in order to promote best practices and drive consistency of approach on a Group-wide basis. See ['Director training and induction programmes'](#) in section 4.3 for further details.

As in previous years, at least one board session is held in one of the Group's key geographies. As part of these visits, directors meet local management in order to better understand local practices and challenges. In 2022, the board of directors met in Dallas, US with a specific focus on the transformation agenda of our business in this country.

Furthermore, subsidiary boards are encouraged to hold their board meetings at Santander's headquarters in Boadilla del Monte on occasion to foster further collaboration with the corporate teams and drive further engagement on Group



matters. The above mentioned practices will continue in 2023 and beyond.

### Board effectiveness review and actions to continuously improve its operation

Corporate governance is a priority for Santander. Our governance model has consistently received strong support from shareholders, as evidenced by their high participation in general meetings and strong approval rates for corporate management and the re-election of directors. Governance needs to adapt to business and strategic needs, so we continuously monitor and enhance the functioning of our governance bodies.

While we are confident of the effectiveness of Santander's governance model, we regularly assess our governance framework. We enlist the help of external advisors when necessary. We also review individual and collective skills, both thematic and horizontal, to ensure the board's competence and diversity are sufficient for it to function effectively and hold management to account through constructive challenge.

Following on from the holistic external governance review conducted in 2021, the nomination committee, chaired by our Lead Independent Director, monitored execution of the resultant action plan during 2022 under the coordination of the General Secretary. The action plan aimed to continue ensuring clarity of the roles and responsibilities of the most senior executives, ensuring that checks and balances remained appropriate and effective; and that control functions remained fully independent.

Furthermore, in 2022, the nomination committee monitored the action plan resulting from specific areas for improvement identified by the non-executive directors under the leadership of the Lead Independent Director in 2021.

The comprehensive action plan was successfully completed and implemented, ensuring continuous improvement in the overall functioning and effectiveness of our board, its dynamics and internal culture.

In 2022, the board conducted its annual self-assessment internally, covering its structure, organization and functioning, dynamics and internal culture, committees' performance, as well as each director's performance and contribution. See ['Board effectiveness review in 2022'](#) in section 4.3.

### 1.3 Strengthening of a remuneration policy aligned with the strategy, investors' interests and long-term sustainability

To make remuneration policy for the Group's executive directors and key executives consistent with the new strategic plan disclosed at Investor Day on 28 February 2023 in London, the short-term corporate bonus scheme was updated as follows:

- New metrics relating to the Group's transformation, based on active and total customer growth and customer transaction cost; and quantitative metrics on generation of capital, which will bear more heavily on variable remuneration for all Material Risk Taker population;
- A simpler qualitative assessment, with four components (risk, compliance, NPS and ESG) instead of seven, to more

efficiently satisfy regulatory requirements and our stakeholders' needs regarding risk, compliance, network collaboration and ESG topics;

- In addition, as a new feature this year, a relative market performance multiplier to maximize shareholder value is introduced; it can raise or lower qualitative metrics, depending on leading entities' progress with significant transformation matters; and
- In terms of long-term remuneration, the metrics associated with:
  - Return on tangible equity (RoTE) to keep long-term profitability and value creation at the top of our list of priorities.
  - Total shareholder return (TSR).
  - Four ESG metrics on sustainability as part of our responsible banking agenda.

### 1.4 Engagement with our shareholders

In 2022 we were able to bring back in-person activities once suspended for the covid health crisis. Following its last edition in April 2019, we have convened our Investor Day on 28 February 2023 in London, the first event with shareholders and investors attended by Hector Grisi as our new CEO. Notwithstanding the above, we continue to focus on digitalisation in the relationship with our shareholders and investors. Through both traditional and virtual communication channels, we managed to engage our almost four million shareholders in our corporate governance, adapt to their needs and serve their interests.

We continued to inform of our sustainability strategy in a challenging economic and geopolitical environment. We are aware that our investors increasingly praise our efforts in ESG and the positive impact our activity can have on society and the environment. Therefore, we kept an open and constructive dialogue with analysts who advise investors on sustainability. We also proactively reported them on the progress of our responsible banking agenda. By doing things responsibly and developing long-term environmental and social solutions to support inclusive and sustainable growth, we are able to create value not just for our shareholders but for broader society. We also enhanced the strength of our governance to drive our strategy and ensure sound risk control.

For our 2022 AGM, we again gave shareholders the option of attending the meeting in person or remotely. This flexibility allows our shareholders, spread around the world, to participate in the general meeting without having to travel, encouraging their involvement in our corporate governance. As demonstrated during the covid pandemic, shareholders can participate in our entirely virtual general meetings the same way they would in person. Through our remote attendance app, they can fully exercise their rights to attend and participate in real time, being able to watch a live feed of the entire meeting, cast votes, make remarks, propose resolutions and send messages to the AGM notary.



## 1.5 Achievement of our 2022 goals

The 2021 annual report disclosed our corporate governance goals and priorities for 2022. The following chart describes how we delivered on each priority.

### 2022 goals

### How we delivered

#### Developing strategic initiatives: One Santander, PagoNxt and Digital Consumer Bank

Overseeing those three strategic initiatives we launched in 2020 to help achieve our aim to be the world's best open financial services platform, acting responsibly and earning the trust of our employees, customers, shareholders and broader society:

- One Santander: A common operational and business model created to transform the way we serve our customers and provide a simpler and more enhanced customer experience;
- PagoNxt: An autonomous global payment platform to integrate all Santander customers into the open market. It includes the Payments Hub and our acquiring and international trade businesses. It will roll out payment solutions globally to our customers faster, which is critical to building One Santander; and
- Digital Consumer Bank: A combination of Santander Consumer Finance (SCF) and our fast-growing auto and consumer finance businesses with Santander's digital native bank, Openbank, to boost the technological transformation of the consumer finance business and ensure profitability and growth.

The board has overseen the three mentioned strategic initiatives and the main achievements can be summarized as follows:

- Regarding the transformation of our operating and business model, we have initiated its transformation with individuals, a segment where we have a significant opportunity and that accounts for 80% of our customers (127 million). During 2022, we have developed specific plans and appointed transformation leaders to help us accelerate our transformation ambitions.
- PagoNxt: It closed 2022 with EUR 953 million in incomes, well above expectations and managing more than 5% of the Group's payments. In 2022, the team was strengthened, and PagoNxt accelerated the deployment of common solutions in both merchant and trade, while ensuring that its overall structure remains simple and efficient.
- Digital Consumer Bank: Despite the slowdown of the auto business, DCB has delivered on its budget and market commitments, achieving a 14% RoTE, 2% return (net of tax) on risk weighted assets for a particular business (RoRWA) and 47% C/I ratio. DCB made relevant progress in the transformation of its businesses, both auto and non-auto, with the development of a common leasing solution, innovating on insurance offerings around its lending products. It also expanded new business models such as Wabi, an integrated car solution with monthly subscription and Zinia, our 'buy now, pay later' service, where we have added 4.2 million customers by year end and which is now available in the Netherlands and Germany.

In our digital banking business, Openbank closed 2022 with more than 1.9 million customers, a 12% growth. Additionally, in 2022 we have streamlined the governance of DCB subsidiaries (Openbank, Santander Consumer Finance and Open Digital Services) to optimise efficiency and coordination.

#### Ensuring responsible, profitable growth

We will continue to focus on generating profitable growth in a responsible way as a means of creating long-term value for our shareholders and other stakeholders. We will oversee the fulfilment of our ESG commitments to reach net zero emissions by 2050; raise 120 billion euros in green financing by 2025 and 220 billion euros by 2030; and financially empower 10 million people by 2025.

In 2022, we will set new short- and medium-term climate change objectives that will help us meet our long-term climate commitment.

We continued to progress on our ESG commitments. In particular:

- We announced three main new decarbonization targets for 2030 (measured in emissions reductions against 2019) in the following sectors: energy (-29% absolute emissions), aviation and steel (-33% and -32%, respectively, emissions intensity), both in emissions as part of our commitment to reach net zero emissions by 2050.
- We raised EUR 28.8bn this year in green finance (EUR 94.5bn since 2019 towards our EUR 120bn target by 2022).
- We reached EUR 53.2bn (EUR 100bn 2025 target by 2025) in assets under management (AUM) in socially responsible investments.
- Our Santander Finance For All programme has financially empowered 11.8mn people since 2019, achieving our 2025 10mn target three years early. Euromoney named us the Best Bank for Sustainable Finance in Latin America and the Banker named us the Best Bank for Financial Inclusion.
- 29.3% of our senior managers are women (30% target by 2025). We continued to prioritize diversity and inclusion awareness and equal opportunity for everyone regardless of gender, culture, sexual orientation or disability.

For additional information, see the ['Responsible Banking'](#) chapter.



## 2022 goals

## How we delivered

### Strengthening governance to ensure we fulfil our long-term vision

We will continue to bolster our corporate governance by taking the improvement measures we identified in the 2021 review and enhancing our management bodies' operations to make sure we continue to adhere to national and international best practices and to supervisors' expectations.

In 2022, we successfully managed the succession planning discipline throughout Santander, most notably conducting a rigorous and effective process that led to the appointment of Héctor Grisi as new Group CEO, following our comprehensive and disciplined methodology. The strength and depth of our overall succession planning discipline is a solid evidence of the strong internal cadre of talent the Group has to face the challenges ahead, acknowledging that this will remain an ongoing area of focus for the board.

We have continued to work on an appropriately refreshed board of directors ensuring diversity in its broadest sense (gender, backgrounds, new skills and experience) to ensure that we are well placed to address the challenges faced in our business and taking into account feedback on previous board effectiveness reviews.

We have maintained our positive progress on governance following completion of the external governance review commissioned in 2021 with the resultant actions executed in 2022. These actions also impacted the split of roles and responsibilities between the Executive Chair and the Group CEO, with the CEO now reporting exclusively to the board.

Our continuous improvement approach has helped accelerate our progress with strategically important initiatives such as Digital Consumer Bank and Investment Platforms governance arrangements. With regard to Special Situations Management, we have completed a detailed review and executed various enhancements applicable on a Group-wide basis.

Ongoing improvements in oversight and control of our subsidiaries has continued as a priority, leveraging new initiatives such as induction and training sessions for subsidiary directors facilitated by Group (with high attendance levels) and proactive guidance provided by Group on board effectiveness methodology, board governance disciplines and associated best practices. We have also continued our relentless focus on simplification of internal governance and related internal regulations, ensuring that they are more user friendly and capable of application in practice. Digital tools have played a significant part of this achievement.

### Maintaining capital discipline and creating shareholder value

In 2022, we will prioritize organic growth as part of our capital management, focusing on businesses with high returns on risk-weighted assets (RoRWA) and shareholder remuneration.

Our shareholder remuneration policy aims to payout 40% of the underlying profit for 2022, split almost equally between a cash dividend and a share buyback.

In 2022, the board has continuously monitored an even more disciplined approach of capital allocation applied by the Group. This has resulted in a reduction of the portfolios whose returns are below the cost of equity, going from 30% in 2021 to 20%, a commitment made to the market. Such discipline and transparency have allowed us to take actions on the portfolio profitability and together with securitizations, they have enabled us to close each quarter with a CET1 above 12%.

Once we complete the necessary actions under our shareholders' remuneration policy for 2022 (see section [3.3 'Dividends and shareholder remuneration'](#)), the dividend per share will have risen 18% and earnings per share (EPS) 23%, owing to a lower amount of shares in circulation after cancelling the repurchased shares in the share buyback programmes and to increased profits. In addition, TNAV in 2022 has increased 6% year on year, including cash dividends paid out in 2022.



## 1.6 Priorities for 2023

The board set the following priorities for 2023:

- **Ensure a smooth transition of the new Chief Executive Officer and new Chief Risk Officer**

In 2023, we welcomed Héctor Grisi as new CEO with effect from 1 January 2023 and Mahesh Aditya will assume the Group CRO position in March 2023, subject to regulatory approval. The board will oversee the orderly transition into these roles, providing ongoing support and constructive challenge.

- **Progressing in our ESG commitments**

We will oversee the fulfilment of our ESG commitments to reach net zero emissions by 2050, accelerating the green finance with new and wider value propositions for our customers, and at the same time taking care of the sustainability and responsible banking agenda.

- **Governance effectiveness**

We will continue to enhance the overall effectiveness of the board, with an appropriate composition and ensuring that its role is discharged in the most tangible and effective manner. We will also consolidate the enhancements delivered as part of our action plan executed in 2022, following the review of our governance arrangements.

- **Balance sheet strength**

In 2023, due to the current economic environment, the solvency of the balance sheet and in particular, the quality of the credit risk portfolio will be a priority for the board, while we maintain our focus on capital management and capital allocation to businesses with high returns on risk-weighted assets (RoRWA).

- **Long-term shareholder value**

The board will promote the generation of long-term and sustainable shareholder value creation through consistent and reliable returns growth while continuing to build capital strength organically. This will ensure strong shareholder remuneration and the resources required to deliver our strategic transformation.

## 2. Ownership structure

→ Broad and balanced shareholder base

→ A single share class

→ Authorized capital in line with best practices to provide the necessary flexibility

### 2.1 Share capital

Our share capital is made up of ordinary shares, each with a par value of EUR 0.50. All shares belong to the same class and carry the same voting, dividend and other rights.

There are no bonds or securities that can be converted into shares other than contingent convertible preferred securities (CCPS), which are mentioned in section [2.2 'Authority to increase capital'](#).

As of 31 December 2022, Banco Santander's share capital was EUR 8,397,200,792 and comprised 16,794,401,584 shares.

It changed two times in 2022, related to two share capital reductions by the respective amounts of EUR 129,965,136.50 (1.5% of share capital) and EUR 143,154,722.50 (1.7%), cancelling the repurchased shares through the buyback programmes carried out within the 2021 shareholder remuneration policy.

On 1 February 2023, the board resolved to reduce, subject to the required regulatory authorization from the ECB, the share capital in the amount of EUR 170,203,286, by cancelling the 340,406,572 repurchased shares, representing 2.03% of the share capital, through the first buyback programme carried out within the 2022 shareholder remuneration policy (First 2022 Buyback Programme). Once the required regulatory authorization is obtained, the share capital will be EUR 8,226,997,506 represented by 16,453,995,012 shares.

Such three share capital reductions were made under the capital reduction resolutions approved at April 2022 AGM.

At the 2023 AGM, the board of directors submitted two capital reduction resolutions to cancel the shares that will be acquired through the second share buyback programme charged against 2022 results (Second 2022 Buyback Programme); as well as those that will be acquired as part of any new buyback programmes that the board may implement or by other legally permitted means. See sections [3.3 'Dividends and shareholder remuneration'](#) and [3.5 'Our next AGM in 2023'](#).

We have a diversified and balanced shareholder structure. As of 30 December 2022, Banco Santander had 3,915,388 shareholders, broken down by type, geographical provenance and number of shares as follows:

#### Type of investor

Type of investor	% of share capital
Board <sup>A</sup>	1.10%
Institutional	56.66%
Retail	42.24%
<b>Total</b>	<b>100%</b>

A. Shares owned or represented by directors. For more details on the shares owned and represented by directors, see ['Tenure and equity ownership'](#) in section 4.2 and subsection A.3 in section [9.2 'Statistical information on corporate governance required by CNMV'](#).

#### Geographic region

Geographic region	% of share capital
Europe	74.71%
The Americas	24.19%
Other	1.10%
<b>Total</b>	<b>100%</b>

#### Number of shares

Number of shares	% of share capital
1-3,000	8.74%
3,001-30,000	17.76%
30,001-400,000	12.58%
Over 400,000	60.92%
<b>Total</b>	<b>100%</b>

### 2.2 Authority to increase capital

Under Spanish law, shareholders at the general meeting have the authority to increase share capital and may delegate power to the board of directors to increase share capital by no more than 50%. Our Bylaws are consistent with Spanish law and do not set out special conditions for share capital increases.

As of 31 December 2022, our board of directors had received authorization from shareholders to approve or carry out these capital increases:

- **Authorized capital to 2025:** At our April 2022 AGM, the board was granted authorization for three years (until 1 April 2025) to increase share capital on one or more occasions by up to EUR 4,335,160,25.50 (50% the of capital at the time of that AGM). The board was granted this authorization for three years (until 1 April 2025).

Consequently, the board can issue shares for cash consideration with or without pre-emptive rights for shareholders, and for capital increases to back any convertible



bonds or securities issued under its authority granted at the April 2019 AGM. The board put to a vote at the 2023 AGM the renovation of the authorization for the issuing of convertible bonds or securities. See section [3.5 'Our next AGM in 2023'](#).

Shares without pre-emptive rights under this authorization can be issued up to EUR 867,032,065 (10% of the capital at the time of the April 2022 AGM). However, under the Spanish Companies Act that limit does not apply to capital increases to convert CCPS (which shall be converted into newly-issued shares when the CET1 ratio falls below a predetermined threshold). This authorization has not been used in 2022.

- **Capital increases approved for contingent conversion of CCPS:** We issued contingent convertible preferred securities that qualify as regulatory Additional Tier 1 (AT1) instruments and would be converted into newly-issued shares if the CET1

ratio fell below a predetermined threshold. Each issue was backed by a capital increase approved under the authorization granted to the board by shareholders. The chart below shows the outstanding CCPS at the time of this report, with details about the capital increase resolutions that back them. Those capital increases are, therefore, contingent and have been delegated to the board of directors. The board is authorised to issue additional CCPS and other convertible securities and instruments in accordance with a resolution passed at the AGM held on 12 April 2019 that allows convertible instruments and securities to be issued for up to EUR 10 billion or an equivalent amount in another currency (no issues were executed in 2022 under this authorization). Any capital increase that results from shares converted from CCPS and other convertible instruments will occur according to the capital increase authorization made at the time those instruments were issued.

### Issues of contingent convertible preferred securities

Date of issuance	Nominal amount	Discretionary remuneration per annum	Conversion predetermined threshold	Maximum number of shares in case of conversion <sup>A</sup>
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		388,349,514
14/01/2020	EUR 1,500 million	4.375% for the first six years	If, at any time, the CET1 ratio of Banco Santander or the Group is less than 5.125%	604,594,921
06/05/2021	USD 1,000 million	4.75% for the first six years		391,389,432
06/05/2021	EUR 750 million	4.125% for the first seven years		352,278,064
21/09/2021	EUR 1,000 million	3.625% for the first eight years		498,007,968

A. The figure corresponds to the maximum number of shares that could be required to cover the conversion of these CCPS, calculated as the quotient (rounded off by default) of the nominal amount of the CCPS issue divided by the minimum conversion price determined for each CCPS (subject to any antidilution adjustments and the resulting conversion ratio).

## 2.3 Significant shareholders

As of 31 December 2022, Norges Bank was registered with the CNMV with a direct significant shareholding of 3.006% of voting shares of Banco Santander (3% is the lower threshold generally provided under Spanish law to disclose a significant holding in a listed company), as it had announced on 5 May 2022.

On 16 June 2022, fund manager Dodge & Cox reported to the CNMV a significant shareholding of 3.038% of voting shares of Banco Santander, which it specified belonged to funds and portfolios that it managed, with none holding more than 3% individually. In addition, on 24 October 2019 asset manager BlackRock Inc. reported a significant shareholding of 5.426% of voting shares of Banco Santander, which it specified belonged to several funds and investment firms, with none holding more than 3% individually. These participations appear in the CNMV records as of 31 December 2022.

These are other significant shareholder changes reported to the CNMV in 2022:

- Amundi, S.A. reported on 21 February a significant shareholding of 3.007%. On 11 May, it reported that its shareholding had decreased to 2.997%. On 17 May, it reported that its shareholding had risen to 3.004%. On 5 September, it reported that its shareholding had decreased to 2.881% (under the mandatory threshold). However, it specified each time that shares belonged to investment funds managed by entities that it controlled with none holding more than 3% individually.

- On 12 December, the Goldman Sachs Group also reported to the CNMV a significant shareholding, with voting shares and financial instruments, of 7.465%; on 22 December, it reported that its shareholding had decreased to 0.608%.

Likewise, though as of 31 December 2022 certain custodians appeared in our shareholder registry as holding more than 3% of our share capital, we understand that those shares were held on behalf of other investors, none of whom exceeded that threshold individually. These custodians were State Street Bank (14.23%), Chase Nominees Limited (6.88%), The Bank of New York Mellon Corporation (4.82%), Citibank New York (3.90%), BNP Paribas (3.28%) and EC Nominees Limited (3.04%).

There may be some overlap in the holdings declared by the above mentioned custodians and asset managers.

As of 31 December 2022, neither our shareholder registry nor the CNMV's registry showed any shareholder residing in a non-cooperative jurisdiction with a shareholding equal to, or greater than, 1% of our share capital (which is the mandatory disclosure threshold applicable to such investors under Spanish law).

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



## 2.4 Shareholders' agreements

In February 2006, several persons linked to the Botín-Sanz de Sautuola y O'Shea family entered into a shareholders' agreement to set up a syndicate for their shares in Banco Santander. The CNMV was informed of this agreement and the subsequent amendments the parties made. This information can be found on the CNMV website.

The main provisions of the agreement are:

- **Transfer restrictions.** Any transfer of Banco Santander shares expressly included in the agreement requires prior authorization from the syndicate meeting (which can freely authorise or reject it), except when the transferee is also a party to the agreement or member of the Fundación Botín. These restrictions apply to the shares they expressly cover under the agreement and to shares subscribed for, or acquired by, syndicate members in exercising any subscription, bonus share, grouping or division, replacement, exchange or conversion rights that pertain or are attributed to, or derive from, those syndicated shares.
- **Syndicated voting.** Under the agreement, the parties will pool the voting rights attached to all their shares so that syndicate members may exercise them and engage Banco Santander in a concerted manner, in accordance with the instructions and the voting criteria and orientation the syndicate establishes. This covers the shares subject to the transfer restrictions mentioned above as well as any voting rights attached to any other Banco Santander shares held either directly or indirectly by the parties to the agreement, and any other voting rights assigned to them by virtue of usufruct, pledge or any other contractual title, for as long as they hold those shares or are assigned those rights. Representation of the syndicated shares is attributed to the syndicate chair, who will be the chair of Fundación Botín (currently Javier Botín, one of our directors and our Group executive chair's brother).

Though the agreement initially terminates on 1 January 2056, it will extend automatically for additional 10-year periods unless one of the parties notifies of their intention not to extend six months before the initial term or extension period ends. The agreement may only be terminated early if all the syndicated shareholders agree unanimously.

As of 31 December 2022, the parties to this agreement held 102,279,441 shares in Banco Santander (0.61% of its capital at such time), which were therefore subject to the voting syndicate. They include 80,355,819 shares (0.48% of its capital at such time) that are also subject to the transfer restrictions.

Subsection A.7 of section [9.2 'Statistical information on corporate governance required by CNMV'](#) contains a list of parties to the shareholders' agreement and the relevant information filed with CNMV.

## 2.5 Treasury shares

### Shareholder approval

The acquisition of treasury shares was last authorized at our April 2020 AGM, for five years and subject to these provisions:

- Treasury shares held at any time cannot exceed 10% of Banco Santander's share capital, which is the legal limit set under the Spanish Companies Act.

- The purchase price cannot be lower than the nominal value of the shares nor exceed 3% of the last price on the Spanish market for any trades in which Banco Santander does not act on its own behalf.
- The board may establish its purposes and the procedures in which it may apply.

The board put to a vote at the 2023 AGM the renewal of the authorization for the acquisition of treasury shares. See section [3.5 'Our next AGM in 2023'](#).

### Treasury shares policy

On 27 October 2020, the board approved the current treasury shares policy, which dictates that treasury share transactions may be carried out for these **purposes**:

- Provide liquidity or supply of securities in the market for Banco Santander shares, which gives this market depth and minimizes any temporary imbalances in supply and demand.
- Take advantage, for the benefit of all shareholders, of weakness in the share price due to its medium-term outlook.
- Meet our obligations to deliver shares to our employees and directors.
- Serve any other purpose authorized by the board within the limits set at the general meeting. In this regard, Banco Santander has made during the year the donations to Fundación Banco Santander indicated below in the context of its Responsible Banking Policy.

Among other things, the policy also provides for:

- The **principles** to uphold in treasury share trades, which include protecting financial markets' integrity and prohibiting market manipulation and insider trading.
- The **rules** on how treasury share trades must be carried out, unless in exceptional circumstances as per the policy or carried out through mechanisms, such as buyback programmes, with a regulation of their own. These rules include:
  - **Responsibility for execution** of these trades, which falls on the Investments and Holdings department, which is kept separate from the rest of Santander.
  - **Venues and types of trades.** Trades must generally be carried out in the orders market of the *mercado continuo* (continuous market) of Spanish stock exchanges.
  - **Volume limits.** Volume limits must generally not exceed 15% of the average daily trading volume for Banco Santander shares in the previous 30 sessions in the *mercado continuo*.
  - **Price limits.** In general, (a) buy orders should not exceed the greater of the price of the last trade in the market between independent parties and the highest buy order price in the order book; and (b) sell orders should not be lower than the lesser of the price of the last trade in the market by independent parties and the lowest sell order price in the order book.



- **Time limits**, including a 15-day black-out period that applies before each quarterly results presentation.
- **Disclosure to the markets** of treasury shares trading.

The policy applies to the discretionary trading of treasury shares irrespective of whether they are carried out in regulated markets, in multilateral trading facilities, outside the orders market, either through blocks or through special transactions, or under buyback programmes. Furthermore, buyback programmes shall comply with all the applicable specific regulations, such as regulation on market abuse and their relevant implementing rules. The policy does not apply to transactions on Banco Santander's shares carried out to hedge market risks or provide brokerage or hedging for customers.

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

### Execution of the buyback programmes charged against 2021 results

According to the 2021 shareholder remuneration policy, the 2022 AGM agreed to reduce Banco Santander's share capital by cancelling the repurchased shares in the first buyback programme of 2021 under the authorization of the general shareholders meeting held in April 2020, for an amount of EUR 129,965,136.50. On 25 April 2022, the capital reduction was registered with the Commercial Registry.

In the second buyback programme of 2021 (executed from 15 March to 6 May 2022, once the required European Central Bank (ECB) regulatory authorization was obtained), we acquired 286,309,445 treasury shares — 1.676% of Banco Santander's share capital at such time— at a weighted average price per share of EUR 3.0212. On 1 July 2022 the public deed of capital reduction through the cancellation of repurchased shares, in the terms agreed by the 2022 AGM and for an amount of EUR 143,154,722.50, was registered with the Commercial Registry. See section [3.4 '2022 AGM'](#)

### First 2022 Buyback Programme

Under the authorization of the general shareholders meeting held in April 2020, and according to the 2022 shareholder

remuneration policy, on 27 September 2022 the board resolved that it would execute a new share buyback programme worth EUR 979 million (approximately 20% of the Group's underlying attributable profit in first semester 2022) as shareholder remuneration charged against 2022 results once it had obtained the required regulatory authorization.

In the First 2022 Buyback Programme (executed from 22 November 2022 to 31 January 2023, once the required regulatory authorization was obtained), we acquired 340,406,572 treasury shares, which was 2.03% of Banco Santander's share capital at such time, at a weighted average price per share of EUR 2.8754.

The purpose of the First 2022 Buyback Programme 2022 was to reduce Banco Santander's share capital by cancelling the repurchased shares in the terms agreed by the 2022 AGM. On 1 February 2023, the board resolved to reduce, subject to the required regulatory authorization from the ECB, the share capital in the amount of EUR 170,203,286, by cancelling the 340,406,572 repurchased shares.

### Second 2022 Buyback Programme

Under the same AGM approval, on 27 February 2023 the board resolved that it would execute a new share buyback programme worth EUR 921 million as shareholder remuneration charged against 2022 results for which the appropriate regulatory authorization has already been obtained. The execution of the Second 2022 Buyback Programme will start on 1 March 2023. The purpose of the Second 2022 Buyback Programme is to reduce Banco Santander's share capital by cancelling purchased shares, for which the board submitted a resolution for a vote at the 2023 AGM. See section [3.5 'Our next AGM in 2023'](#).

### Activity in 2022

As of 31 December 2022, Banco Santander and its subsidiaries held 243,689,025 shares, which accounted for 1.45% of the share capital (compared to 277,591,940, 1.601% of the share capital, at 31 December 2021).

The chart below summarizes the monthly average proportion of treasury shares to share capital throughout 2022 and 2021.

### Monthly average of daily positions in treasury shares

% of Banco Santander's share capital at month end

	2022	2021
January	1.64%	0.16%
February	1.55%	0.18%
March	1.92%	0.17%
April	1.27%	0.17%
May	1.74%	0.18%
June	0.02%	0.19%
July	0.03%	0.19%
August	0.11%	0.05%
September	0.13%	0.05%
October	0.03%	0.27%
November	0.48%	1.08%
December	1.45%	1.90%



In 2022, the Group's treasury share trades amounted to these values:

#### Acquisitions and transfers of treasury shares in 2022

EUR (except number of shares)	Acquisitions				Transfers				Profit (loss) net of taxes
	Number of shares	Total par value	Total cash amount	Average purchase price	Number of shares	Total par value	Total cash amount	Average purchase price	
Discretionary trading	74,833,528	37,416,764.00	202,659,000	2.71	69,748,976 <sup>A</sup>	34,874,488.50 <sup>A</sup>	194,864,000 <sup>A</sup>	2.72 <sup>B</sup>	6,653,000 <sup>B</sup>
Client induced trading	131,274,007	65,637,003.50	368,573,000	2.81	131,274,007	65,637,003.50	368,573,000	2.81	
Buyback programmes	507,252,251	253,626,125.50	1,478,840,000	2.92	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>713,359,786</b>	<b>356,679,893.00</b>	<b>2,050,072,000</b>	<b>2.87</b>	<b>201,022,983<sup>A</sup></b>	<b>100,511,491.50<sup>A</sup></b>	<b>563,437,000<sup>A</sup></b>	<b>2.85<sup>B</sup></b>	<b>6,653,000<sup>B</sup></b>

A. Include two donations that Banco Santander had made to Fundación Banco Santander during the year totalling 36,700,000 treasury shares. For more details, see 'Other programs to support communities' in section 3.9 'Support to higher education and other local initiatives' of the 'Responsible banking' chapter.

B. Excluding the donations mentioned in footnote A above.

C. Transactions on Banco Santander's shares to hedge market risks or provide brokerage or hedging for customers.

The chart below shows significant changes in treasury shares that required disclosure to the CNMV in the year. Companies must report to the CNMV when purchases of treasury shares exceed 1% of the total voting rights (without discounting sales or transfers) or there is a change in the number of total voting rights.

#### Significant changes in treasury shares in 2022<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
03/01/2022 <sup>B</sup>	1.016	0.576	1.593
08/04/2022 <sup>C</sup>	1.008	0.518	2.084
10/05/2022 <sup>D</sup>	0.981	1.584	1.512
6/07/2022	0.618	2.123	0.032
5/12/2022	1.029	0.502	0.559
27/12/2022 <sup>E</sup>	1.061	0.221	1.399

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

B. Data shown as corrected by notice dated 11 January 2022.

C. Data shown as corrected by notice dated 10 May 2022.

D. Data shown as corrected by notice dated 11 May 2022.

E. Data shown as corrected by notice dated 13 January 2023.

### Transactions with financial instruments

We carried out these transactions of our own for a purpose similar to discretionary treasury share management and with Banco Santander shares as the underlying asset in 2022:

- In Q1, we reduced the investment position by a *delta* (i.e. net exposure to share price changes) equalling 2,000,000 shares.
- In Q2 and Q3, we took two investment positions by a *delta* equalling 1,500,000 shares each. The final position at year end was a Delta equalling 9,000,000 shares worth a total EUR 24,300,000.
- The instruments used were total return equity swaps, to be settled exclusively in cash.

## 2.6 Stock market information

### Markets

Banco Santander shares are listed on Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia, under the trading symbol 'SAN'), the New York Stock Exchange (NYSE) as American Depositary Shares (ADS) under the trading symbol 'SAN' (each ADS represents one Banco Santander share), the London Stock Exchange as Crest Depositary Interests (CDI) under the trading symbol 'BNC' (each CDI represents one Banco

Santander share), the Mexican Stock Exchange under the trading symbol 'SAN', and the Warsaw Stock Exchange under the trading symbol 'SAN'.

### Market trends

2022 was marred by the war in Ukraine, strong inflationary pressure, central banks' tightening of monetary policy to halt rising prices, slow growth in China, by covid outbreaks and lockdowns, and fears of an upcoming global recession.

Central banks raised interest rates in 2022 as it had done in 2021, albeit more moderately. The European Central Bank set its official interest rate at 2%, suggesting that it may surpass 3%. The Bank of England left its official interest rate at 3.5%; but it is expected to peak at 4%. The Federal Reserve raised its fed funds rate to 4.25%-4.50% and expects to take it to 5-5.25% or even higher.

In this context, main indices closed the year in the red, despite a strong rebound in Q4. European banking indices closed the year positively, having benefited from interest rate hikes. Banco Santander's share ended Q4 with a positive total return of 19.5%, slightly above the 18.5% of Europe's main banking index, the DJ Stoxx Banks.

Our share price ended the year with a return of -0.8%, slightly below the eurozone's main banking index, the EuroStoxx Banks



(up 1.8%) and the DJ Stoxx Banks (up 2.5%). Meanwhile, the MSCI World Banks fell 9.4%, the Ixex 35 2.0% and the DJ Stoxx 50 1.1%.

### Market capitalization and trading

By 30 December 2022, Banco Santander's market capitalization of EUR 47,066 million was the second largest in the eurozone and 36th largest in the world among financial institutions.

14,217 million Banco Santander shares traded in the year for an effective value of EUR 40,262 million and a liquidity ratio of 84%.

#### The Banco Santander share

	2022	2021
Shares (million)	16,794.4	17,340.6
<b>Price (EUR)</b>		
Closing price	2.803	2.941
Change in the price	(5%)	16%
Maximum for the period	3.482	3.509
Date of maximum for the period	10/02/2022	03/06/2021
Minimum for the period	2.324	2.375
Date of minimum for the period	15/07/2022	28/1/2021
Average for the period	2.795	3.055
End-of-period market capitalization (EUR million)	47,066	50,990
<b>Trading</b>		
Total volume of shares traded (million)	14,217	13,484
Average daily volume of shares traded (million)	55.3	52.7
Total cash traded (EUR million)	40,262	41,195
Average daily cash traded (EUR million)	156.7	160.9



# 3. Shareholders. Engagement and general meeting

→ One share, one vote, one dividend

→ No takeover defences in our Bylaws

→ High shareholders' participation and engagement at our general meetings

## 3.1 Shareholder communication and engagement

### Policy on communication and engagement with shareholders and investors

Banco Santander aims to ensure its interests are in line with shareholders', long-term share value and the long-term confidence of investors and society. We provide information to shareholders and investors that satisfies their expectations and upholds our culture and values. We also communicate and engage with them regularly so that their views will be considered by senior managers and governance bodies.

The principles of Banco Santander's policy on communication and engagement with shareholders and investors are:

- **Protection of rights and lawful interests of all shareholders.** We enable them to exercise their rights, provide them with information and give them opportunities to have a say in our corporate governance.
- **Equal treatment and non-discrimination.** We treat all investors equally.
- **Fair disclosure.** We make sure that the information we disclose to investors is transparent, truthful and consistent. Any inside or relevant information given to investors will have been previously disclosed except when applicable regulation provides otherwise.
- **Appropriate disclosure of information.** We report the right information to meet our investors' needs and expectations. We make sure to give investors clear, concise, reliable and tailored information.
- **Compliance with our Bylaws and corporate governance rules,** as well as the principles of cooperation and transparency with regulators and supervisors, in accordance with internal guidelines. We adhere closely to the laws and regulations on insider and price-sensitive information in addition to our own Code of conduct in securities markets, the General Code of Conduct and the Rules and regulations of the board of directors.

The policy further describes:

- The **roles and responsibilities** of Banco Santander's main bodies and functions involved in communication and engagement with shareholders and investors.
- The **channels for disclosing information** and communicating with shareholders and investors.

- The **ways Banco Santander engages** with shareholders and investors, which are covered below.

The policy also applies to relations with the financial, environmental, social and corporate governance analysts, proxy advisers, rating agencies and other agents whom our shareholders and investors consult and we consider essential.

Our policy on communication and engagement with shareholders and investors is available on our corporate website.

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

### Engagement with shareholders in 2022

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

- **The annual general meeting.** Our most important annual event for our shareholders. We strive to encourage all our shareholders to, in an informed way, attend and participate. See '[Shareholder participation at general meetings](#)' and '[Right to information](#)' in section 3.2.

At the annual general meeting, the chair reports on the year's most significant changes to the Group's corporate governance, supplementing this corporate governance report. She also addresses any questions raised by shareholders about the agenda items and the relevant information disclosed to the market since the last general meeting.

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

The chairs of the audit, nomination, remuneration and, since the 2022 AGM, the responsible banking, sustainability and culture committees also report to the annual general meeting on their operations and elaborate the information provided in this chapter on the committees they chair.

Shareholders may attend the annual general meeting both in person and remotely. The meeting is broadcasted in real time on our corporate website, where its recordings are also



published in full thereafter. This allows shareholders who are not present and all stakeholders to be fully informed of the deliberations and approved resolutions.

Our 2022 AGM was hybrid, allowing shareholders to attend both in person and remotely. Our general meeting attendance app enables shareholders to exercise their rights to attend and participate in real time and remotely. They can watch the entire meeting through a live feed, vote, make remarks, propose resolutions and contact the notary public. The high shareholder meeting participation in the last meetings proved the effectiveness of our electronic means of attendance, delegation and remote voting prior to the meeting.

In addition, the excellent *quorum* and voting results at our 2022 AGM speak to the importance we place on shareholder engagement at annual general meetings. See section [3.4 '2022 AGM'](#).

Banco Santander's management system for the 2022 AGM received once again AENOR certification for sustainable events in compliance with UNE-ISO 20121:2013, as well as AENOR's declaration of protocol verification against covid at events.

- **Quarterly results presentations.** Every quarter we present our results on the same day we make them public. Our presentation can be followed live, via conference call or webcast in our corporate website. We release the related quarterly financial report and presentation material before the market opens. During the presentation, questions can be asked or emailed to: [investor@gruposantander.com](mailto:investor@gruposantander.com).

In 2022, we gave our first, second and third quarter results presentations on 26 April, 28 July and 26 October, respectively. Our fourth quarter results presentation was on 2 February 2023.

- **Investor and strategy days.** We organize investor and strategy days where senior managers explain our strategy to investors and stakeholders in a broader context than in results presentations. Investors can interact directly with senior managers and some directors, which is increasingly important and speaks to our strong governance. As recommended by the CNMV, we publish announcements about meetings with analysts and investors, as well as related documents, in advance. On 28 February 2023 we hold our Investor Day in London, which we last held in April 2019. It is the first shareholder and investor event attended by Héctor Grisi as our new CEO. The information made available at those events is not included in this annual report nor considered part of it.
- **Meetings and conferences.** Our Shareholder and Investor Relations team discusses financial and other issues at meetings with investors and conferences organized by third parties throughout the year.

Notwithstanding the principle of equal treatment and non-discrimination, we have learned that one size does not fit all when engaging with investors. Therefore, we tailor these engagements to meet the needs and expectations of our institutional investors, fixed-income investors, analysts and rating agencies, as well as retail shareholders:

- **Lead Independent Director engagement with key investors.** Our Lead Independent Director, Bruce Carnegie-Brown, keeps regular contact with investors in Europe and North America,

particularly in the months prior to the annual general meeting. He gathers their insights and gauges their concerns, especially regarding our corporate governance, which are duly considered by nomination committee. In 2022 and early 2023, he met with 28 investors, who accounted for approximately 30% of our share capital. In our annual board assessment, board members highly value Mr Carnegie-Brown's role in integrating new international best practices in corporate governance, fostering tailored relations with our institutional investors. The nomination committee is informed about the feedback received from investors, as the board's committee specialized in corporate governance.

- **Investor roadshows.** Our Investor Relations team keeps in constant contact with institutional investors and analysts to promote constructive dialogue on shareholder value, better governance and remuneration schemes, and sustainability.

In 2022, Shareholder and Investor Relations engaged 862 times (both in person and virtually) with 527 institutional investors from 155 locations. 73 of those meetings focused on environmental, social and governance topics. It engaged with 40% of the share capital, which is over 56% of the capital held by institutional investors.

We issued over 650 communications to increase dialogue and transparency with shareholders and investors about our performance, results and Banco Santander's shares.

- **Interaction with retail shareholders.** We offer special means of communication for retail shareholders, regardless of their stake. In 2022, the Shareholder and Investor Relations organized 201 events with retail shareholders (63 virtually; 137 in-person; and one in hybrid format). 7,589 people, accounting for 412,457,915 shares (5.20% of our retail shareholders' capital in Spain), attended. Shareholders engaged with the Chief Financial Officer (CFO) at several of these events.

The team also responded to 163,761 queries received via our shareholder and investor helplines, mailboxes, WhatsApp and bilateral meetings on the Virtual Attention Channel. Satisfaction surveys revealed 91% would recommend our customer service.

Lastly, we received 276,198 shareholder and investor opinions through quality surveys and studies.

## Communication with proxy advisors and other analysts

We have always recognized the value our investors place on open and proactive dialogue with proxy advisors, ESG analysts and other influential entities. We make sure they understand our corporate governance, responsible banking and sustainability priorities and messages in order to convey them properly to investors.

In 2022, through our continuous engagement with the main proxy advisers, we duly reported on and explained proposed resolutions submitted to the 2022 AGM so they could make voting recommendations.

## Corporate website

Our corporate website enables us to communicate effectively with all our shareholders and stakeholders worldwide. Its



design means we can be transparent and helps users get quality information about Santander.

As required by law, it has information on corporate governance. In particular, (i) Banco Santander's key internal regulations (Bylaws, Rules and regulations of the board, Rules and regulations of the general meeting, etc.), (ii) the board of directors and its committees, as well as directors' skills and professional biographies, and (iii) all the information related to general meetings.

Our information on corporate governance can be found at <https://www.santander.com/en/shareholders-and-investors/corporate-governance> (address included for reference purposes only). The content of our corporate website is not included in this annual report nor considered part of it.

### Other channels

We have an app (Santander Accionistas e Inversores) for Android and iOS with vast insight into the Group so all shareholders and investors can stay well informed.

We also post information about Banco Santander regularly on our official Twitter and LinkedIn accounts.

## 3.2 Shareholder rights

Our Bylaws provide for one share class only (ordinary shares, which grant all shareholders the same rights). Each Banco Santander share entitles holders to one vote.

Banco Santander's Bylaws do not dictate a voting cap and fully conform to the notion of one share, one vote, and one dividend.

This section highlights certain key rights our shareholders have.

### No restrictions on voting rights and free shares transfers in our Bylaws

The law and our Bylaws only place restrictions on voting rights when shareholders violate regulations.

There are no non-voting or multiple-voting shares; shares that give preferential treatment in dividend payouts; shares limiting the number of votes a single shareholder can cast; or *quorum* requirements or qualified majorities other than those the law dictates.

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

Furthermore, our Bylaws do not include any neutralization provisions as defined in the Spanish Securities Market Act which would apply in tender offers or takeover bids.

Please note that the shareholders' agreement mentioned in section [2.4 'Shareholders' agreements'](#) contains transfer and voting restrictions on shares that are subject to it.

### Legal and regulatory restrictions on the acquisition of significant holdings

Banco Santander is subject to legal and regulatory provisions because banking is a regulated sector. Thus, the acquisition of significant holdings or influence is subject to regulatory approval or non-objection. As Banco Santander is a listed

company, cases aimed at acquiring control over it and/or any other lawful scenarios must come through a tender offer or takeover bid for its shares.

The acquisition of significant ownership interests is regulated mainly by:

- Regulation (EU) 1024/2013 of the Council of 15 October 2013, conferring specific tasks on the ECB relating to the prudential supervision of credit institutions.
- Spanish Securities Market Act.
- Act 10/2014 (articles 16 to 23) and its implementing regulation, Spanish Royal Decree 84/2015, of 13 February (articles 23 to 28).

The acquisition of a significant stake in Banco Santander may also require approval by other domestic and foreign regulators with supervisory powers over Banco Santander or its subsidiaries' operations, shares listings or other actions concerning such regulators or subsidiaries; and other authorities pursuant to foreign investment regulations (including those imposed due to covid) in Spain or other countries where we operate.

### Shareholder participation at general meetings

All holders of shares found on record at least five days prior to the day of general meetings are entitled to attend. Banco Santander allows shareholders to exercise their rights to attend, delegate, vote and participate in general meetings using remote communications systems.

Shareholders can attend general meetings remotely. They can watch it through a live feed, vote, make remarks, propose resolutions and contact the notary public.

The electronic shareholders' forum, available on the corporate website at the time of the meeting, allows shareholders to add to the agenda items included in the notice of call, requests for support for their proposals, initiatives to reach the percentage required to exercise minority shareholder rights legally, and offers or requests to act as a voluntary proxy.

### Supplement to the annual general meeting notice

Shareholders representing at least 3% of the share capital are able to request the publication of a supplement to the annual general meeting notice, adding one or more items to the agenda, with an explanation or substantiated proposal and any other relevant documents.

Shareholders representing at least 3% of the share capital may also propose reasoned resolutions on any matters that have been, or should be, added to the agenda of a called annual general meeting.

To exercise these rights, shareholders must send a certified notice to Banco Santander's registered office within five days after the annual general meeting announcement notice is posted.

Any shareholder, irrespective of its percentage of participation in the share capital, can also request that the meeting addresses the removal of directors or bringing corporate liability action against any of them, despite not being included in the agenda.



## Right to information

From the time the general meeting notice is posted until the fifth day before the general meeting on first call, shareholders can submit written requests for information or clarification, or any written questions they deem relevant to the items on the meeting agenda. Within the same period, they can submit written requests for clarification about price-sensitive information Banco Santander has sent to the CNMV since the last general meeting or about auditor's reports. Banco Santander posts any information or answers it provides on the corporate website.

Shareholders may also exercise the right to information at the meeting. If it cannot be provided in the course of the meeting, or requests are made by shareholders attending remotely, it will be issued in writing within seven days after the general meeting.

## Quorum and majorities for passing resolutions at general meeting

The *quorum* and majorities set out in our Bylaws and Rules and regulations for general meeting in order to hold a valid meeting and adopt corporate resolutions is according to Spanish law.

On first call, shareholders accounting for at least 25% of the subscribed share capital with voting rights must be in attendance (except for certain matters mentioned below) for the valid constitution of the general shareholders' meeting. If sufficient *quorum* is not reached, general meetings will be held on second call, which does not require a *quorum*.

In accordance with our Rules and regulations for general meetings, shareholders voting by remote means, cast by post or direct delivery or by electronic means, before the meeting are counted as present in order to determine the general meeting *quorum*.

With the exception of certain matters mentioned below, general meeting resolutions pass when shareholders in attendance or by proxy cast more votes in favour than against.

The *quorum* and majorities required to amend the Bylaws, issue shares and bonds, approve structural changes and vote on other significant resolutions permitted by law are set out below. Furthermore, laws applying to credit institutions dictate that, if over 50% of the share capital is present at a general meeting, a qualified two-thirds majority is required to raise the proportion of variable remuneration components to fixed components for executive directors and other top executives above 100% (up to 200%); otherwise, a three-quarters majority will be necessary.

Our Bylaws do not require shareholder approval at general meetings for decisions about acquiring core assets, selling them off or transferring them to another company, or similar corporate transactions, unless the law dictates otherwise.

## Rules for amending our Bylaws

The general meeting is the competent body to approve any amendment to the Bylaws. However, only the board can decide to change the registered office within Spain.

The board or, as applicable, the shareholders who have drafted a proposed amendment to the Bylaws, must write it out in full and prepare a report justifying it; and provide them to

shareholders at the time the meeting to debate the proposed amendment is announced.

The general meeting notice must clearly state the items to be amended as well as the rights of all shareholders to examine the full text of proposed amendments and the related report at Banco Santander's registered office or to have them delivered free of charge.

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

When less than 50% of the subscribed share capital with voting rights is present, resolutions on amendments to the Bylaws can only be validly adopted if two-thirds of shareholders attending the meeting in person or by proxy vote for them. However, when 50% or more of the subscribed share capital with voting rights is present, resolutions may pass by way of absolute majority.

Resolutions to amend the Bylaws that involve new obligations for shareholders must be accepted by those affected.

The Single Supervisory Mechanism (SSM) must authorize us to amend our Bylaws. However, amendments that are exempt from authorization but must still be reported to the SSM include changing the registered office within Spain, raising share capital, adding imperative or prohibitive laws or regulations to the Bylaws, changing the wording in order to comply with court or administrative rulings and any others the SSM has declared exempt due to a lack of materiality in response to prior consultations.

## 3.3 Dividends and shareholder remuneration

### Distribution charged against 2022 results

For 2022, the board continued the policy of allocating approximately 40% of the Group's underlying profit to shareholder remuneration, split in approximately equal parts between cash dividends and share buybacks.

- **Interim remuneration.** On 27 September 2022 the board agreed to:
  - Pay an interim cash dividend of 5.83 euro cents per share entitled to receive dividends (equivalent to approximately 20% of the Group's underlying profit in H1'22), charged against 2022 results; it was paid on 2 November 2022.
  - Implement the First 2022 Buyback Programme worth approximately EUR 979 million (approximately 20% of the Group's underlying profit in H1'22). It was approved by the ECB on 17 November 2022 and ran from 22 November 2022 to 31 January 2023. Banco Santander bought back 340,406,572 shares, which was 2.03% of its share capital at that time (see '[First 2022 Buyback Programme](#)' in section 2.5). The First 2022 Buyback Programme aimed to reduce share capital by cancelling the shares that were acquired. Under the share capital reduction agreement approved at the 2022 AGM, on 1 February 2023 the board agreed to



reduce the share capital by EUR 170,203,286 (cancelling the 340,406, 572 shares acquired).

- **Final remuneration.** On 27 February 2023, pursuant to the 2022 shareholder remuneration policy, the board of directors decided to:
  - Submit a resolution at the 2023 AGM to approve a final cash dividend in the gross amount of 5.95 euro cents per share entitled to receive dividends. If approved at the 2023 AGM, the dividend would be payable from 2 May 2023.
  - Implement a Second 2022 Buyback Programme worth EUR 921 million, for which the appropriate regulatory authorization has already been obtained and that will be executed from 1 March 2023. For more details, see '[Second 2022 Buyback Programme](#)' in section 2.5.

Once the above mentioned actions are completed, the shareholder remuneration for 2022 will have been EUR 3,842 million (approximately 40% of the underlying profit in 2022) split in approximately equal parts in cash dividends (EUR 1,942 million) and share buybacks (EUR 1,900 million). These amounts have been estimated assuming that, after the execution of the Second 2022 Buyback Programme, the number of outstanding shares entitled to receive the final dividend will be 16,190,866,119. Therefore, the total dividend will be higher if fewer shares than planned are acquired in the buyback programme and will be lower in the opposite scenario.

### Shareholder remuneration policy for 2023 results

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

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

## 3.4 2022 AGM

We held our annual general meeting on 1 April 2022, on second call, both in person and by electronic means.

### Quorum and attendance

The *quorum* (among shareholders present and represented) was 68.776%, which was a historical high *quorum*, surpassing the record-breaking attendance *quorum* achieved at the general meeting in 2019.

#### Quorum breakdown

<b>Present</b>	<b>3.368 %</b>
In person and virtual attendance	0.712 %
Remote voting	
Cast by post or direct delivery	<b>0.574 %</b>
By electronic means	2.082 %
<b>Represented</b>	<b>65.408 %</b>
Cast by post or direct delivery	7.505 %
By electronic means	57.903 %
<b>Total</b>	<b>68.776 %</b>

### Voting results and resolutions

All items on the agenda were approved. Votes in favour of the board's proposals averaged 98.40%. 99.71% of votes approved the corporate management for 2021 and 93.93% of the votes approved the directors' remuneration policy for years 2022, 2023 and 2024. None of the agenda items listed in the notice convening the meeting received less than 88.00% of votes in favour.



The following chart summarizes the resolutions approved and voting results:

	VOTES <sup>A</sup>				Quorum <sup>D</sup>
	For <sup>B</sup>	Against <sup>B</sup>	Blank <sup>C</sup>	Abstention <sup>C</sup>	
<b>1. Annual accounts and corporate management</b>					
1A. Annual accounts and directors' reports for 2021	99.73	0.27	0.06	2.77	68.78
1B. Consolidated statement of non-financial statements for 2021	99.71	0.29	0.06	2.75	68.78
1C. Corporate management 2022	99.71	0.29	0.07	2.97	68.78
<b>2. Application of results</b>	99.66	0.34	0.06	2.76	68.78
<b>3. Appointment, re-election or ratification of directors</b>					
3A. Setting of the number of directors	99.63	0.37	0.08	2.78	68.78
3B. Appointment of Mr Germán de la Fuente	99.60	0.40	0.08	2.81	68.78
3C. Re-election of Mr Henrique de Castro	99.51	0.49	0.08	2.80	68.78
3D. Re-election of Mr José Antonio Álvarez	99.58	0.42	0.07	2.82	68.78
3E. Re-election of Ms Belén Romana	99.52	0.48	0.07	2.80	68.78
3F. Re-election of Mr Luis Isasi	97.09	2.91	0.07	2.82	68.78
3G. Re-election of Mr Sergio Rial	98.32	1.68	0.07	2.81	68.78
<b>4. Re-election of the external auditor for financial year 2022</b>	99.67	0.33	0.06	2.81	68.78
<b>5. Amendment of the Bylaws</b>					
5A. Relating to the form and the transfer of the shares	99.63	0.37	0.06	2.80	68.78
5B. Relating to the capital reduction	99.64	0.36	0.06	2.76	68.78
5C. Relating to the issuance of other securities	99.61	0.39	0.07	2.83	68.78
5D. Relating to right to attend the meeting	96.61	3.39	0.07	2.79	68.78
5E. Relating to the secretary of the board and the presiding committee of the general shareholders' meeting	99.66	0.34	0.07	2.82	68.78
5F. Relating to the executive chair	99.64	0.36	0.07	2.81	68.78
5G. Relating to the audit committee	99.69	0.31	0.07	2.80	68.78
5H. Relating to remuneration matters	99.52	0.48	0.07	2.81	68.78
5I. Delegation to the prior authorisation for the payment of dividends other than in cash or own funds instruments	99.63	0.37	0.06	2.76	68.78
<b>6. Amendment of the Rules and regulations of the general meeting</b>					
6A. Relating to the information available as of the date of the call to meeting	99.71	0.29	0.06	2.80	68.78
6B. Relating to the presiding committee of the general shareholders' meeting	99.70	0.30	0.07	2.81	68.78
6C. Relating to remote attendance at the meeting by electronic means	90.35	9.65	0.06	2.78	68.78
6D. Relating to presentations	98.58	1.42	0.08	2.81	68.78
<b>7. Share capital</b>					
7A. Authorisation to the board of directors to increase the share capital on one or more occasions and at any time, within a period of 3 years, by means of cash contributions and by a maximum nominal amount of € 4,335,160,325.50	95.62	4.38	0.05	2.78	68.78
7B. Reduction in share capital in the amount of € 129,965,136.50, through the cancellation of 259,930,273 own shares	99.63	0.37	0.05	2.74	68.78
7C. Reduction in share capital in the maximum amount of € 865,000,000, through the cancellation of a maximum of 1,730,000,000 own shares	99.54	0.46	0.05	2.72	68.78
7D. Reduction in share capital in the maximum amount of € 867,032,065, equivalent to 10% of the share capital, through the cancellation of a maximum of 1,734,064,130 own shares	99.59	0.41	0.05	2.72	68.78
<b>8. Remuneration</b>					
8A. Directors' remuneration policy	93.83	6.17	0.06	2.83	68.78
8B. Maximum total annual remuneration of directors in their capacity as directors	98.17	1.83	0.06	2.78	68.78
8C. Maximum ratio of fixed and variable components in executive directors' total remuneration	98.74	1.26	0.06	2.79	68.78
8D. Deferred multiyear objectives variable remuneration plan	97.14	2.86	0.06	3.84	68.78
8E. Application of the Group's buy-out regulations.	98.65	1.35	0.08	2.89	68.78
8F. Annual directors' remuneration report (consultative vote).	88.01	11.99	0.06	2.82	68.78
<b>9. Authorization to implement the resolutions approved</b>	99.68	0.32	0.06	2.76	68.78
<b>10. Corporate action to demand director liability<sup>E</sup></b>	0.00	100.00	0.00	0.04	66.12
<b>11 to 25. Dismissal and removal of directors<sup>F</sup></b>	0.00	100.00	0.00	0.04	66.12

A. Each Banco Santander share grants one vote.

B. Percentage of votes for and against.

C. Percentage of share capital present and attending by proxy at the 2022 AGM.

D. Percentage of Banco Santander's share capital on the date of the 2022 AGM.

E. Item not included on the agenda.

F. Items 11 to 25 (not included on the agenda) were put to a separate vote. Each item refers to the proposal to dismiss and remove each acting director at the 2022 AGM.

The full texts of the resolutions passed at the 2022 AGM can be found on our corporate website and on the CNMV's website, as they were filed as other relevant information on 1 April 2022.



### 3.5 Our next AGM in 2023

The board of directors agreed to call the 2023 AGM on 30 March on first call or on 31 March on second call, proposing these resolutions:

- **Annual accounts and corporate management.** To approve:
  - The annual accounts and the directors' reports of Banco Santander and its consolidated Group for the financial year ended on 31 December 2022. For more details, see ['Consolidated financial statements'](#).
  - The consolidated non-financial statement for the financial year ended on 31 December 2022 that is part of this consolidated directors' report. See the ['Responsible banking'](#) chapter.
  - The corporate management for the financial year 2022.
- **The application of results obtained during financial year 2022.** See section [3.3 'Dividends and shareholder remuneration'](#).
- **Appointment of directors.**
  - Setting the number of directors at 15, within the maximum and minimum limits stated in the Bylaws.
  - Ratification and reelection of Héctor Grisi as executive board member and of Glenn Hutchins as an independent director (see section [1.1 'Board skills and diversity'](#)) and re-electing Pamela Walkden, Ana Botín, Sol Daurella, Gina Díez Barroso and Homaira Akbari for a three-year period. See section [4.1 'Our directors'](#).
- **External auditor.** Re-electing the firm PricewaterhouseCoopers Auditores, S.L. as auditor for financial year 2023. See ['External auditor'](#) in section 4.5.
- **Authority to acquire treasury shares.** To authorize the board of directors to acquire treasury shares, expressly including the possibility of executing share buyback programmes. See section [2.5 'Treasury shares'](#) and section [3.3 'Dividends and shareholder remuneration'](#).
- **Authority to issue convertible securities.** To delegate the board of directors the authority to issue fixed-income securities, preferred interests or debt instruments of a similar nature (including warrants) that are convertible into shares. See section [2.1 'Share capital'](#).
- **Share capital reduction** for these purposes:
  - Cancelling a maximum of 1,514,451,957 treasury shares purchased under the Second 2022 Buyback Programme.
  - Cancelling a maximum of 1,645,399,501 treasury shares acquired through one or more share buyback programmes or by other legally permitted means, whereby the board of directors will be authorized to cancel them on one or several occasions in a maximum timescale of one year or by the date of the next annual general meeting.

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

- **Remuneration policy.** To approve the director remuneration policy for 2023, 2024 and 2025. For more details, see section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Director remuneration.** To approve directors' fixed annual remuneration. See section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Variable remuneration.** To approve a maximum ratio of 200% of variable components to fixed components of total remuneration for executive directors and certain employees belonging to professional categories that have a material impact on the Group's risk profile. For more details, see section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Remuneration plans for executive directors.** To approve remuneration plans for executive directors that involve the delivery of shares or share options or are share-value based. For more details, see section [6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'](#).
- **Annual directors' remuneration report.** Holding a non-binding vote on the annual directors' remuneration report. For more details, see section [6. 'Remuneration'](#).

The related documents and information are available for consultation on our corporate website on the date the meeting notice is published. We will also broadcast our 2023 AGM live, as it was done for the 2022 AGM.

Since attendance at general meetings is not paid, a general policy in this regard is not necessary. However, Banco Santander offers shareholders that participate in our general meeting a commemorative courtesy gift, as has been tradition for decades.

# 4. Board of directors

## A balanced and diverse board

- 15 directors: 13 non-executive and 2 executive
- Majority independent directors (66.67%)
- Balanced presence of women and men (40%-60%)

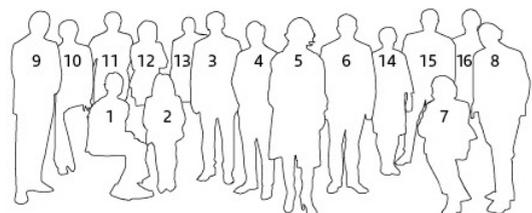
## Effective governance

- Specialized committees advising the board
- The responsible banking, sustainability and culture committee evidences the board's commitment to this matter
- Complementary functions and effective controls: Executive Chair, CEO and Lead Independent Director



- |  |  |   |  |  |  |  |   |
|--|--|---|--|--|--|--|---|
| <p><b>1 Sol Daurella</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>■ ■ *</p> | <p><b>2 Homaira Akbari</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>● ▲ *</p>   | <p><b>3 José Antonio Álvarez</b><br/>Vice chair<br/>Non-executive director<br/>● ▲</p>                | <p><b>4 Héctor Grisi</b><br/>CEO<br/>Executive director<br/>● ▲</p>                                | <p><b>5 Ana Botín</b><br/>Executive Chair<br/>Executive director<br/>● P ▲ P</p> | <p><b>6 Bruce Carnegie-Brown</b><br/>Vice Chair and Lead Independent Director<br/>Non-executive director<br/>(independent)<br/>● ■ P ■ P ▲</p> | <p><b>7 Belén Romana</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>● ● ▲ P ▲ *</p> | <p><b>8 Jaime Pérez Renovales</b><br/>General secretary and secretary of the board</p>            |
| <p><b>9 Javier Botín</b><br/>Member<br/>Non-executive director</p>                             | <p><b>10 Ramiro Mato</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>● ● ▲ * P</p> | <p><b>11 Henrique de Castro</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>● ■ ▲</p> | <p><b>12 Gina Díez Barroso</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>■ *</p> | <p><b>13 Luis Isasi</b><br/>Member<br/>Non-executive director<br/>● ■ ▲</p>      | <p><b>14 Pamela Walkden</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>● P ▲</p>  | <p><b>15 Germán de la Fuente</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>● ▲</p> | <p><b>16 Glenn Hutchins</b><br/>Member<br/>Non-executive director<br/>(independent)<br/>■ ■ ▲</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 Botín joined the board in 1989.

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

**Education:** Degree in Economics from Bryn Mawr College of Pennsylvania.

**Experience:** Ms Botín joined Banco Santander, S.A. after working at JP Morgan (New York, 1980-1988). In 1992, she was appointed senior executive vice-president. Between 1992 and 1998, she led Santander's expansion into Latin America. In 2002, she was appointed Executive Chair of Banesto. Between 2010 and 2014, she was Chief Executive Officer of Santander UK PLC and was a non-executive director until April 2021. In 2014 she was appointed Executive Chair of Santander. She was also a non-executive director of Santander UK Group Holdings PLC (2014-2021) and Chair of the European Banking Federation from 2021 to February 2023.

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

**Positions in other Group companies:** Ms Botín is a Chair of PagoNxt, S.L, Universia España Red de Universidades, S.A. and Universia Holding, S.L; and a non-executive director of Santander Holding USA, Inc., Santander Bank, N.A.

**Membership of board committees:** Executive committee (Chair) and innovation and technology committee (Chair).

**Skills and competencies:** She has extensive international experience in top executive roles in banking. She has also led Grupo Santander's strategic and cultural transformation, and her philanthropy underscores her ongoing commitment to sustainable and inclusive growth.



**Héctor Grisi Checa**  
CHIEF EXECUTIVE OFFICER  
*Executive director*

Mr Grisi joined the board in 2023.

**Nationality:** Mexican. Born in 1966 in Mexico City, Mexico.

**Education:** Degree in finance from the Universidad Iberoamericana of Mexico City.

**Experience:** Mr Grisi joined the Group in 2015 as Executive Chair and Chief Executive Officer of Santander México and Grupo Financiero Santander México, and in 2019, he was additionally named Regional Head for North America, whose primary markets are Mexico and the US. Before joining Santander, he had spent 18 years at Crédit Suisse in several leadership roles, including head of investment banking for Mexico, Central America and the Caribbean, as well as Executive Chair and Chief Executive Officer of Crédit Suisse México. He also managed corporate and investment banking at Grupo Financiero Invermexico and at Casa de Bolsa Inverlat. From 2011 to 2014, Mr Grisi was Vice Chair of Asociación de Bancos de México.

**Other positions of note:** Mr Grisi is a non-executive Chair of Cogrimex, S.A. de C.V.

**Positions in other Group companies:** Mr Grisi is a non-executive director of Grupo Financiero Santander México, S.A. de C.V. and PagoNxt, S.L.

**Membership of board committees:** Executive committee and innovation and technology committee.

**Skills and competencies:** Mr Grisi has gained vast experience and unique strategic vision from his many years of executive service at several banking and financial institutions. He is well-versed in Grupo Santander's businesses and global strategy, especially in relation to Mexico and the US, two key markets. He brings to the board diversity and a strong, international track record of management, leadership, business transformation and connectivity between the Group's markets.

**Bruce Carnegie-Brown**

VICE CHAIR & LEAD INDEPENDENT DIRECTOR  
*Non-executive director (independent)*

Joined the board in 2015.

**Nationality:** British. Born in 1959 in Freetown, Sierra Leone.

**Education:** Master of Arts in English Language and Literature from the University of Oxford.

**Experience:** Mr Carnegie-Brown was non-executive Chair of Moneysupermarket.com Group PLC (2014-2019), a non-executive director of Jardine Lloyd Thompson Group PLC (2016-2017), Santander UK plc and Santander UK Group Holdings PLC (2019-2021) and non-executive Chair of Aon UK Ltd (2012-2015). He was the founder and managing partner of the quoted private equity division of 3i Group PLC, and Chair and CEO of Marsh Europe, S.A. He was also Lead Independent Director at Close Brothers Group PLC (2006-2014) and Catlin Group Ltd (2010-2014). He previously worked at JP Morgan Chase for 18 years and Bank of America for four years.

**Other positions of note:** Mr Carnegie-Brown is the non-executive Chair of Lloyd's of London and of Cuvva Limited, a member of the investment committee of Gresham House PLC, Chair of Marylebone Cricket Club (MCC) and of TheCityUK leadership council.

**Membership of board committees:** Executive committee, nomination committee (Chair), remuneration committee (Chair) and innovation and technology committee.

**Skills and competencies:** Mr Carnegie-Brown has a lengthy background in banking (particularly investment banking) and considerable expertise in insurance. He also possesses significant international experience in top management positions in Europe (UK), the Middle East and Asia. His top-management insight provides the board with know-how in regard to remuneration, appointments and risk. As Lead Independent Director, he has also gained an excellent understanding of investors' expectations, as well as managing relations with them and financial entities.

**José Antonio Álvarez Álvarez**

VICE CHAIR  
*Non-executive director (\*)*

Mr Álvarez joined the board in 2015.

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

**Education:** Degree in Economics and Business Administration. MBA from the University of Chicago.

**Experience:** Mr Álvarez joined Santander in 2002, was appointed senior executive vice president of the Financial Management and Investor Relations division in 2004 (Group Chief Financial Officer) and was CEO of Group from 2015 to 2022. He served as director at SAM Investments Holdings Limited, Santander Consumer Finance, S.A. and Santander Holdings US, Inc. He also sat on the supervisory boards of Santander Consumer Bank AG, Santander Consumer Holding GmbH and Santander Bank Polska, S.A. He was a board member of Bolsas y Mercados Españoles, S.A.

**Positions in other Group companies:** Mr Álvarez is a non-executive director of Banco Santander (Brasil) S.A. and PagoNxt, S.L.

**Membership of board committees:** Executive committee and innovation and technology committee.

**Skills and competencies:** Mr Álvarez is a highly qualified and talented leader with a distinguished career in banking. He brings significant strategic and international management expertise, in particular financial planning, asset management and consumer finance. He has vast experience and an established reputation with such key stakeholders as regulators and investors.

(\*) Until 31 December 2022 executive director. See ['Other external directors'](#) in section 4.2.

**Homaira Akbari***Non-executive director (independent)*

Ms Akbari joined the board in 2016.

**Nationality:** American and French. Born in 1961 in Tehran, Iran.

**Education:** PhD in Experimental Particle Physics from Tufts University of Massachusetts and MBA from Carnegie Mellon University.

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

**Other positions of note:** Ms Akbari is CEO of AKnowledge Partners, LLC and an independent director of Landstar System, Inc. and Temenos, AG. She is also a trustee of the French Institute Alliance Française.

**Positions in other Group companies:** Ms Akbari is a non-executive director of Santander Consumer USA Holdings Inc. and PagoNxt, S.L.

**Membership of board committees:** Audit committee, innovation and technology committee and responsible banking, sustainability and culture committee.

**Skills and competencies:** Ms Akbari brings significant executive experience from technology companies. Her knowledge about digital transformation challenges is an asset to the board. She also has extensive experience in diverse regions and knowledge of water, energy and waste management and treatment, which are of particular value to the Group's sustainability policy.

**Javier Botín-Sanz de Sautuola y O'Shea***Non-executive director*

Mr 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:** Mr Botín founded JB Capital Markets, Sociedad de Valores, S.A.U. in 2008 and has been its Executive Chair ever since. He was co-founder and executive director of the equities division of M&B Capital Advisers, S.V., S.A. (2000-2008). Previously, he had been a legal adviser within the International legal department of Banco Santander, S.A. (1998-1999).

**Other positions of note:** In addition to the financial sector, Mr 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.



**Sol**  
**Daurella Comadrán**  
*Non-executive director (independent)*

Ms Daurella joined the board in 2015.

**Nationality:** Spanish. Born in 1966 in Barcelona, Spain.

**Education:** Degree in Business and MBA from ESADE.

**Experience:** Ms Daurella Comadrán served on the board of the Círculo de Economía of Barcelona and was an independent non-executive director at Banco Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A. She was also Consul General of Iceland in Barcelona (1992-2021).

**Other positions of note:** Ms Daurella is Chair of Coca-Cola Europacific Partners PLC and Executive Chair of Olive Partners S.A. She also holds several roles at Cobega Group companies and is Chair of the board of trustees of the FERO Oncology Research Foundation and Vice Chair of Instituto de la Empresa Familiar.

**Membership of board committees:** Nomination committee, remuneration committee, and responsible banking, sustainability and culture committee.

**Skills and competencies:** Ms Daurella brings to the board excellent strategy and high-level management skills from her international top-executive experience at listed and large privately-held entities, particularly distributors. She has vast knowledge of corporate governance as the former Chair of several boards. She also possesses audit experience, having served on several audit committees. In addition, as a trustee at various health, education and environmental foundations, she provides responsible business and sustainability insight to the board.



**Henrique**  
**de Castro**  
*Non-executive director (independent)*

Joined the board in 2019.

**Nationality:** Portuguese. Born in 1965 in Lisbon, Portugal.

**Education:** Degree in Business Administration from the Lisbon School of Economics & Management and MBA from the University of Lausanne .

**Experience:** Mr de Castro was Chief Operating Officer at Yahoo. Previously, he had been the manager of worldwide devices, media and platforms at Google, European sales and business development manager at Dell Inc. and a consultant at McKinsey & Company. He has also been an independent director at First Data Corporation.

**Other positions of note:** Mr de Castro is an independent director of Fiserv Inc.

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

**Membership of board committees:** Audit committee, remuneration committee, and innovation and technology committee.

**Skills and competencies:** Due to his executive roles at the world's top technology companies, he brings to the board valuable international experience in technological and digital strategy.



**Germán  
de la Fuente Escamilla**

*Non-executive director (independent)*

Mr de la Fuente joined the board in 2022.

**Nationality:** Spanish. Born in 1964 in Madrid, Spain.

**Education:** Degree in Economics and Business Administration with a diploma in auditing from the Complutense University of Madrid.

**Experience:** Mr de la Fuente has developed his professional career at Deloitte, where he has been managing partner of Audit & Assurance in Spain since 2007 and Chair and CEO of Deloitte, S.L. from 2017 until March 2022. He was also a member of the global board of directors of the firm from 2012 to 2016 and of the global audit and risk services committee until June 2021. He has been involved in auditing major Spanish companies and in multiple consulting and advisory projects.

**Membership of board committees:** Audit committee and risk supervision, regulation and compliance committee.

**Skills and competencies:** Mr de la Fuente brings extensive experience in the auditing industry and sound knowledge in auditing, accounting and internal and risk control, as well as in the banking sector .



**Gina  
Díez Barroso Azcárraga**

*Non-executive director (independent)*

Ms Díez joined the board in 2020.

**Nationality:** Mexican. Born in 1955 in Mexico City, Mexico.

**Education:** Degree in Design from Centro de Diseño of Mexico City.

**Experience:** Ms Díez Barroso until April 2020, she was an independent director of Banco Santander México, S.A. and several Grupo Santander companies in Mexico. She has been member of the board of directors of Americas Society and Council of the Americas, Laurel Strategies and Qualitas of Life Foundation. She was also a founder and a trustee of the Pro-Educación Centro and Diarq foundations.

**Other positions of note:** Ms Díez Barroso is the founder and non-executive Chair of Grupo Diarq, S.A. de C.V. and Centro de Diseño y Comunicación, S.C. (Universidad Centro). In addition, she is a non-executive director of Bolsa Mexicana de Valores (BMV) and Dalia Women, S.A.P.I de C.V. (Dalia Empower), member of Comité de 200 (C200) and represents Mexico at the W20, the G20 womens' initiative.

**Positions in other Group companies:** Ms Díez Barroso is a non-executive director of Univerisia México, S.A. de C.V.

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

**Skills and competencies:** Ms Díez Barroso brings to the board vast experience in the real estate and education sectors, and has extensive knowledge of responsible business and sustainability as a result of having been a charter member and trustee of foundations that focus on education, gender diversity and social support.

**Glenn Hogan Hutchins***Non-executive director (independent)*

Mr Hutchins joined the board in 2022.

**Nationality:** American. Born in 1955 in Virginia, US.

**Education:** Graduated with a AB, MBA and JD from Harvard University.

**Experience:** Mr Hutchins co-founded US technology and investment firm, Silver Lake, where he was CEO until 2011. Prior, Mr Hutchins had been a senior managing director at The Blackstone Group (1994-1999) and Thomas H. Lee Co. (1985-1994), and a consultant at Boston Consulting Group. He has also served on the boards of SunGard Data Systems (Chair, 2005-2015), NASDAQ (2005-2017) and Virtu Financial (2017-2021). He served as a director and Chair of the audit and risk committee of the Federal Reserve Bank of New York from 2011 to 2021. Additionally, he served on the board of the Harvard Management Company, which manages Harvard University's endowment. Furthermore, Mr Hutchins worked with President Clinton in the transition of power and the White House as special advisor on economic and healthcare policy.

**Other positions of note:** Mr Hutchins is non-executive Chair of investment firm North Island Ventures and an independent director of AT&T. He is a member of the international advisory board and investment board of Singapore's Government Investment Corporation (GIC), co-Chair of the Brookings Institution, Chair of CARE, and Vice Chair of the Obama Foundation. He also serves on the executive committee of the Boston Celtics Basketball Team.

**Membership of board committees:** Nomination committee, remuneration committee, and innovation and technology committee.

**Skills and competencies:** Mr Hutchins, as a long-time investor in technology and fintech companies, has expertise in financial markets and is well-known among investors and stakeholders. He brings to the board his acumen in technology, telecommunications, innovation, finance and investment as well as extensive knowledge of financial regulation as a result of his leadership roles in government, especially with financial regulators and supervisors. He works closely with not-for-profit entities committed to fighting poverty, designing effective public policy and promoting social justice.

**Luis****Isasi Fernández de Bobadilla***Non-executive director (\*)*

Mr Isasi joined the board in 2020.

**Nationality:** Spanish. Born in 1956 in Jerez de la Frontera, Spain.

**Education:** Degree in Economics and Business Administration and MBA from Columbia Business School.

**Experience:** Mr Isasi began his career at Abengoa, before holding various executive positions at JP Morgan in New York and First National Bank of Chicago in London. In 1987, he joined Morgan Stanley as managing director of investment banking for Europe and, from 1997 to February 2020, was Chair and country head for Spain. He is now a senior adviser there. He has also been director of Madrileña Red de Gas, S.A. and Sociedad Rectora de la Bolsa de Madrid, S.A., as well as an independent director of Grifols, S.A.

**Other positions of note:** Mr Isasi is a non-executive Chair of Santander España and an independent director of Compañía de Distribución Integral Logista Holdings, S.A. (Logista).

**Membership of board committees:** Executive committee, remuneration committee, and risk supervision, regulation and compliance committee.

**Skills and competencies:** Mr Isasi has vast experience in a wide range of sectors and international markets (in particular, finance and investment banking) as well as a strong institutional network within Spain.

(\*) In the opinion of nomination committee and board of directors, Mr Isasi meets the requirements to be considered independent, despite being categorized as other external based on a standard of prudence. For more information, see subsection ['Other external directors'](#), section 4.2.



**Ramiro  
Mato García-Ansorena**  
*Non-executive director (independent)*

Mr Mato joined the board in 2017.

**Nationality:** Spanish. Born in 1952 in Madrid, Spain.

**Education:** Degree in Economics from the Complutense University of Madrid and graduate of Harvard University's Management Development Programme.

**Experience:** Mr Mato held several roles in Banque BNP Paribas, including Chair of BNP Paribas Group in Spain. Previously, he had held several top roles in Argentaria. He sat on the board of the Spanish Banking Association (AEB, representing Banque BNP Paribas) and Bolsas y Mercados Españoles, S.A. He has also been a member of the board of trustees of Fundación Española de Banca para Estudios Financieros (FEBEF).

**Other positions of note:** Mr Mato is Chair of Ansorena, S.A., senior advisor of ACON Southern Europe Advisory, S.L. and Vice Chair of the board of trustees of Fundación Esperanza y Alegría.

**Membership of board committees:** Executive committee, audit committee, risk supervision, regulation and compliance committee, and responsible banking, sustainability and culture committee (Chair).

**Skills and competencies:** Mr Mato has had an extensive professional career in banking and capital market sectors. He has held senior executive and non-executive roles and brings considerable expertise in top management, audit, risk and strategy, mainly within the financial sector. He has also been active on the boards of trustees of several foundations to promote education.



**Belén  
Romana García**  
*Non-executive director (independent)*

Belén Romana joined the board in 2015.

**Nationality:** Spanish. Born in 1965 in Madrid, Spain.

**Education:** Degree in Economics and Business Administration from Universidad Autónoma de Madrid and State Economist.

**Experience:** Ms Romana was formerly senior executive vice-president of Economic Policy and director-general of the Treasury of the Spanish Ministry of Economy, and director at Banco de España and the CNMV. She was also a director at the Instituto de Crédito Oficial and other entities on behalf of the Ministry of Economy. She served as a non-executive director at Banesto and as Executive Chair of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB). She has also been non-executive director of Aviva PLC and Aviva Italia Holding S.p.A. She has also been co-Chair of the board of trustees of the Digital Future Society and advisory board member at Inetum and TribalData.

**Other positions of note:** Ms Romana is an independent director of SIX Group AG and its subsidiary Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.U. She is also the non-executive Chair of its other subsidiaries, SIX Digital Exchange AG and SDX Trading AG. Furthermore, she is an independent director of Werfen, S.A.; an advisory board member at Rafael del Pino Foundation; senior adviser to Artá Capital; and academic director of the IE Leadership & Foresight Hub Programme.

**Membership of board committees:** Executive committee, audit committee, risk supervision, regulation and compliance committee (Chair), innovation and technology committee, and responsible banking, sustainability and culture committee.

**Skills and competencies:** Given her background as a government economist and overall executive and non-executive experience in finance (particularly from serving on the audit committees of listed companies), Ms Romana is a recognised financial expert. Having held key positions in credit institutions and the regulatory and supervisory bodies of the financial industry and securities markets in Spain, she also provides strategic insights into banking, financial regulations and government relations in Spain and Europe.

**Pamela Walkden***Non-executive director (independent)*

Mrs Walkden joined the board in 2019.

**Nationality:** British. Born in 1960 in Worcester, England.

**Education:** Master's Degree in Economics from Cambridge University.

**Experience:** Mrs Walkden has served in a number of senior management positions at Standard Chartered Bank, including as Group Head of Human Resources, Chief Risk Officer, Group Treasurer, Group Head of Asset and Liability Management and Regional Markets, Group Head of Internal Audit, Group Head of Corporate Affairs and Group Manager of Investor Relations. In addition, she served as an independent member of the UK Prudential Regulation Authority (PRA) Regulatory Reform Panel and as member of the European Banking Authority Stakeholder Group and was a lay member of the Welfare and Ethics Committee of the Royal Veterinary College.

**Other positions of note:** Mrs Walkden is a member of the advisory board of JD Haspel Limited.

**Positions in other Group companies:** Mrs Walkden is an independent non-executive director of Santander UK PLC and of Santander UK Group Holdings PLC.

**Membership of board committees:** Audit committee (Chair) and risk supervision, regulation and compliance committee.

**Skills and competencies:** Mrs Walkden is qualified as a financial expert, based on her broad, international experience in banking and auditing.

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

Jaime Pérez Renovales joined the Group in 2003.

**Nationality:** Spanish. Born in 1968 in Valladolid, Spain.

**Education:** Degree in Law and Business Administration from Universidad Pontificia Comillas (ICADE E-3) and state attorney.

**Experience:** Jaime Pérez Renovales was director of the office of the second deputy prime minister for Economic Affairs and Minister of Economy, deputy secretary to the Spanish Prime Minister, Chair of the *Spanish State Official Gazette* and the committee for Government Reform. Previously, he had been vice general counsel and vice secretary of the board. He was also head of Grupo Santander's legal department, general counsel and secretary of the board at Banesto and deputy director of legal services at the CNMV. He is the Banco Santander representative on the board of trustees of the Princess of Asturias Foundation and is a member of the jury for its award for Social Sciences. He is Chair of the ICADE Business Club and member of the board of trustees of the Fundación Universitaria Comillas-I.C.A.I.

Jaime Pérez Renovales is the secretary of all board committees.

## 4.2 Board composition

### Size

As of 1 January 2023, the board of directors comprises the 15 members whose profile and background are described in section 4.1 'Our directors'. The Bylaws dictate it can have between 12 and 17 members.

### Composition by director type

The board of directors has a balanced composition between executive and non-executive directors, most of whom are independent. Each director's status has been verified by the nomination committee and submitted to the board.

#### Executive directors

- Ana Botín, Group Executive Chair
- Héctor Grisi, Chief Executive Officer<sup>A</sup>

Section 4.3 provides a detailed description of their respective roles and duties under '[Group Executive Chair and Chief Executive Officer](#)'.

#### Independent directors

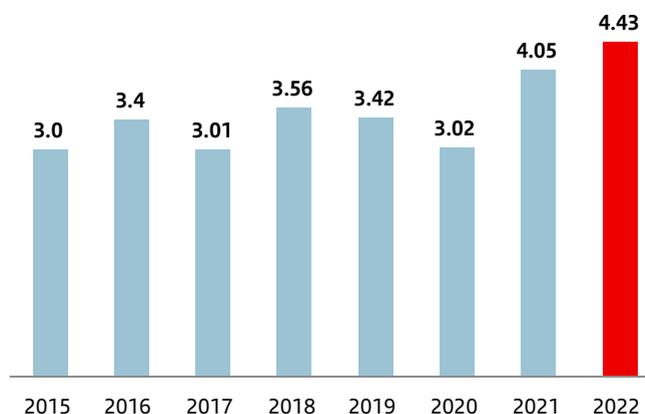
- Homaira Akbari
- Bruce Carnegie-Brown (Lead Independent Director)
- Sol Daurella
- Henrique de Castro
- Germán de la Fuente
- Gina Díez Barroso
- Glenn Hutchins
- Ramiro Mato
- Belén Romana
- Pamela Walkden

Every year, the nomination committee verifies the independence of the board members in this category and informs the board of its findings. It considers potentially significant business relations that could affect their independence and other pertinent circumstances. This analysis is described further in section 4.6 '[Nomination committee activities in 2022](#)' and in subsection C.1.3 in section 9.2 '[Statistical information on corporate governance required by the CNMV](#)'.

Independent non-executive directors account for 66.7% of board members. This conforms to best corporate governance practices as well as to the board's Rules and regulations, which require that the board be predominantly made up of non-executive directors with at least 50% independent directors.

At the end of 2022, the average term of independent non-executive directors was 4.43 years. See '[Board skills and diversity matrix](#)' in this section 4.2. Likewise, see '[Tenure and equity ownership](#)' chart also in section 4.2.

### Term of independent directors



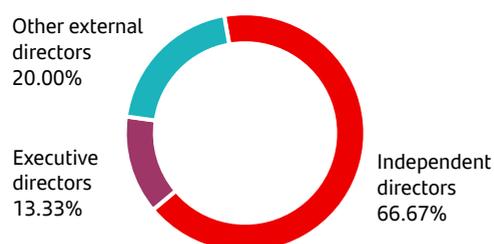
#### Other external directors

- José Antonio Álvarez
- Javier Botín
- Luis Isasi

These directors cannot be classified as independent directors:

- Mr Álvarez, because he has been the former CEO of Banco Santander until 31 December 2022.
- Mr Botín, because he has been director for over 12 years.
- Mr Isasi, because it is considered preferable to classify him as an external director under prudent criteria, although the nomination committee and the board believe he meets the requirements to be classed as an independent director, in view of his remuneration as non-executive chair of Santander España, his entitlements as a director and the special nature of this body as supervisor of a business unit without its own corporate identity separate to Banco Santander.

### Our board composition



A. José Antonio Álvarez held the Chief Executive Officer position until 31 December 2022.

**Tenure and equity ownership<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
<b>Executive Chair</b>	Ana Botín	04/02/1989	03/04/2020	03/04/2023	1,150,433	30,849,567		32,000,000	0.191%
<b>Chief Executive Officer</b>	Héctor Grisi	20/12/2022	20/12/2022	20/12/2025	551,064			551,064	0.003%
<b>Vice Chair and Lead Independent Director</b>	Bruce Carnegie-Brown	25/11/2014	26/03/2021	26/03/2024	59,940			59,940	0.000%
<b>Vice Chair</b>	José Antonio Álvarez	25/11/2014	12/04/2019	12/04/2022	2,288,410			2,288,410	0.014%
	Homaira Akbari	27/09/2016	26/03/2021	26/03/2024	67,826	100,913		168,739	0.001%
	Javier Botín	25/07/2004	26/03/2021	26/03/2024	5,502,083	19,471,101	155,904,169 <sup>E</sup>	180,877,353	1.077%
	Sol Daurella	25/11/2014	03/04/2020	03/04/2023	149,483	476,837		626,320	0.004%
	Henrique de Castro	12/04/2019	12/04/2019	12/04/2022	2,982			2,982	0.000%
	Germán de la Fuente	01/04/2022	01/04/2022	01/04/2025	10,000			10,000	0.000%
<b>Members</b>	Gina Díez	22/12/2020	22/12/2020	03/04/2023				0	0.000%
	Glenn Hutchins	20/12/2022	20/12/2022	20/12/2025				0	0.000%
	Luis Isasi	03/04/2020	03/04/2020	03/04/2023				0	0.000%
	Ramiro Mato	28/11/2017	26/03/2021	26/03/2024	506,860			506,860	0.003%
	Belén Romana	22/12/2015	12/04/2019	12/04/2022	208	4		212	0.000%
	Pamela Walkden	29/10/2019	03/04/2020	03/04/2023	2,608			2,608	0.000%
	<b>Total</b>				<b>10,291,897</b>	<b>50,898,422</b>	<b>155,904,169</b>	<b>185,094,488</b>	<b>1.102%</b>
<b>General secretary and secretary of the board</b>	Jaime Pérez Renovales								

A. Figures from 1 January 2023.

B. The date of first appointment referred herein may not match with the date of acceptance of the position.

C. For more details, see '[Election, renewal and succession](#)' in section 4.2. The periods provided do not take into account the additional period that may apply under article 222 of the Spanish Companies Act nor the annual renewal of one-third of the board established in article 55.1 of the Bylaws.

D. Banco Santander's shareholding policy aims to align our executive directors and shareholders' long-term interests. It includes the obligation for each executive director to maintain a significant investment in Banco Santander's shares, equivalent to twice their annual salary. Executive directors have five years from the time they were appointed to reach the required level of investment. Until then, any shares they receive as remuneration are subject to a mandatory three-year holding period from their date of delivery, unless they already hold the mentioned investment equivalent (in addition to the regulatory obligation not to sell them for one year from delivery, which applies in all cases).

E. Includes shares owned by Fundación Botín (chaired by Javier Botín) and syndicated shares. It includes shares corresponding to Ana Botín that are also included within their direct or indirect shareholdings, but excluding Javier Botín's syndicated shares. See section 2.4 '[Shareholders' agreements](#)'. In subsection A.3 of section 9.2 '[Statistical information on corporate governance required by the CNMV](#)', we adapted this information to the CNMV's format and, therefore, added all the syndicated shares as Javier Botín's shareholdings.

For more details, see section 9.2 '[Statistical information on corporate governance required by the CNMV](#)'.

**Diversity**

Diversity is essential to making the board of directors effective. Mixed skills and experiences create an environment with varied points of view that improves the quality of decision-making. Thus, we seek to achieve a sound balance of technical expertise.

Our policy on the selection, suitability assessment and succession of directors helps make our board more diverse from different perspectives, for instance, in terms of gender, age, geographical provenance, experience and knowledge. It follows the European Banking Authority (EBA) and the European Securities and Markets Authority's (ESMA) joint guidelines on suitability assessments of board members and key functions holders.

In 2019, we added a gender equality target in the board of 40%-60% representation of either gender. The policy was later amended amid a general review of the succession process for directors and other executive positions, and after the last amendment of the CNMV's Corporate Governance Code to include age diversity as other additional diversity criteria in the qualitative composition of the board.

Our selection policy aims to diversify the board of directors in these terms:

- **Country of origin or international education.** Selection considers cultural diversity and international education and experience, especially in the Group's main geographies.
- **Gender equality.** The nomination committee and the board of directors understand the importance of fostering equal opportunity as well as the need for women board members who possess the necessary skills, suitability and commitment to the role. They make a conscious effort to find women candidates with the required profile. Our policy fosters a selection of directors to maintain a balanced presence of women and men on the board.

On 2019, the board established the target of achieving a balanced gender composition in the board with a representation of both genders between 40% to 60%, which was met at year-end of the same year representing women a 40% of the board.



This number of women board members is above the average for large listed companies in Spain and Europe. According to figures published by the CNMV in September 2022, based on annual corporate governance reports for 2021, IBEX 35 companies in Spain had an average 31.3% women directors. Furthermore, according to data published by Eurostat (the European Commission's statistical office), in February 2022, the percentage of female directors in large listed companies was, on average, 30.6% for all European Union countries.

- **Age:** The policy on the selection, suitability assessment and succession of directors also considers that selection process must promote age diversity. There are no age limits for becoming a director or holding any role on the board, including the chair and the chief executive officer.
- **Education and career:** Selection ensures that candidates are qualified to understand our Group's businesses, structure and markets individually and collectively; and that they fit within the Santander culture. The appointment process ensures that candidates will have skills and expertise in such areas deemed important for the Group. It takes into account education and work experience. In addition to professional experience, it considers their academic education.
- Our policy has no implicit bias that could lead to discrimination due to **race, disability and/or ethnicity**.

### Board skills and diversity matrix

The board's skills matrix reflects the balance of the knowledge, skills, qualifications, diversity and experience required to design and pursue our long-term strategy in an ever-changing market.

Our goal is to contribute the maximum feasible information for our investors and other stakeholders, giving visibility to the skills on our board. Furthermore, it follows the recommendations from the EBA and ESMA guidelines on the suitability assessment of board members and key functions holders, as well as the ECB Guide to fit and proper assessments.

The matrix (below) follows the following structure:

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

The skills matrix discloses each board member's skills and competence as a sign of our commitment to transparency. Section [4.1 'Our directors'](#) provides a section on the skills and competencies of each counselor to more clearly identify the support of this matrix.

The board diversity and skills matrix which is shown below shows that there are no substantial gaps with regard to the qualitative composition of the board and ensures robust board skills diversity. However, the ongoing need for coverage of Banco Santander's strategic markets as well as knowledge and expertise in technology, digital strategy, banking, finance, regulation, data management and sustainability remain important, as evidenced by our most recent board appointments. The appropriateness of board skills and diversity will continue to be monitored.

Lastly, the '[Committees' skills and diversity matrix](#)' also shows the balanced diversity of skills on each board committee. This enables the board committees' overall effectiveness to be evaluated as it refers to the significant presence of the skills relevant to each committee's scope.

## Board skills and diversity matrix

	Ana Botín	Héctor Grisi	Bruce Carnegie-Brown	José Antonio Álvarez	Homaira Akbari	Javier Botín	Henrique de Castro	Sol Daurella	Gina Díez Barroso	Germán de la Fuente	Glenn Hutchins	Luis Isasi	Ramiro Mato	Belén Romana	Pamela Walkden
	Executive Chair	CEO	Vice Chair Lead Independent Director	Non-executive Vice Chair	Independent	Non-executive	Independent	Independent	Independent	Independent	Independent	Non-executive	Independent	Independent	Independent
<b>SKILLS AND EXPERIENCE</b>															
<b>THEMATIC SKILLS</b>															
Banking (93.3%)	•	•	•	•	•	•		•	•	•	•	•	•	•	•
Other financial services (86.7%)	•	•	•	•	•	•	•		•	•	•	•	•	•	•
Accounting, auditing and financial literacy (100%)	•	•	•	•	•	•	•		•	•	•	•	•	•	•
Retail (80%)	•	•	•	•	•	•		•				•	•	•	•
Digital & information technology (60%)	•	•	•	•	•	•	•				•		•	•	
Risk management (86.7%)	•	•	•	•	•	•		•		•	•	•	•	•	•
Business strategy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Responsible business & sustainability (73.3%)	•	•	•	•	•	•		•	•		•		•	•	
Human resources, culture, talent & remuneration (93.3%)	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Legal and regulatory (13.3%)											•			•	
Governance and control (86.7%)	•	•	•	•	•	•		•		•	•	•	•	•	•
International experience	Continental Europe (73.3%)	•	•	•	•	•	•	•		•		•	•	•	•
	US/UK (93.3%)	•	•	•	•	•	•	•		•	•	•	•	•	•
	Latam (66.7%)	•	•		•	•	•		•	•		•	•		•
	Others (40%)			•				•	•	•			•		•
<b>HORIZONTAL SKILLS</b>															
Top management (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Government, regulatory and public policy (13.3%)											•			•	
Academia and education (40%)	•		•		•			•	•				•		
Significant directorship tenure (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
<b>DIVERSITY</b>															
Female (40%)	•				•			•	•					•	•
Country of origin/ international education	Continental Europe (60%)	•			•	•	•	•		•		•	•	•	•
	US/UK (66.7%)	•		•	•	•			•		•	•	•	•	•
	Latam (13.3%)		•						•						
	Others (6.7%)					•									
Age	Less than 55 (6.7%)					•									
	From 55 to 65 (66.7%)	•	•	•	•	•	•	•		•				•	•
	More than 65 (26.7%)										•	•	•		
<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%	83.3%	100%	80%	100%	87.5%	100%
Other financial services		100%	83.3%	75%	80%	80%	100%	80%
Accounting, auditing and financial literacy		100%	100%	100%	100%	100%	100%	100%
Retail		100%	83.3%	50%	80%	80%	87.5%	80%
Digital and information technology		85.7%	66.7%	50%	60%	40%	100%	60%
Risk management		100%	83.3%	75%	80%	100%	87.5%	80%
Business strategy		100%	100%	100%	100%	100%	100%	100%
Responsible business and sustainability		85.7%	50%	100%	60%	40%	87.5%	100%
Human resources, culture, talent and remuneration		100%	100%	100%	100%	100%	100%	100%
Legal and regulatory		14.3%	16.7%	25%	20%	20%	25%	20%
Governance and control		100%	83.3%	75%	80%	100%	87.5%	80%
International experience	Continental Europe	85.7%	83.3%	50%	80%	80%	75%	80%
	US/UK	100%	100%	75%	100%	100%	100%	80%
	Latam	71.4%	66.7%	25%	40%	60%	62.5%	60%
	Others	28.6%	66.7%	50%	60%	60%	25%	40%
<b>HORIZONTAL SKILLS</b>								
Top management		100%	100%	100%	100%	100%	100%	100%
Government, regulatory and public policy		14.3%	16.7%	25%	20%	20%	25%	20%
Academia and education		42.9%	33.3%	75%	40%	20%	37.5%	80%
Significant directorship tenure		100%	66.7%	100%	100%	60%	100%	100%
<b>DIVERSITY</b>								
Female		28.6%	50%	50%	20%	40%	37.5%	80%
Country of origin/international education	Continental Europe	71.4%	66.7%	25%	60%	80%	50%	60%
	US/UK	85.7%	66.7%	75%	60%	80%	75%	80%
	Latam	14.3%	–	25%	–	–	12.5%	20%
	Others	–	16.7%	–	–	–	12.5%	20%
Age	Less than 55	–	–	–	–	–	–	–
	From 55 to 65	71.4%	83.3%	50%	60%	60%	87.5%	60%
	More than 65	28.6%	16.7%	50%	40%	40%	12.5%	40%
<b>BOARD TENURE</b>								
0 to 3 years		28.6%	50%	50%	60%	60%	37.5%	20%
4 to 11 years		57.1%	50%	50%	40%	40%	50%	80%
12 years or more		14.3%	–	–	–	–	12.5%	–



## Election, renewal and succession of directors

### Election of directors

Our directors are appointed for three-year terms. However, one-third of board members are renewed each year in order of their tenure. Outgoing directors may be re-elected. Each appointment, re-election and ratification is submitted to a separate vote at the general meeting.

### Appointing, re-electing, evaluating and removing directors

Our internal policy for the selection, suitability assessment and succession of directors dictates standards for the board's quantitative and qualitative composition, how it is revised and how new candidates are identified, selected and appointed.

Shareholders appoint and re-elect directors at the general meeting. Furthermore, if directors step down during their term of office, the board of directors may provisionally designate another director by co-option until the general meeting confirms the appointment at the earliest subsequent meeting.

Proposals for appointment, re-election and ratification of directors, regardless of their category, which the board of directors submits to the shareholders, as well as appointments of the board in cases of co-option, should be preceded by the corresponding reasoned proposal of the nomination committee.

Proposals to be submitted to the general shareholders' meeting must include a duly substantiated report by the board, containing an assessment of the qualifications, experience and merits of the proposed candidate. Re-election and ratification proposals will also provide an assessment of the work and dedication to the position during the last period in which the proposed director held office. If the board disregards the nomination committee's opinion, it must explain its decision and record its reasons in meeting minutes.

Directors must meet specific requirements dictated by laws for credit institutions and our Bylaws. Upon taking office, they must formally undertake to fulfil the obligations and duties prescribed therein and in the Rules and regulations of the board.

Our directors must be of renowned business and professional integrity, and have the knowledge and experience needed to perform their role and exercise good governance. Director candidates will also be selected on the basis of their professional contribution to the entire board.

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

The board of directors will endeavour to have significantly more external or non-executive directors than executive directors, and for the number of independent directors to make up at least half of all members.

Our directors shall cease to hold office when the term for which they were appointed ends (unless they are re-elected), when the general meeting so resolves, or when they resign. When a director ceases to hold office prior to the end of their term (i.e. by general meeting resolution or by resignation), they shall explain the reasons for resignation or, in the event of non-executive directors, their opinion on the reasons for their cessation in office by the general meeting in a letter to the other board members unless he/she reports them at a meeting of the board and this is recorded in the minutes. When appropriate,

the resignation shall be publicly reported, including a reference to the reasons or circumstances provided by the director. When appropriate, it will publicly disclose the cessation in office, including sufficient information on the director's reasons or circumstances provided by the director.

Directors must tender their resignation to the board and formally step down from their position if the board, on the nomination committee's recommendation, deems it appropriate in cases that may adversely affect the board's functioning or Banco Santander's credit or reputation. In particular, they must resign if they find themselves in a circumstance of ineligibility or prohibition provided by law, irrespective of Royal Decree 84/2015, which implements Act 10/2014, and on the honourability requirements for directors and the consequences for directors who subsequently fail to meet them.

Directors must notify the board as soon as possible of any circumstances affecting them (whether related to their performance in Banco Santander or not) that might damage Santander's credit or reputation, especially when under criminal investigation; and of the developments of any criminal proceedings. When the board is informed or becomes otherwise aware of any such situations, it will examine them as soon as possible and decide, based on the particulars and on a report from the nomination committee, any measures to adopt, such as opening an internal investigation, calling on directors to resign or proposing their dismissal.

Proprietary directors must also tender their resignation when the shareholder they represent sells off or significantly reduces its equity holding.

### Succession planning

Succession planning is a key element of our good governance as it ensures orderly role transitions as well as board continuity and stability and its adequate renewal and independence. It is a yearly cycle with a well-defined methodology and timelines, and a clear allocation of responsibilities. Our aim is to boost diverse talent pipelines across functions which contribute to an adequate diversity and balance of skills in the board.

Banco Santander's policy on director selection, suitability assessment and succession focuses on:

- Quantitative and qualitative board and committee composition criteria that are set by the Bylaws, the Rules and regulations of the board of directors and the board itself, including suitability and diversity standards and targets and the policy for the suitability assessment.
- A periodic review of the quantitative and qualitative composition of the board of directors and its committees that includes an overall suitability assessment of the board.
- Process of identification of potential board member candidates.
- The board member and related roles selection, suitability and nomination procedure.

The policy has specific core performance indicators, reviewed each year, for such aspects as succession effectiveness (vacancies filled by identified candidates); the number of internal and external candidates immediately available to succeed executive directors; training and development plans for



potential candidates to succeed executive directors in one to three years; gender diversity and country of origin or international education; updated board member tenure; the strength of the list of successors to executive directors, committee chairs and the lead independent director; and the percentage of candidates to succeed directors who are immediately available (or candidates for a one-to-three year period).

The nomination committee and the board prioritize succession planning, with sound and appropriate plans in place that are regularly revisited to make sure they meet regulatory requirements and align with industry best practice.

### 4.3 Board functioning and effectiveness

#### Highest decision-making body and focuses on supervision

Banco Santander's board of directors is our highest decision-making body, except in matters reserved to shareholders at the general meeting. It performs its duties with unity of purpose and independent judgement.

The board's policy is to designate executive bodies and managers to run day-to-day operations and implement the strategy. It focuses on general supervision and other function it cannot delegate by law, the Bylaws or the Rules and regulations of the board, including:

- General policies and strategies (including capital and liquidity, new products, operations and services; corporate culture and values, including policies on responsible business and sustainability and, in particular, on environmental and social matters; control and risk management; remuneration policy; and compliance).
- Financial and non-financial reporting, and information reported to shareholders, investors and the general public, as well as the processes and controls that ensure full disclosure.
- Policies on reporting and communication with shareholders, markets and public opinion, and supervision of the disclosure of information.
- The selection, succession and remuneration of directors, senior management and other key positions.
- Effectiveness of Grupo Santander's corporate and internal governance system, including the GSGM, corporate frameworks and internal regulations.
- Significant corporate transactions and investments.
- Calling the general shareholders' meeting.
- Related-party transactions.

#### Board's regulation

The board is governed by the rules set out in the Bylaws and the Rules and regulations of the board, both of which are available on our corporate website.

- **Bylaws.** Dictate the basic rules that apply to the composition and operation of the board and its members' duties, and are

supplemented and implemented by the Rules and regulations of the board. They can be amended only by the general meeting. See '[Rules for amending our Bylaws](#)' in section 3.2.

- **Rules and regulations of the board.** Set the rules for running and internally organizing the board of directors and its committees through the development of applicable laws and Bylaws' provisions and good governance recommendations. They set out the principles governing its actions and the duties of its members.

As stated in the report for the 2021 financial year, on 24 February 2022 the board adapted the Rules and regulations of the board, subject to the effectiveness of the corresponding amendments to the articles of Bylaws approved by the 2022 AGM, to introduce fundamentally technical amendments and:

- Acknowledge that the board may establish that executives other than the chair to report directly to the board or its committees.
- Bolster coordination mechanisms between the audit committee and the responsible banking, sustainability and culture committee.
- Harmonize it with the articles of Bylaws for whose amendment were approved at the 2022 AGM. See section [3.4 '2022 AGM'](#).

The Rules and regulations of the board adhere to all legal provisions as well as the principles and recommendations set out in the Spanish Corporate Governance Code; Corporate Governance Principles for Banks of the Basel Committee on Banking Supervision; and the EBA's in Guidelines on internal governance.

Our rules on the audit committee also adhere to the good operating practices set out in CNMV's Technical Guide 3/2017 on Audit Committees of Public Interest Entities; as well as with the applicable regulations because our shares are listed as ADS on the NYSE and, in particular, with Rule 10A-3 under the Securities Exchange Act (SEA) on standards relating to audit committees.

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

#### Structure of the board

The board's corporate governance structure ensures that it discharges its duties effectively. This structure can be split into these four dimensions:

- **Group Executive Chair and Chief Executive Officer**, who are the most senior executives in the Group's strategic and ordinary management, which the board is responsible for overseeing, ensuring that their roles are clearly separated and complementary. Both report exclusively to the board of directors.
- **A Lead Independent Director**, who is responsible for coordinating non-executive directors effectively and making sure they serve as an appropriate counter-balance to executive directors.



- **A board committee structure**, which supports the board in:
  - Managing the Group by exercising decision-making powers in the executive committee.
  - Formulating strategy for core areas in the responsible banking, sustainability and culture committee, and in the innovation and technology committee.
- In supervising and making important decisions in the audit committee, nomination committee, remuneration committee and risk supervision, regulation and compliance committee.
- **A board secretary**, who supports the board, its committees and our chair, and is also General Secretary of the Group.

## Group Executive Chair and Chief Executive Officer

Our Executive Chair is Ana Botín and our Chief Executive Officer is Héctor Grisi as of 1 January 2023. Their respective roles and responsibilities were updated in February 2022 in order to accelerate the execution of the Group's strategy and operations and to align with governance best practices.

The roles of our Group executive chair and chief executive officer are clearly separated, and can be summarized as follows:

### Roles of the Executive Chair and the Chief Executive Officer

Executive Chair	Chief Executive Officer
<ul style="list-style-type: none"> <li>• The Chair is the highest-ranking executive in Grupo Santander and its main representative with regulators, authorities and other major stakeholders.</li> <li>• The Chair is responsible for the long-term strategy of the Group, including new tech and digital growth engines, namely PagoNxt and the Digital Consumer Bank.</li> <li>• 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 &amp; Architecture, Human Resources, Talent, Financial Accounting &amp; Control, Strategy and Corporate Development, General Secretariat and Communications &amp; Corporate Marketing.</li> <li>• The Chair also leads the appointment and succession planning of Grupo Santander senior management, to be submitted to the nomination committee and board for approval.</li> </ul>	<ul style="list-style-type: none"> <li>• The Chief Executive Officer is entrusted with the day-to-day management of the business with the highest executive functions and reports exclusively to the board in this regard.</li> <li>• Accordingly, the Chief Executive Officer's direct reports are the senior managers in charge of the business units: the regional heads (Europe, North America and South America) and those in charge of the global businesses (Wealth Management &amp; Insurance, Corporate &amp; Investment Banking, Cards &amp; Digital Solutions), encompassing the relevant support and control functions.</li> <li>• As responsible for day-to-day management, the CFO and head of Investment Platforms &amp; Corporate Investments also report to the CEO.</li> <li>• Additionally, the Chief Executive Officer is responsible for Regulatory &amp; Supervisory Relations and for embedding the Group's sustainability policy in the day-to-day management of Group businesses and the support and control functions.</li> </ul>

The duties of the Executive Chair, the Chief Executive Officer, the board, and its committees are clearly separated. Various checks and balances give Santander's corporate governance structure the appropriate equilibrium. In particular:

- The board and its committees supervise both the Executive Chair and the Chief Executive Officer.
- The board of directors has delegated all its powers to the Executive Chair and the Chief Executive Officer, except for those that cannot be delegated by law and under the Bylaws and the Rules and regulations of the board. The board directly exercises those powers to perform its general supervisory function.
- The Lead Independent Director leads the Group Executive Chair's succession and appointment.
- The audit committee is chaired by an independent director who is considered a 'financial expert' as defined in Regulation S-K of the Securities and Exchange Commission (SEC).
- The Executive Chair may not simultaneously act as Banco Santander's Chief Executive Officer.
- The corporate Risk, Compliance and Conduct, and Internal Audit functions report as independent units to a committee or a member of the board of directors and have direct, unfettered access to the board.

## Lead Independent Director

The role of the Lead Independent Director is key to our governance and makes sure that non-executive directors serve as an appropriate counter-balance to the executive directors.

The following chart illustrates the Lead Independent Director's functions and activities in 2022. He provided a detailed report summarizing his activities and the discharge of his duties more generally, to the nomination committee and board of directors.

### Duties of the Lead Independent Director and activities during 2022

Duties	Activities in 2022
Facilitate discussion and open dialogue among independent directors, coordinating private meetings of non-executive directors without the executive present and proactively engaging with them to consider their views and opinions.	Held five meetings with non-executive directors without executive directors present, where they were able to voice their views and opinions. The meetings were also a valuable opportunity to discuss such other matters board training topics, strategy execution, executive director and key management performance, succession planning and reflections on areas for continuous improvement with regard to the effectiveness and culture of the board and its committees.
Direct the periodic evaluation of the Chair of the board of directors and coordinate her succession plan.	Led the Chair's annual evaluation in order to determine her variable pay. Furthermore, played a key coordination role with regard to ongoing succession planning activity, as additionally facilitated through his chairmanship of the nomination committee.
Engage with shareholders and other investors to learn about their concerns, in particular with regard to Banco Santander's corporate governance.	See section <a href="#">3.1 'Shareholder communication and engagement'</a> for full details of the lead independent director's activities.
Replace the Chair in her absence, with such key rights as the ability to call board meetings under the terms of the Rules and regulations of the board.	Though the Lead Independent Director did not have to replace the Chair of the board at any board meeting, he remained fully committed to ensure its proper functioning.
Request a board meeting or that new items be added to the agenda thereof.	While the Lead Independent Director did not need to request additional board meetings to be called, he remained fully engaged and informed on board meeting agendas, made suggestions regarding the same and encouraged constructive challenge.

## Structure of board's committees

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

	Mandatory committees (required by Law, the Bylaws or the Rules and regulations of the board)			Voluntary committees
	Decision-making powers	Supervision, information, advice and recommendations regarding functions in risk, financial reporting and audit, nomination and remuneration matters		Support and proposal in strategic areas
Board committees	Executive committee	Audit committee	Nomination committee	Responsible banking, sustainability and culture committee
		Risk supervision, regulation and compliance committee	Remuneration committee	Innovation and technology committee
External advisory board				International advisory board (members are non-directors)



## Secretary of the board

Jaime Pérez Renovales is the secretary of the board. He assists the chair and ensures the formal and substantial legality of all the board's actions. He also makes sure good governance recommendations and procedures are observed and regularly reviewed.

The secretary of the board is also the General Secretary of Banco Santander. He acts as the Secretary of all board committees and facilitates a fluid and effective relationship between the committees and the Group's units that must collaborate with them. The secretary does not necessarily need to be a director.

The appointment of the secretary of the board is a matter for the board to approve, taking into account the prior opinion of the nomination committee.

The board has three vice secretaries, F. Javier Illescas Fernández-Bermejo (head of Group Corporate Legal), Julia Bayón Pedraza (head of Group Business Legal) and Adolfo Díaz-Ambrona Moreno (General Secretary of Santander España). They assist the secretary with his duties on the board and its committees, and replace him in the event of absence, inability to act or illness.

## Board operation

The board of directors held 14 meetings (12 ordinary and two extraordinary) in 2022. The Rules and regulations of the board dictate that it must hold at least nine annual ordinary meetings and one quarterly meeting.

Although board meetings follow a calendar set annually and a provisional agenda of items to discuss, new items can be added and additional meetings can be called. Directors may also propose items to be added to the agenda and are duly informed of changes to the calendar and meeting agendas.

The board keeps a formal list of matters that only it can address. It prepares a plan to distribute them among the ordinary meetings scheduled in the annual calendar it has approved.

To help directors prepare effectively for each meeting, they are given relevant documents sufficiently in advance and in a secure electronic format. In the board's opinion, these documents are thoroughly detailed and received in good time.

The Rules and regulations of the board of directors also expressly recognize directors' rights to request and obtain information on anything related to Banco Santander and its domestic and foreign subsidiaries. They also recognise their right to inspect the books, files, documents and any other records of corporate transactions, in addition to premises and facilities. Furthermore, directors can request and obtain any information and advice they deem necessary from the secretary in order to perform their duties.

Additionally, the board meets at the Chair's discretion or at the request of at least three directors. The Lead Independent Director is also authorized to request a board meeting or that new items be added to the agenda for a meeting that has already been called.

Directors must attend meetings in person and endeavour to limit their absence to situations of absolute necessity. The nomination committee checks that directors attend at least 75%

of board and committee meetings and that any absence has a valid excuse without raising doubt about the director's commitment to good governance. For more details, see '[Board and committee preparation and attendance](#)' in this section 4.3.

If directors are unable to physically attend a meeting, they can designate (in writing and on a special basis for each session) another director to act on their behalf. Proxies are granted with instructions. Non-executive directors may only be represented by other non-executive directors. A director can hold more than one proxy.

The board may meet in various rooms at the same time, provided that members can interact in real time ensuring the interactivity and intercommunication via audio-visual means or telephone.

Board meetings are validly quorate when more than half of its members attend in person or by proxy.

Resolutions are adopted by absolute majority of directors in attendance. The chair has the casting vote in the event of a tie. The Bylaws and the Rules and regulations of the board only require the qualified majorities according to Law.

The secretary of the board keeps the board's documents on file and records the content of meetings in meeting minutes. Meeting minutes of the board and committees include statements members expressly request to be put on record.

The board may hire legal, accounting or financial advisers and other experts at Banco Santander's expense for assistance with their duties.

The board should encourage communication between its committees, especially the risk supervision, regulation and compliance committee and the audit committee. It should also promote dialogue between the risk supervision, regulation and compliance committee and the remuneration committee and the responsible banking, sustainability and culture committee, given the relevance of their respective work with each other.

Some committees hold joint meetings throughout the year. Though they cannot vote, any director can attend and participate in meetings of committees on which they do not serve if invited by the chair of the board and the chair of the respective committee, after having asked the chair of the board. Furthermore, all board members who are not executive committee members may attend executive committee meetings at least twice a year, for which they are to be called by the chair.



### Comparison of number of meetings held<sup>A</sup>

	Santander	Average Spain	US average	UK average
<b>Board</b>	14	11.1	8.3	9.7
<b>Executive committee</b>	32	9.8	—	—
<b>Audit committee</b>	12	8.8	8.2	5.4
<b>Nomination committee</b>	12	6.5	4.7	4.2
<b>Remuneration committee</b>	13	6.5	6.0	5.4
<b>Risk supervision, regulation and compliance committee</b>	17	NA	NA	NA

A. Source: Spencer Stuart Board Index 2022 (Spain, United States and United Kingdom).

NA: Not available.

The following chart shows the board’s approximate time allocation to each function in 2022.

### Approximate allocation of the board’s time in 2022



### Committee operation

Board committees follow a calendar that includes at least four meetings (except for the innovation and technology committee, which holds at least three meetings) and an annual work plan established every year. Each committee meets as often as is required to fulfil its duties.

A committee meeting is quorate if it is attended by more than half the committee’s members in person or through an appointed proxy. A committee resolution passes with a simple majority of votes. In the event of a tie, the committee chair has the casting vote. Committee members may appoint a proxy to vote for them and, in board meetings, non-executive directors can only appoint a non-executive director proxy.

Committee members are given relevant meeting materials sufficiently in advance of each meeting to facilitate solid meeting preparation therefore promoting overall committee effectiveness.

Committees have the authority to summon executives, who will appear at meetings at the invitation of, and under the terms dictated by, the chair. Furthermore, committees may also submit a request to the General Secretary to hire legal, accounting or financial advisers or other experts to assist with their duties at Banco Santander’s expense.

The role of committee secretary is non-voting and falls on the General Secretary and secretary of the board. This fosters a fluid and efficient relationship with the units that must work with, and report to, committees.

Committee chairs report on committees’ meetings and activities at all board meetings. Furthermore, all board members are given a copy of committee meeting minutes and all documents provided for meetings.



## Board and committee preparation and attendance

The table following shows the attendance rate of board and committee meetings in 2022.

Directors	Committees							
	Board	Executive	Audit	Nomination	Remuneration	Risk supervision, regulation and compliance	Innovation and technology	Responsible banking, sustainability and culture
<b>Average attendance</b>	<b>98%</b>	<b>90%</b>	<b>99%</b>	<b>92%</b>	<b>92%</b>	<b>97%</b>	<b>89%</b>	<b>95%</b>
<b>Individual attendance</b>								
Ana Botín <sup>A</sup>	14/14	30/32	–	–	–	–	3/3	–
Héctor Grisi <sup>B</sup>	0/0	0/0	–	–	–	–	0/0	–
Bruce Carnegie-Brown	14/14	18/32	–	12/12	13/13	–	2/3	–
José Antonio Álvarez	14/14	32/32	–	–	–	–	2/3	–
Homaira Akbari	14/14	–	12/12	–	–	–	3/3	5/5
Javier Botín	13/14	–	–	–	–	–	–	–
Sol Daurella	13/14	–	–	9/12	11/13	–	–	4/5
Henrique de Castro	14/14	–	11/12	–	11/13	–	3/3	–
Germán de la Fuente <sup>C</sup>	10/10	–	8/8	–	–	0/0	–	–
Gina Díez Barroso	13/14	–	–	12/12	–	–	–	–
Glenn Hutchins <sup>D</sup>	1/1	–	–	1/1	0/0	–	0/0	–
Luis Isasi	14/14	31/32	–	–	13/13	16/17	–	–
Ramiro Mato	14/14	32/32	12/12	–	–	17/17	–	5/5
Belén Romana	14/14	29/32	12/12	–	–	17/17	3/3	5/5
Pamela Walkden	13/14	–	12/12	–	–	16/17	–	–

Note: This table shows each director's in-person attendance at ordinary and extraordinary board or committee meetings except when they attended by proxy. The nomination committee was informed of directors' excused absences and verified that they raised no doubt about their capability of good governance. Some directors did not attend extraordinary meetings that were not scheduled in the annual meeting calendar.

A. Appointed chair of the innovation and technology committee on 19 April 2022.

B. Member of the board and member of the executive and innovation and technology committees since 1 January 2023.

C. Member of the board and member of the audit committee since 21 April 2022. Member of the risk supervision, regulation and compliance committee since 1 January 2023.

D. Member of the board and of the nomination, remuneration and innovation and technology committees since 20 December 2022.

The table following shows the average preparation of directors in the exercise of their functions in the board and committees in 2022:

	Meetings	Average of hours per member <sup>A</sup>	Average of hours per chair <sup>A</sup>
Board	14	144 <sup>B</sup>	288 <sup>B</sup>
Executive committee	32 <sup>C</sup>	160	320
Audit committee	12	120	240
Nomination committee	12	48	96
Remuneration committee	13	52	104
Risk supervision, regulation and compliance committee	17	170	340
Responsible banking, sustainability and culture committee	5	25	50
Innovation and technology committee	3	12	24

A. Includes hours of meeting preparation and attendance.

B. Of the 12 ordinary meetings of the board held in 2022.

C. It has met every two weeks since September 2022.

Directors' average time commitment is calculated by taking the number of members on the board and on each committee, the number of times each body meets during the year, average meeting length, and an estimate of the time each director needs to prepare for every meeting. We estimate that the Group Executive Chair and the committee chairs have a greater time commitment than the other directors because of the added functions their roles require. We consider the average time that directors not living in Spain must take to travel to board and committee meetings, but it is not factored into their average time commitment.

On average, directors dedicate approximately 55 eight-hour days a year to preparing and attending board and committee meetings.

Directors must report to the nomination committee any professional activity or role that they are going to do outside the Group so that the committee can check that they can dedicate enough time to the Group and the professional activity or role does not pose conflicts of interest.

The annual suitability reassessment our nomination committee conducts (see section [4.6 'Nomination committee activities in 2022'](#)) enables updates information on the estimated time directors dedicate to roles or professional activities outside the Group and demonstrates their ability to exercise good governance.



This makes sure the number of board roles that our directors have at once is within the legal limit (i.e. no more than one executive and two non-executive roles, or four non-executive roles; roles in the same group are considered a single role and roles in not-for-profit or non-commercial organizations are not included).

### Director training and induction programmes

The board has an annual training and development programme to help directors continue to develop skills and increase their understanding of the Group and industry, taking into account existing skills, competencies and knowledge of directors. The board chooses contents based on feedback, effectiveness reviews, supervisory and regulatory requirements as well as on cyber, risk management, climate change and other topics.

In 2022, programme workshops were discharged on a collective basis and covered, in at least one session per year, the following items:

- **Climate change** and Net Zero momentum, with a focus on portfolio alignment and climate risk management, which was covered in two sessions throughout 2022.
- **Risk appetite statement** review and associated methodology, with a focus on the decarbonization target and power generation metrics, as well as an overview of new metrics for 2023.
- **Financial crime compliance**, bribery and corruption risks, sanctions and anti-money laundering regulation.
- **New ways of working** and Flexiworking, with a focus on talent attraction and retention.
- **Duties and requirements for directors** under Spanish law (refresher course).
- **Credit risk** and key factors in credit losses, with detailed insights on accounting and prudential classification of loans.
- **Reputational risk**, with a focus on forward looking trends and the management model.
- **Cyber**, with a focus on trends and risk development.

Directors can also request one to one and ad-hoc training on specific topics, if deemed helpful. The objective of such sessions would be to enable directors to deep dive into specific areas in order to ensure that their knowledge is optimal.

The Group shares its training, induction and development methodology with subsidiaries to promote best practices and drive consistency of approach on a group-wide basis. Top executives ran special sessions for subsidiary directors throughout the year to keep them up to speed with relevant Group matters.

In addition, the board has sound induction programmes so new directors can better understand industry and Santander's business model and structure, risk profile and governance arrangements, taking into account their existing skills, competencies and knowledge. They normally are completed within six months after taking up their position as new directors. Induction and development needs are facilitated through different methods, including document reviews, tailored

meetings, site visits, training sessions with senior managers of the Group and other methods decided from time to time.

In 2022, Germán de la Fuente (July) and Héctor Grisi (November) completed their induction programmes which were tailored to their experience and particular needs.

*"The induction program was very effective as part of my onboarding and in preparing me as a member of the board and audit committee. The materials prepared were focused and dealt with the most relevant issues providing me with an integral vision of the Group. I have also had the opportunity to meet a number of business senior management around the world, which provided me with important insights into the Group's values, culture, strategy, and overall group-wide commitment to help people and businesses prosper, to attend to the social mandate that being a member of the board entails."*

**Germán de la Fuente**

### Board effectiveness review in 2022

The board undergoes a yearly assessment of its performance and effectiveness, composition, quality of its work and individual performance of its members. The assessment includes its committees and is conducted at least every three years by an external consultant, whose independence is assessed by the nomination committee. In 2022, the assessment was conducted internally.

The scope of the internal assessment included the structure of the board, its organisation and functioning, dynamics and internal culture and the functioning and effectiveness of its committees. In addition, the assessment covered the individual performance of the Executive Chair, Chief Executive Officer, Lead Independent Director and General Secretary. The assessment also facilitated the opportunity for performance feedback on the remaining individual directors.

The Executive Chair and Vice Chair Lead Independent Director led the assessment, which followed the methodology and structure of previous internal reviews, based on a confidential questionnaire that was fully completed by all board members.

The results of the 2022 assessment process, the findings and specific actions to address those findings were discussed by the nomination committee and the board of directors in January 2023, with a consensus view that the results were positive and that the board and its committees operate effectively. In particular, the results revealed the following:

- The board remains appropriately composed, with a depth and variety of board skills and high degree of diversity.
- The board engages in open and transparent discussions which facilitates rigorous decision-making processes, leveraging the skills and diversity of the board.
- The committee structure, composition and overall functioning is considered to be both effective and efficient and in particular, the support provided to the board is appreciated and rated positively.



- The Executive Chair, Chief Executive Officer, Lead Independent Director and General Secretary performed positively, effectively and with the competence expected.
- The remaining directors performed positively with an overall effective contribution.
- Directors consider that the management of the meetings, as well as the information provided is effective, helping them to focus on key strategic and business issues and constructively challenge management.

As a result of the review, the board of directors discussed potential areas for improvement and approved an associated action plan in January 2023. Each committee will be engaged on specific actions applicable to their remit to ensure effective and efficient operation.

The key action plan highlights can be summarised as follows:

- **Structure of the board:** as part of any future board refreshment, a continued focus will be placed on maintaining an appropriate balance of finance and technological profiles and international and gender diversity.
- **Corporate governance:** consolidate the enhancements delivered as part of the action plan executed in 2022 following the review of our governance arrangements, with a special focus on the interaction with the Chief Executive Officer, given his recent appointment.
- **Organization and functioning of the board:** continue to drive a better balance between strategic, technological, business and customer orientated topics versus regulatory and operational content. This will ensure a deep focus on long-term strategy and talent requirements. This will also ensure that board time is used in an optimal manner.
- **Board dynamics and internal culture:** combine in person meetings with virtual / hybrid meetings in an efficient manner, being aware of the implications of each format. Furthermore, remain focused on culture and its implications on future business dynamics.
- **Committees:** keep committee composition under review, ensuring optimal performance and effectiveness. Specifically, review the composition of the responsible banking, sustainability and culture committee with a view of complementing the existing membership; this specific action was completed in January 2023 following the appointment of Gina Díez Barroso to the committee.

The resulting actions and associated outcomes of the review have supported our continued priority focus on effective governance. See '[Board assessment and actions to continuously improve its operation](#)' in section 1.2.

## 4.4 Executive committee activities in 2022

### Composition

Position		Category	Appointed on
Chair	Ana Botín	Executive	11/12/1989 <sup>A</sup>
	Héctor Grisi	Executive	01/01/2023
	Bruce Carnegie-Brown	Independent	12/02/2015
Members	José Antonio Álvarez	Other external	03/01/2015
	Luis Isasi	Other external	20/05/2020
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	01/07/2018
Secretary	Jaime Pérez Renobales		

A. Committee Chair since 10 September 2014.

### Functions

The executive committee is a key governance body in Banco Santander and the Group. The board delegated to it all its powers except those that cannot be delegated by the law or under the Bylaws and Rules and regulations of the board. Its meeting frequency and its business as usual nature of its decisions allows the board to focus on general oversight. It also reports regularly to the board on its core matters and provides all directors with the minutes and documents from its meetings.

### Committee performance

The board, supported by its nomination committee, determines the committee's size and composition, to ensure its effectiveness based on board composition guidelines. As well as the board, the committee has an external director majority, including three independent directors, ensuring a balance of opinions and compliance with Recommendation 37 of the Spanish Corporate Governance Code. Its secretary is the secretary of the board.

As part of the organizational changes announced on 24 February 2022, the operating rhythm and content of the committee was revisited to continue ensuring ongoing effectiveness and proper coordination with other committees and the board. The review identified specific opportunities for improvement, with no loss of appropriate governance. Therefore, with effect from September 2022, the executive committee generally meets every two weeks. However, it can meet as many times as required by the Chair in order to ensure the discharge of its duties.

The change in committee frequency was driven by a review of the business being conducted, the materiality and delegation thresholds being applied in order to optimise the volume of matters being presented and improve its effectiveness. In addition, leveraging the already established work of other board committees has enabled the committee to meet less frequently than prior years.

### Main activities in 2022

In 2022, the executive committee addressed a breadth of matters relating to the business of the Group and its main subsidiaries, risk management, corporate transactions and main proposals that were subsequently submitted to the board of directors. It covered:

- **Results:** It regularly reviewed the Group's results and investors and analysts reaction to them.



- **Business performance:** The committee regularly received management reports on the performance of the Group's business areas and other related matters.
- **Information reported by the Chair:** The board's Chair, who also chairs the executive committee, regularly reported on the Group's management, strategy and institutional issues.
- **Information reported by the CEO:** The CEO reported on the Group's performance, budget and execution of units and global businesses' plans reporting to him.
- **Corporate transactions:** The committee analysed and approved (where appropriate) corporate transactions on investments and divestments, joint ventures and capital transactions.
- **Risks:** The committee received regular holistic risk and compliance reports. Within the framework of the risk governance model, the committee authorized or declined transactions that it had to approve due to their materiality taking into account the above-mentioned streamlining of reporting. It also examined the credit impact relating to the war in Ukraine, economic sanctions and other significant macroeconomic matters.
- **Subsidiaries:** The committee received updates on subsidiary performance against agreed plans, as well as relevant unit updates. This helped the committee support the board with the oversight and control of its subsidiary operations.
- **Capital and liquidity:** The committee received regular reports on capital ratio and the optimization measures; pricing (originations) and portfolio profitability. By virtue of the board's delegation and within capital and funding plans, the committee agreed non-convertible debt issuances and securitizations.
- **Supervisors and regulatory matters:** The committee reviewed regulatory developments, the yearly supervisory agenda and projects to ensure compliance with supervisory recommendations and regulatory reforms.
- **Governance matters:** The committee approved specific internal regulation under its remit and ensured the effectiveness of the executive first level committee structure.

In 2022, the executive committee held 32 meetings as a result of the above-mentioned change in committee frequency. See ['Board and committee preparation and attendance'](#) in section 4.3 for members' meeting attendance and the estimated average time each one spent on meeting preparation and attendance.

## 2023 priorities

The committee set the following priorities for 2023:

- Monitor the performance of the Group's global businesses and subsidiaries, including progress in the execution of their strategic plans.
- Continue to assess proposed corporate transactions relating to investment and divestments, joint ventures and capital transactions
- Oversee the execution and achievement of specific agreed public commitments assumed with stakeholders, and in particular, those disclosed at the Investor Day.
- Continue to facilitate timely and efficient decision making, supporting the board and enabling it to focus on general oversight and strategy matters.
- Continue to ensure committee's effectiveness and efficient coordination with the board, its committees and the executive first level committees.

## 4.5 Audit committee activities in 2022

'The increasingly volatile global environment has created increased risks and a more difficult economic environment. Many individuals and businesses are concerned about the rising costs of living and energy and, at the same time, there are increased risks associated with supply chain disruption, financial crime compliance and cyber crime. We will do every possible to anticipate future risks and adapt our plans to ensure our internal controls remain appropriate.

We have also continued to supervise enhancements to our reporting of ESG information to ensure its consistency and our preparedness for the greater independent assurance required.

The committee continued to benefit from a great mix of experience and skills, and I was delighted to welcome Germán de la Fuente, who joined us in April 2022. Germán brings, among other things, very valuable accounting and audit experience to the committee.

As we have done in previous years, we shared concerns and views with our subsidiary audit committees, which enabled us to harness their vast collective expertise. We also commissioned an external review of the most relevant elements of our Internal Audit function, which rated them "best in class" in all the areas under scope. This is a great outcome which is a credit to the team'.

**Pamela Walkden**

Chair of the audit committee



This section is the report the audit committee prepared on 17 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

## Composition

Position		Category	Appointed on
Chair	Pamela Walkden	Independent	29/10/2019 <sup>A</sup>
	Homaira Akbari	Independent	26/06/2017
	Henrique de Castro	Independent	21/10/2019
Members	Germán de la Fuente	Independent	21/04/2022
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	22/12/2015
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 26 April 2020.

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

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

According to SEC Regulation S-K, committee Chair Pamela Walkden is considered a financial expert based on her training and experience in accounting, auditing and risk management, past leadership positions at entities where accounting expertise and risk management were essential, and international experience (primarily in the UK and Asia).

Germán de la Fuente was appointed to the committee on 21 April 2022.

## External auditor

Our external auditor is PricewaterhouseCoopers Auditores, S.L. (PwC). Its registered office is at Paseo de la Castellana, 259 B, Madrid, and its Tax ID Code is B-79031290. It is registered with the *Registro Oficial de Auditores de Cuentas* (Official Registry of Account Auditors) of the *Instituto de Contabilidad y Auditoría de Cuentas* (Accounting and Audit Institute or ICAC) of the Ministry of Economic Affairs and Digital Transformation under number S0242.

Lead audit partner Julián González, PwC's banking sector audit leader, has experience as a global group audit partner (mainly in Spain and the UK) and a strong background in the Spanish financial sector. He also participates in various international banking supervisory and regulatory forums.

## Report on the independence of the external auditor

The audit committee verified the external auditor's independence on 17 February 2023 before the 2022 auditor's report on the financial statements was issued in line with section 4.f) of Article 529 *quaterdecies* of the Spanish Companies Act, and with Article 17.4.c) (iii) of the Rules and regulations of the board. It had considered the information included in the corresponding subsection 'Duties and activities in 2022' in this section on:

- The external auditor's remuneration for audit and other services;
- All non-audit services rendered by the external auditor, verifying that they met independence requirements under European and Spanish law, the SEC rules and the rules of the Public Company Accounting Oversight Board (PCAOB); and
- The personal circumstances, as the financial dealings, that the auditor or persons performing the audit may have with the Group, analysing threats and taking appropriate safeguarding measures.

Likewise, the committee received written confirmation from the external auditor on its independence from Banco Santander in accordance with applicable European and Spanish law, the SEC and the PCAOB.

In view of the above, the audit committee concluded that, by its judgement, it had no objective reason to question the external auditor's independence.

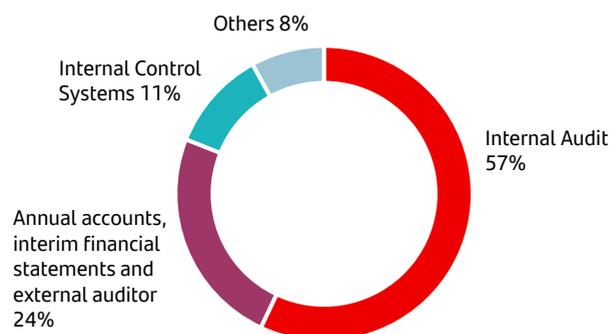
## Proposed re-election of the external auditor for 2023

As indicated in section 3.5 'Our next AGM in 2023', the board of directors will submit a resolution to re-elect PwC as external auditor for 2023 at our 2023 AGM, following the proposal the audit committee had issued in November 2022. Mr González will continue as lead audit partner.

## Time allocation

In 2022, the audit committee held 12 meetings, including two joint sessions with the risk supervision, regulation and compliance committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:





## Duties and activities in 2022

This section summarizes the audit committee's activities in 2022.

### Duties

### Actions taken

#### Financial statements and other financial and non-financial information

##### Review the financial statements and other financial and non-financial information

- Reviewed the individual and consolidated financial statements and directors' report for 2022 and submitted them to the board of directors for approval. Monitored compliance with legal requirements and accounting principles, and ensured that the external auditor issued a report on the effectiveness of the Group's system of internal control over financial reporting (ICFR).
- Reviewed quarterly financial information (dated 31 December 2021, 31 March, 30 June and 30 September 2022, respectively), before it was approved by the board and subsequently released to the market and supervisory bodies.
- Reviewed such other financial information included in the annual report; share registration document filed with the CNMV; Form 20-F filed with the SEC; and the half-yearly financial information filed with the CNMV and with the SEC as Form 6-K.
- Oversaw and assessed the preparation and reporting processes, as well as the integrity of non-financial reporting according to applicable regulation and international standards, in coordination with the responsible banking, sustainability and culture committee; and informed the board accordingly.
- Reviewed the annual 'Green Bond' report on investments for each green bond issuance before board approval, assessing the integrity of such disclosure and the external auditor opinion on it.

##### Report to the board about applied tax policies

- Reported to the board on tax policies based on the Code of Good Tax Practices and on the filing of the 2021 Tax transparency report with the Spanish tax agency (*Agencia Estatal de Administración Tributaria*).
- Received information on emerging tax developments and regulation, and its potential impacts.
- Reviewed and endorsed the tax strategy and policy on control and management of risk, including tax risk and recommended it to the board for approval.

#### Relations with the external auditor

##### Receive information on the external audit plan

- Received updates on the planning, progress and execution of the audit plan.
- Discussed improvements to financial reporting in light of new accounting standards and best practice.
- Obtained the external auditor's confirmation of its full access to all information to conduct the audit.
- Analysed the audits for the annual financial statements before the external auditor submitted them to the board of directors.
- Received reports on ESG information reporting process, evolution of reporting requirements, their impact on timelines and assurance scope of the independent external verification of such information.

##### Interaction with the external auditor

- Met twice with the lead audit partner without executives present to ensure fluent communication and the independent performance of its function.
- The lead audit partner, who met periodically with the committee Chair, attended all committee meetings, which facilitated communication between the external auditor and the board.

##### Assessment of the external auditor's performance

- Performed the final assessment of the external auditor's and how it has contributed to financial reporting integrity considering its work and the opinions of the controllers of main local units or relevant subgroups and the main entities' audit committee chairs.
- Received the PwC 2022 Transparency report from the lead audit partner who informed the committee on other relevant investigations and confirmed that no inspections from the ICAC on PwC were expected in 2022 as part of the former's regular quality control processes.

**Duties****Actions taken****External auditor's independence. Possible threats and protective measures****PwC's remuneration for audit and non-audit services**

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

EUR million	2022	2021	2020
Audit	113.4	104.6	99.4
Audit-related services	6.4	6.0	6.0
Tax advisory services	0.5	0.7	0.8
Other services	4.8	2.4	1.2
<b>Total</b>	<b>125.1</b>	<b>113.7</b>	<b>107.4</b>

The 'Audit' heading mainly includes audit fees for the individual and consolidated financial statements of Banco Santander and its subsidiaries, of which PwC or another firm in its network is the statutory auditor; for interim consolidated financial statements of Banco Santander; for integrated audits prepared in order to file Form 20-F for the annual report with the SEC in the US regarding required entities; the internal control audit (SOx) for required Group's entities; the limited review of the financial statements; and the regulatory auditor's reports on Grupo Santander's geographies.

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

The fees included under the heading 'Tax services' mainly related to tax compliance and advisory services provided to Group companies outside Spain, which are permitted in accordance with independence regulations; none were for tax planning advice.

The 'Audit' heading includes the fees for the year's audit, regardless of the date the audit was completed. Any subsequent adjustments, which are not significant, and for purposes of comparison, are shown in note 47.b) in the 'Notes to the consolidated financial statements' for each year. The fees corresponding to the rest of the services are shown by when the audit committee approved them.

- Verified that the ratio of PwC's total fees paid for all services for the Group to its annual revenue in Spain and worldwide in 2022 did not exceed 15% for three consecutive years. The ratio stood at 0.3% of PwC's total revenues in worldwide. Banco Santander has been complying with the requirement that, over three or more consecutive years.
- Verified every quarter, according to Regulation (EU) No 537/2014 of the European Parliament and of the Council, that the fees approved in 2022 for non-audit services provided by PricewaterhouseCoopers Auditores, S.L. (PwC) (including for 'Other services' and 'Audit-related services', and not including services that the external auditor is required to perform under domestic or EU laws) were significantly less than 70% of the average fees paid specifically to PwC in the past three consecutive years for the 'Audit' of Banco Santander and its subsidiaries in Spain (not including fees for reviews with more limited assurance than required for accounts auditing, which are included as non-audit services). At 2022, non-audit service fees were 32.12% of the average fees paid to PwC; they would be 20.43% if they included services approved for PwC and other firms in its network by Grupo Santander in and outside Spain.

See subsection C.1.32 of section 9.1. '[Reconciliation with the CNMV's corporate governance report model](#)' for the reconciled amounts of the abovementioned fees listed, with the numerator and denominator values of each ratio found in section C.1.32 of section 9.2 '[Statistical information on corporate governance required by the CNMV](#)'.

- In 2022, Grupo Santander contracted for services by audit firms other than PwC in amount of EUR 185.5 million (EUR 263.8 and 172.4 million in 2021 and 2020, respectively).

**Non-audit services**

- Verified that all non-audit services rendered by the Group's external auditor met independence requirements under applicable regulation.

**Personal and financial relations**

- Received written confirmation from PwC that the designated audit team, PwC as external auditor, everyone else that forms part of PwC or firms in its network, and all applicable extended relations to them complied with regulation on external auditor independence.
- The committee was also informed about an internal review of potential financial ties with PwC and its related companies, which had found none that compromised the independence of PwC as external auditor.

**External auditor independence report**

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

**Duties****Actions taken****Re-election of the external auditor**

<b>Re-election of the external auditor</b>	<ul style="list-style-type: none"> <li>Recommended to the board, for subsequent submission to the 2023 AGM, the re-election of PwC as the external auditor of Banco Santander and its consolidated Group for 2023.</li> </ul>
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**Internal audit****Oversight of the Internal Audit function**

- Supervised the Internal Audit function and ensured its independence and effectiveness in 2022.
- Commissioned and reviewed the external assessment of the Internal audit function according to Internal Audit Standards 1312 to further ensure the effectiveness of the function and its alignment with best practice and monitored implementation of the associated action plan.
- Held meetings with the Group Chief Audit Executive (CAE) and internal audit officers, including one private meeting with the CAE without other executives or the external auditor present.
- Proposed a 2022 Internal Audit function budget, ensuring the resources the function needed to its duties effectively.
- Was kept apprised of audit hub projects and internal audit digital initiatives.
- Assessed the preparedness and effectiveness of the Internal Audit function to fulfil its duties.
- Reviewed and reported to the board on the CAE's 2022 objectives.
- Reviewed the CAE's performance in 2022 and reported to the remuneration committee and to the board to set his variable remuneration.
- Was engaged in the appointment of new subsidiary CAEs, ensuring their proper oversight and control, in coordination with the nomination committee.

**Monitoring of internal audit activities**

- Reported on the internal audit plan, internal audit recommendations and ratings of units and corporate functions. Each unit CAE reported to the committee at least once in 2022.
- Reviewed the strategic audit plan for 2022-2025 and recommended it to the board for approval, ensuring that it covered the Group's relevant risks.
- Received regular information on the internal audit activities carried out in 2022, highlighting an overall improvement in audit ratings, as a result of the continued focus on a stronger control environment; and conducted an additional review of issued audit reports, requiring that relevant business areas present action plans.
- Continued promoting the first-line's further involvement in internal audit recommendations and ensured that senior management and the board understood the conclusions of internal audit reports.
- Received holistic reviews of internal audit coverage of financial crime, model risk, ESG and vendor management and other topics, to ensure proper oversight, with second line of defence representatives invited to provide additional feedback.

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

- Received information on the Group's internal control system and monitored related action plans, together with the internal control strategic plan.
- Received reports and certification on the Group's 2021 internal control system (ICS) and assessed its effectiveness in compliance with CNMV Internal Control over Financial Reporting regulation (SCIIF) and the SEC Sarbanes-Oxley Act (SOx).

**Whistleblowing channel (Canal Abierto)**

- Received information in a joint meeting with the risk supervision, regulation and compliance committee on *Canal Abierto*, the Group's whistleblowing channel with a special focus on matters within the committee's area of authority to ensure the Group's culture empowers employees and other persons related to Banco Santander can talk straight and report irregular practices without fear of reprisal.

**Coordination with Risk and Compliance and Conduct**

- Held two joint meetings with the risk supervision, regulation and compliance committee to discuss the Group's risk control environment assessment, risk model, financial crime compliance, risk culture, whistleblowing, third-party supplier risk management and other topics of mutual interest.
- Received biannual reports on legal risk, in coordination with the risk supervision, regulation and compliance committee.
- Invited the CRO to all 2022 committee meetings.
- The chairs of the audit committee and the risk supervision, regulation and compliance committees met regularly.

**Other activities**

- Endorsed the Pillar III disclosures report, which was submitted to the board for approval.
- Received reports from Santander España audit committee on the main items covered at its meeting to remain sighted on its activities.

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

- Was informed of the activities of the Group's offshore entities by the Head of Tax, in accordance with Spanish regulations. See note 3.c) in the 'Notes to the consolidated financial statements'.
- Received a report on the creation of special purpose entities and reported favourably to the board on the proposals presented.

**Duties****Actions taken****Authorization and oversight of related-party transactions**

- Reviewed the details and balances of the related-party transactions that appear in the annual and half-yearly financial statements. Checked that those transactions were carried out under market conditions.
- Conducted bi-annual reviews to check that related-party transactions complied with the law, the Rules and regulations of the board and the conditions set by board resolution, and met the requirements to be considered fair, reasonable and transparent. Reported its findings to the board.
- Reviewed and recommended to the board changes and a wider scope for the rules for authorizing related-party transactions, in particular in relation to non-typically banking transactions and those whose approval has not been delegated by the board of directors.
- Issued the Related-party transactions report, which can be found in section [4.12 'Related-party transactions and other conflicts of interest'](#).

**Transactions involving structural or corporate changes**

- Reviewed the corporate transactions that the Group planned in 2022 prior to their submission to the board of directors, analysing their economic conditions, accounting and internal audit impact.

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

- Was represented by Pamela Walkden in reporting at the 2022 AGM on the committee's activities in 2022.

**Corporate documents for 2022**

- Prepared this activities report which includes a performance review of the committee's functions and key priorities identified for 2023.

**Annual assessment of the committee**

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see '[Board effectiveness review in 2022](#)' in section 4.3.

**Achievement of 2022 objectives**

The committee took these actions planned for 2022:

- Welcomed Germán de la Fuente as a new member. He complements the skills and background of committee members with additional accounting and audit experience and strong knowledge of banking and financial services.
- Increased the overall committee effectiveness, ensuring proper mechanisms remained in place to coordinate and share information with the risk supervision, regulation and compliance committee and others.
- Proactively reviewed its forward-looking planning to ensure committee time was used optimally and aligned with member expectations, and its responsibilities were discharged in line with its assigned functions.
- Enabled the Group and subsidiary chairs to participate in each other's committee meetings, and held a meeting of audit committee Chairs of Grupo Santander to discuss global initiatives and topical matters of mutual interest.
- Oversaw the internal audit plan and the Group's environmental strategic initiatives, the Internal Audit function, the internal control systems as well as the measurement of emerging risks identified by management.
- Oversaw key judgements made in preparing the Group's financial statements, including the oversight of the integrity of financial reporting and controls.

**2023 priorities**

The committee set the following priorities for 2023:

- Continue to monitor the impact of the current volatile environment on key aspects within the committee's remit. These include the macroeconomic scenarios which flow

through to the key management judgements and estimates, such as provisioning, that are made in preparing the Group's financial statements, as well as the heightened risks around, for example, supply chain and cyber.

- Continue to supervise the Group's units and global businesses, with a special focus on those more relevant to the digital transformation, such as PagoNxt and Digital Consumer Bank, to ensure that appropriate controls are in place.
- Continue to focus on the oversight of the internal audit plan execution, ensuring appropriate amendments to address future risks and appropriateness of the internal controls to manage these risks.
- Review our enhanced ESG disclosures to ensure consistency and coherence in a complex legislative framework and monitor the greater independent assurance required in the coming years, by both the SEC Climate disclosure and Corporate Sustainability Reporting Directive.
- Remain focused on the independence and effectiveness of both the Internal Audit team and the committee itself ensuring that their roles are discharged effectively, and maintain a strong working relationship with the other committees, as well as the subsidiary audit committees.

**4.6 Nomination committee activities in 2022**

'Board composition and succession were high on our agenda last year. In particular, significant time was devoted to our CEO succession process around a number of other senior roles impacted by Héctor's move to the CEO role. For all key board and senior appointments, the committee continues to oversee a robust succession process which has an appropriate focus on the diversity of candidates under consideration.

The skills and training of Group directors, the executive, senior management and workforce talent strategy, and gender and broader diversity criteria remained top priorities in the committee's succession planning discussions.

The effectiveness of the board, its committees and our overall governance remained a key priority in the year. We focused on the delivery of actions that arose from the 2021 external advisors' governance review and ensured that this was completed to our satisfaction. In this regard, the committee is committed to continuously improving board and committee governance and designed the 2022 board effectiveness review, which was conducted internally.

Lastly, R. Martín Chávez left the board and Glenn Hutchins joined the board and this committee, among others, on 20 December 2022. On behalf of the committee, I would like to thank R. Martín Chávez for his hard work and commitment and extend a warm welcome to Glenn Hutchins'.

**Bruce Carnegie-Brown**

Chair of the nomination committee

This section is the report the nomination committee prepared on 20 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

### Composition

Position		Category	Appointed on
<b>Chair</b>	Bruce Carnegie-Brown	Independent	12/02/2015 <sup>A</sup>
	Sol Daurella	Independent	23/02/2015
<b>Members</b>	Gina Díez Barroso	Independent	22/12/2021
	Glenn Hutchins	Independent	20/12/2022
<b>Secretary</b>	Jaime Pérez Renovales		

A. Committee Chair since 12 February 2015.

### Duties and activities in 2022

This section summarizes the nomination committee's activities in 2022.

#### Duties

#### Actions taken

#### Board and committees composition and succession planning

##### Selection succession and renewal of the board and its committees

- Ensured board member selection procedures guaranteed directors' individual and collective suitability; fostered diversity in its broadest sense (gender, geographical provenance, age, experience and skills); and analysed the required expertise, skills and time commitment for effective board membership.
- Continued playing a leading role in the appointment of board and committee members and planning their succession.
- Assessed the composition of the board committees and the international advisory board in order to ensure they had the right skills and experience to perform their duties successfully.
- Continued monitoring the board of directors' overall skills and competencies, either thematic or horizontal, including the need to cover Grupo Santander's strategic markets and such areas as technology, digital strategy, banking, finance, regulation, data management and sustainability; and verified that the overall composition of the board of directors and its committees remain appropriate.
- Ensured an up-to-date candidate pool identification for any proposal of appointment, considered diversity in its broadest sense.

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

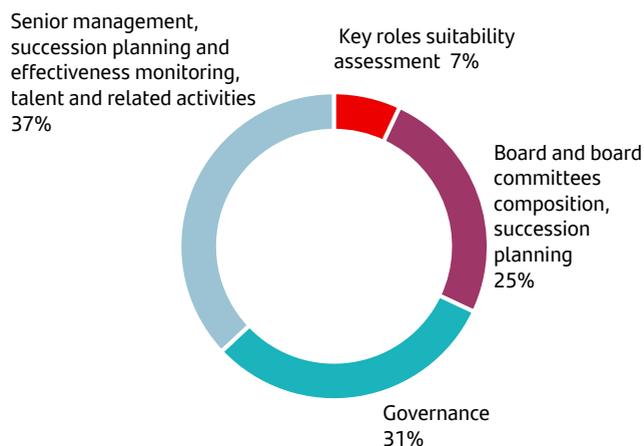
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

R. Martín Chávez stepped down as member of the committee on 1 July 2022 and Glenn Hutchins was appointed to the committee on 20 December 2022.

### Time allocation

In 2022, the nomination committee held 12 meetings, including one joint session with the remuneration committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



**Duties****Actions taken**

<b>Appointment, re-election and confirmation of directors and committee members</b>	<ul style="list-style-type: none"> <li>• Considered areas of expertise and experience required to complement the board of directors by reference to the board skills and diversity matrix as well as the board effectiveness review in order to commission the relevant recruitment.</li> <li>• Oversaw a rigorous and comprehensive process to facilitate the orderly succession of the Chief Executive Officer position, taking into account and constructively challenging all relevant factors. As a result, confirmed the suitability of Héctor Grisi for the position of director and CEO and proposed his nomination to the board of directors.</li> <li>• Recommended that José Antonio Álvarez should remain as Vice Chair once he steps down from his executive duties on 1 January 2023.</li> <li>• Was apprised of the resignations from R Martín Chávez (effective on 1 July 2022) and from Sergio Rial (effective on 1 January 2023) as directors of the board, which they had tendered in order to pursue other professional interests.</li> <li>• Recommended the nomination of Glenn Hutchins as independent director, effective from 20 December 2022, in light of his expertise in different areas, such as financial supervision, banking and technology.</li> <li>• Proposed composition changes for certain committees to further enhance their performance and support to the board in their areas of authority.</li> </ul>
<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 a proposal to the board of directors for it to be confirmed in the annual corporate governance report and at the 2023 AGM. See section 4.2 'Board composition'.</li> <li>• Assessed directors' independence, verifying there were no significant business ties between the Group and companies in which they are or have been significant shareholders, directors or senior managers, in particular regarding financing extended by the Group to such companies. In all cases, the committee concluded that existing ties were not significant because (i) financing (a) did not constitute economic dependency for such companies because other sources of funding were available, and (b) was consistent with the Group's share of the relevant market; and because (ii) business ties did not reach comparable materiality thresholds used in other jurisdictions as benchmarks (e.g. New York Stock Exchange (NYSE), Nasdaq and Canada's Bank Act), among other reasons.</li> </ul>
<b>Directors' potential conflicts of interest and other professional activities</b>	<ul style="list-style-type: none"> <li>• Examined the information provided by directors about their intention to carry out other professional activities or positions outside the Group held in order to assess related time commitment and the compliance with the maximum number of boards to which they may belong according to the applicable legislation. Concluded that those commitments did not interfere with their obligations as Banco Santander directors nor entail any conflict of interest.</li> </ul>
<b>Director induction, training and development programmes</b>	<ul style="list-style-type: none"> <li>• Assessed the effectiveness of the Group's director induction, training and development programmes based on the Rules and regulations of the board, ESMA and EBA's joint guidelines and the Spanish Governance Code guaranteeing that such programmes are designed according to each director's circumstances and needs and identified areas for improvement and additional training topics for the 2023 training programme.</li> </ul>
<b>Senior management, succession planning and effectiveness monitoring, talent and related activities</b>	
<b>Succession planning for executive directors and senior management</b>	<ul style="list-style-type: none"> <li>• Oversaw the discipline applied to senior executive succession planning (which included key positions in subsidiaries) and made sure plans were being implemented for the orderly succession of senior managers through a rigorous, transparent, merit-based and objective process that promotes diversity in its broadest sense.</li> <li>• Oversaw appointments of key positions and the regular strategic review of leadership succession plans.</li> </ul>
<b>Appointment of key officers</b>	<ul style="list-style-type: none"> <li>• Recommended the following nominees, later appointed by the board: <ul style="list-style-type: none"> <li>• Felipe García Ascencio as CEO of Santander México and Country Head</li> <li>• Román Blanco as CEO of Santander Chile and Country Head.</li> <li>• Ángel Rivera as CEO of Santander España and Country Head.</li> <li>• Cristina Ruiz as Head of Transformation of Santander España.</li> <li>• Matías Sánchez as Global Head of Cards &amp; Digital Solutions.</li> <li>• Mahesh Aditya as Group CRO, subject to customary approvals.</li> </ul> </li> <li>• Issued favourable opinions on director and senior manager appointments in the Group's core subsidiaries.</li> </ul>
<b>Talent and culture matters</b>	<ul style="list-style-type: none"> <li>• Discussed Human Resources' activities and progress with the 2021 diversity, equity and inclusion strategy, new proposals for 2022; and reviewed the Group's STEM (science, technology, engineering and mathematics) talent strategy.</li> <li>• Assessed and challenged proposals on top-leadership goals, career development plans &amp; mobility.</li> </ul>

**Duties****Actions taken****Governance****Board effectiveness review**

- Reviewed the execution of the action plan to address the areas for improvement revealed in the 2021 board effectiveness annual review.
- Oversaw the 2022 board effectiveness review, which was performed internally and the resulting action plan. See '[Board effectiveness review in 2022](#)' in section 4.3.

**Internal governance**

- Assessed the suitability of certain key position nominees for the subsidiaries, subject to the Group's appointments and suitability procedure.
- Oversaw subsidiary board composition to ensure consistent suitability in line with expectations across the Group.
- Coordinated the appointments of specific subsidiary CAEs, CROs and CCOs with audit and risk supervision, regulation and compliance committees, ensuring their proper oversight and control.
- Remained apprised on new governance regulation, trends, best practices and implications for the Group. In this regard received proposed amendments to the GSGM and other applicable internal regulation, which were endorsed and recommended to the board for approval.
- Verified that subsidiaries followed the GSGM on board and committee structure and their functions pursuant best practices. In addition, the committee tracked subsidiary actions and progress in implementing internal regulation dictated by the Group.
- Endorsed Group director nominations for subsidiary boards to ensure board members representing the significant shareholder were suitable and correctly perform their duties.
- Reviewed the subsidiary board and board Chairs annual effectiveness reviews.
- Endorsed the proposal to streamline the number of board meetings during the year whilst maintaining robust governance discipline and all times.

**Corporate governance**

- Oversaw the implementation of the action plan resulting from the external holistic review of our governance model commissioned in 2021.
- Reviewed the highlights and results from the 2022 AGM.
- Reviewed the work of the Lead Independent Director, ensuring the discharge of his duties, as evidenced through a summary of his activities in the year, which was also submitted to the board.
- Reviewed the work and presentations of the Shareholder and investor relations team, as well as the Lead Independent Director's engagement with investors' and shareholders and proxy advisors, and the feedback received from them on the Group's corporate governance arrangements.
- Reviewed the independence of the external advisers hired by the nomination and remuneration committees in 2022 in line with the CNMV Technical Guide 1/2019 on nomination and remuneration committees, analysing the services the advisers provided, the amounts they received and other items.
- Reviewed the annual corporate governance report to verify that information contained therein conforms to the Law and that the corporate governance system promotes corporate interests and considers the legitimate interests of all stakeholders.

**Key roles suitability assessment****Annual suitability re-assessment of directors and key function holders**

- Assessed the suitability of directors, senior management, head of internal control function heads and Group's key position holders, confirming their continued business and professional good reputes and appropriate knowledge and experience to perform their duties.
- Concluded that board members are capable of good governance of Banco Santander. To this effect, it has supervised that the attendance of the directors at the meetings of the board and the committees was not less than 75% and, in the specific cases of lower attendance, that the absences were duly justified and do not undermine their capacity to devote sufficient time to discharge their functions. Likewise, it has verified an average board attendance of 98.47%. See '[Board and committee preparation and attendance](#)' in section 4.3.
- Based on the information it had received from the directors, confirmed the absence of circumstances that could harm the Group's credit and reputation.

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

- Was represented by Bruce Carnegie-Brown in reporting at the 2022 AGM on the committee's activities in 2021.

**Corporate documents for 2022**

- Prepared this activities report, which includes a performance review of the committee's functions and key priorities identified for 2023.

**Annual assessment of the committee**

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see '[Board effectiveness review in 2022](#)' in section 4.3.

**Achievement of 2022 objectives**

The committee took these actions planned for 2022:

- Reviewed board and senior executive succession planning (including CEO and other key positions at Group and subsidiary level) regularly; ensured plans were in place for the



orderly succession of senior management positions and that the succession procedure was rigorous, transparent and based on meritocracy and objective criteria, as well as promoting diversity in its broadest sense.

- Monitored the skills, competencies and training needs of the directors and reviewed their induction, development and training programmes designed to continuously improve the knowledge of the most important topics of the organization and industry, and meet to regulatory requirements.
- Received information on talent strategy, focused on leading the workforce transformation of Santander to ensure its readiness for emerging challenges, with a focus on STEM talent attraction.
- Ensured delivery of actions that arose from the 2021 external advisor's governance review and ensured that those were completed, ensuring the continuous improvement of our governance arrangements.
- Oversaw engagement with shareholders and investors about governance.

## 2023 priorities

The committee set the following priorities for 2023:

- Continue to review the senior executive and board member succession plans based on Group's strategic needs, including potential challenges the business may face. This will include ensuring the continued development of internal succession pipeline.
- Continue to promote gender and broader diversity in our succession policy and talent strategy, acknowledging that building a more diverse and inclusive workforce is critical to business sustainability and success.
- Continue to monitor board members' expertise and training needs, as well as the board's development.
- Review the process for the appointment of a successor to the Lead Independent Director.
- Keep corporate governance arrangements under constant review ensuring that the expectations of all stakeholders with strategic relevance for the Group are considered; closely monitoring shareholder engagement and, together with the lead independent director, considering their feedback and insights.
- Continue to ensure the ongoing application of the GSGM and related internal regulation across Santander, and as a consequence, robust oversight and control of the Group's subsidiaries.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged with appropriate rigour.

## 4.7 Remuneration committee activities in 2022

'We continued to oversee the drafting and implementation of remuneration policies and schemes, ensuring they promote effective risk management, strong performance, meritocracy, our culture and our T.E.A.M.S. corporate behaviours. We commissioned an external review of our remuneration arrangements, which concluded that the Group's policies, procedures and practices fully comply with applicable legislation.

The committee holds the belief that a diverse workforce and an inclusive workplace are key to fulfilling the Group's strategic ambitions, and for such purposes, it continued to oversee that the remuneration policy addressed those principles.

We benefited from our members' mix of experience and skills, leveraging their collective insights to ensure best possible outcomes. They each provided appropriate advice and challenge to management on the matters presented. Fluid and effective communication with executives and non-executives enabled us to continue monitoring our incentive structures and measures, maintain alignment with our targets, culture and behaviours, and support the delivery of our strategic transformation agenda'.

### Bruce Carnegie-Brown

Chair of the remuneration committee

This section is the report the remuneration committee prepared on 20 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

### Composition

Position		Category	Appointed on
Chair	Bruce Carnegie-Brown	Independent	12/02/2015 <sup>A</sup>
	Sol Daurella	Independent	23/02/2015
	Henrique de Castro	Independent	29/10/2019
Members	Glenn Hutchins	Independent	20/12/2022
	Luis Isasi	Other external	19/05/2020
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 12 February 2015.



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

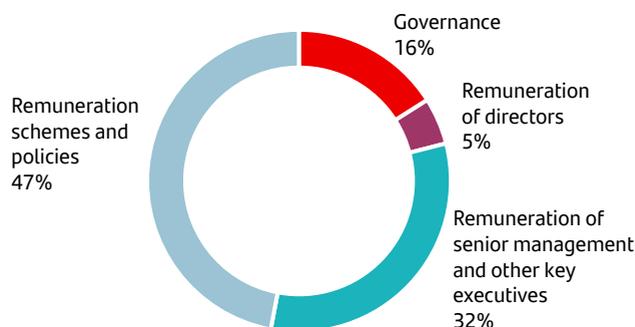
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

R. Martín Chávez stepped down as a member of the committee on 19 April 2022 and Glenn Hutchins was appointed to the committee on 20 December 2022.

### Time allocation

In 2022, the remuneration committee held 13 meetings, including two joint sessions, one with the nomination committee and one with the risk supervision, regulation and compliance committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



### Duties and activities in 2022

This section summarizes the remuneration committee's activities in 2022.

Duties	Actions taken
<b>Remuneration schemes and policies</b>	
<b>Remuneration policy for executive directors, senior management and other key executives</b>	<ul style="list-style-type: none"> <li>Remained focused on simplifying executive directors and top management remuneration, shaping remuneration schemes consistent with Banco Santander's Simple, Personal and Fair values, with long term ESG-related metrics in coordination with the responsible banking, sustainability and culture committee.</li> <li>Proposed to the board global annual variable remuneration for 2021 (payable immediately) and deferred executive remuneration, based on achievement of previously set quantitative and qualitative targets. Recommended individual remuneration of members of senior management, based on annual performance targets and their weightings as set by the board.</li> <li>Reviewed the calibration of executives' performance reviews for the Executive Chair, the CEO and the CFO in coordination with non-executive directors; for the CRO and CCO with the risk supervision, regulation and compliance committee; and the CAE with the audit committee.</li> <li>Made sure remuneration for senior management remained fair and competitive, recommending adjustments where appropriate to the board, based on a benchmark analysis.</li> <li>Established the annual performance indicators to calculate variable remuneration for 2023 in order to maintain the simplification of the bonus pool scorecard approved for the previous year, with a continued focus on customer centric, risk, capital and sustainable profitability.</li> <li>Set the achievement scales for the annual and multi-year performance targets and weightings for submission to the board.</li> </ul>
<b>Assist the board of directors in supervising compliance with remuneration policies</b>	<ul style="list-style-type: none"> <li>Checked that remuneration schemes were appropriate to the Group's results, corporate culture and risk appetite and created no incentive to breach risk appetite.</li> <li>Reported to the board on Group remuneration practices and assessed their effectiveness receiving confirmation on the alignment of Group-wide remuneration practices with the Group remuneration policy.</li> <li>Reported to the board that an external advisor assessment based on Act 10/2014 and EBA guidelines, found that the Group's policies, procedures and practices complies with the regulatory requirements for credit institutions.</li> <li>Endorsed proposed changes to the remuneration policy based on updates of EBA guidelines on the data collection exercise for high earners and remuneration benchmarking.</li> <li>Reviewed and proposed to the board of directors for approval a retention plan proposal to ensure timely decisions in connection with staff retention measures in a resolution scenario.</li> <li>Reviewed the adoption of ex post risk adjustments, including the application of <i>malus</i> and clawback arrangements within the Group.</li> </ul>

**Duties****Diversity, equity and inclusion****Actions taken**

- Reviewed policies on diversity, gender pay gap reduction and equal pay with a view to promoting greater diversity in its broadest sense, acknowledging progress made in the number of women in senior positions.
- Reviewed internal “equal pay for equal work” data against the previous year and targets and focused on measures to enhance them in each country.
- Received information on inclusion indicators and initiatives launched to continue promoting a culture of inclusion in the Group and ensured the avoidance of pay gaps in this regard.

**Remuneration of senior management and other key executives****Fixed remuneration for executive directors**

- Checked that executive directors' fixed remuneration remained appropriate to their duties based on market rates which resulted in no adjustments.
- Reviewed and proposed to the board the compensation for the newly appointed CEO.

**Variable remuneration for executive directors and senior management**

- Proposed to the board immediately payable and deferred amounts of variable remuneration for the preceding year.
- Reviewed and submitted a proposal to the board for approval, on annual performance indicators and targets to calculate 2023 variable remuneration.

**Share plans**

- Submitted a proposal to the board and to vote at the 2022 AGM regarding the approval of remuneration plans that involve the delivery to executive directors and senior management of shares or share options (deferred multiyear target variable remuneration plan; deferred and conditional variable remuneration plan; application of the Group buy-out policy).
- Reviewed the 2022 Digital Transformation Award, which was designed to attract and retain key talent to drive long-term share value creation based on the achievement of key digital milestones. As part of the 2022 Digital Transformation Award, the committee reviewed and submitted to the board incentive proposals for senior executives to foster collaboration between the Group and PagoNxt.
- Analysed and submitted to the board tailored incentive schemes for strategic businesses to drive talent retention and alignment with the Group's strategic priorities.

**Remuneration of directors****Individual remuneration of directors in their capacity as such**

- Analysed and proposed adjustments to the directors' remuneration in their capacity as such, based on the positions they held on the collective decision-making body, their membership and attendance at committee meetings, benchmark information and other objective circumstances.

**Remuneration of Identified Staff****Remuneration of other executives who are Identified Staff but not senior management**

- Reviewed the volume of the Identified Staff population, trends versus previous years and checked that fixed and variable remuneration ratios for control functions remained consistent with regulation and targets.
- Set key remuneration components for Identified Staff (Material Risk Takers) in coordination with the risk supervision, regulation and compliance committee.
- Maintained close coordination with the board and its committees to ensure that risks are correctly controlled and mitigated.
- Submitted a proposal to the board, for subsequent submission to the 2022 AGM, regarding the approval of maximum variable remuneration of up to 200% of the fixed component for Group employees whose activities have a material impact on Banco Santander or the Group's risk profile, including executive directors and senior management.
- Checked that remuneration schemes supported attraction and retention of key talent to help drive digitalization, the application of incentives implemented in the Group, and the achievement of long-term deferred remuneration metrics.

**Governance****Coordination with subsidiaries**

- Received information on local market practices, remuneration trends and challenges in different local markets.
- Held a joint session with the risk supervision, regulation and compliance committee to review the subsidiary action plans on internal sales force pay and conduct risk for the external sales force and verified that remuneration schemes factor in capital and liquidity, and do not offer incentives to assume risks that exceed Banco Santander's tolerance, thus promoting and being compatible with adequate and effective risk management.
- Reviewed the remuneration practices for subsidiary directors.

**Annual directors' remuneration report**

- Assisted the board of directors in overseeing compliance with the director remuneration policy.
- Reviewed the lead independent director's report on engagement with key shareholders and proxy advisors regarding executive director remuneration.
- Reviewed and proposed to the board the annual directors' remuneration report for an advisory vote at the 2022 AGM.

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

<b>Shareholders information</b>	• Was represented by Bruce Carnegie-Brown in reporting at the 2022 AGM on the committee's activities in 2021.
<b>Corporate documents for 2022</b>	• Prepared this report, which includes a performance review of the committee's functions and key priorities identified for 2023.

**Annual assessment of the committee**

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see ['Board effectiveness review in 2022'](#) in section 4.3.

**Achievement of 2022 objectives**

The committee took these actions planned for 2022:

- Checked regularly that incentives remained consistent with corporate strategy, culture and T.E.A.M.S. behaviours and that remuneration schemes remained simple, effective and fair and met regulation.
- Reviewed proposals to continue to enhance our employee value proposition to attract and retain key talent. In particular, placed a further focus on the challenges encountered relating to the attraction and retention of STEM talent.
- Enhanced coordination and information exchange with the subsidiaries based on presentations from subsidiary Human Resources functions on local market practices and challenges.
- Continued prioritizing gender pay measurement and trends in the Group to set targets; and checked that the methodology to calculate gender equality metrics was accurate and action plans effectively narrowed the gender pay gap in the Group and its subsidiaries.

**The director remuneration policy report**

Pursuant to section 2 of Article 529 novodecies of the Spanish Companies Act, the remuneration committee issues this report on the resolution regarding the directors' remuneration policy for 2023, 2024 and 2025 that will be submitted by the board of directors at the 2023 AGM as a separate item on the agenda and is an integral part of this report. See sections [6.4 Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote](#) and [6.5 Preparatory work and decision-making for the remuneration policy; remuneration committee involvement](#).

Banco Santander's Remuneration function prepares the directors' remuneration policy based on requests, observations and suggestions it receives from the human resources committee, remuneration committee, board of directors and external advisers, proxy advisors and ESG analysts throughout the year (the policy for 2023, 2024 and 2025 includes suggestions from Willis Towers Watson). The remuneration committee receives a first draft of the policy every January to review and debate. During the meeting, it considers the inputs the chair and lead independent director receive through shareholder and stakeholder engagement during the year. It also considers any recommendations from regulators, legal requirements or regulation that has come to light since the last time the policy was submitted for approval at the annual general meeting. The committee also makes sure the policy is

consistent with the Group's culture and Simple, Personal and Fair values. The Remuneration function then prepares the final draft for the remuneration committee to submit to the board of directors for approval in February.

The remuneration committee believes the directors' remuneration policy for 2023, 2024 and 2025 included under section [6.4](#) is consistent with the Group's remuneration policy and with the remuneration scheme in the Bylaws.

The directors' remuneration policy has been reviewed. Several new features have been introduced, among them, share options as variable remuneration instruments (along with shares) to align executive pay with shareholders' interests. It now has updated long-term metrics to cover ESG aspects, RoTE and relative TSR (which was already included, but increasing the minimum threshold for pay) to be consistent with best practice and our shareholders' and investors' interests. Furthermore, it has reduced our annual pool metrics from four to three (i.e. customers, RoRWA and RoTE), with qualitative adjustments for risk, capital adequacy, competitor analysis, sustainable results and responsible banking commitments to sharpen our strategic focus.

**2023 priorities**

The committee set the following priorities for 2023:

- Keep incentive measures under continuous review to ensure that they continue to align with our strategic aims. This will include a continued focus on customers and sustainable profitability and drive our corporate culture and behaviours, balancing the needs of our different stakeholders, with strong shareholder support and appreciation from investors and proxy advisors.
- Continue to monitor external developments in executive remuneration best practices in the financial industry and broader market within regulation to enhance our employee value proposition. This will ensure that our remuneration schemes remain effective for attracting and retaining key talent for the Group's strategic ambitions. Make sure remuneration promotes meritocracy and effective risk management.
- Continue focusing on accelerating pay equality in the Group to support Santander's commitment to diversity, equity and inclusion.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged with appropriate rigour.



## 4.8 Risk supervision, regulation and compliance committee activities in 2022

'2022 was another challenging year. The war in Ukraine added to an already tough macro environment, with rising inflation and interest rates, the energy crisis and price volatility across the globe causing significant market dislocation. The committee closely oversaw the actions to manage and face those circumstances.

We monitored everyday and more strategic, non-traditional emerging risks closely in all subsidiaries and in full coordination with the board and other committees. We focused on long-term strategic risks that could ultimately compromise Grupo Santander's business and risk profile. The committee held two strategy meetings in 2022, where it reviewed key emerging risks and the implications that the war in Ukraine would have, even before it started; the impact of inflation and stagflation on key economies and the financial system; the green energy transition; fiat money versus digital currencies; and the risks and challenges that China poses to the global economy.

Members' skills and experience, boosted by the appointment of Germán de la Fuente as a member, helped the committee operate effectively and offer constructive challenge and support to management. We will remain vigilant of the current uncertainty and future risks to ensure they are managed properly in our daily operations.

Finally, I welcome our newly appointed CRO, Mahesh Aditya, who will join us from Santander Consumer USA in March 2023. In turn, I would like to thank Keiran Foad for his relentless work on strengthening Santander risk culture over the last five years'.

### Belén Romana

Chair of the risk supervision, regulation and compliance committee



This section is the report the risk supervision, regulation and compliance committee prepared on 16 February 2023 regarding its activities. The board of directors approved it on 27 February 2023.

## Composition

Position		Category	Appointed on
Chair	Belén Romana	Independent	28/10/2016 <sup>A</sup>
	Germán de la Fuente	Independent	01/01/2023
Members	Luis Isasi	Other external	19/05/2020
	Ramiro Mato	Independent	28/11/2017
	Pamela Walkden	Independent	01/05/2021
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 1 April 2021.

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

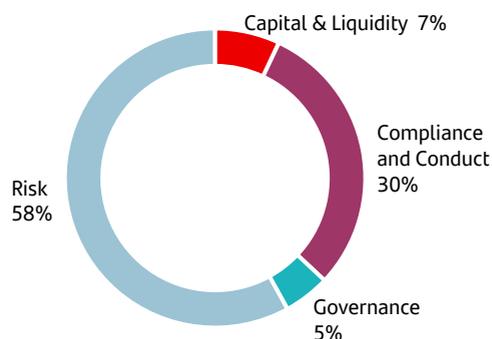
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

R. Martín Chávez stepped down as a member of the committee and Germán de la Fuente was appointed to the committee on 1 January 2023.

## Time allocation

In 2022, the committee held 17 meetings, including two strategy sessions in February and June, two joint sessions with the audit committee and one joint session with the remuneration committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:





## Duties and activities in 2022

This section summarizes the risk supervision, regulation and compliance committee's activities in 2022.

Duties	Actions taken
Risk	
<p><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</b></p>	<ul style="list-style-type: none"> <li>• Reviewed and proposed to the board for approval the annual risk appetite statement proposal, including the analysis of proposed new metrics and limits.</li> <li>• Reviewed quarterly monitoring of risk appetite metrics, compliance with the limits and any breaches in the year.</li> <li>• Reviewed social and environmental policies (in coordination with the responsible banking, sustainability and culture committee), which set out financing standards and prohibited activities in such industries as energy, mining and soft commodities.</li> <li>• Reviewed the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP), the Strategic Plan, the 3-year strategic financial plan, the annual budget, the recovery and resolution plans before the board of directors approved them. Reviewed and challenged the identified risks and mitigating factors associated with those key processes, their consistency, and their overall alignment to the Group' risk appetite.</li> </ul>
<p><b>Risk management and control</b></p>	<ul style="list-style-type: none"> <li>• Reviewed the Group's main risks, conducted specific analyses by unit and risk type; assessed proposals, issues and projects relating to risk management and control.</li> <li>• Received risk updates from core subsidiaries and businesses. .</li> <li>• Checked that the Group's risk control management, most notably the risk profile assessment (RPA) and the risk control self-assessment (RCSA) remained robust.</li> <li>• Supervised the risks associated with the main corporate transformation programmes and their mitigation measures, with specific focus on new global businesses and strategic initiatives.</li> <li>• Received regular updates on the identification of risk exercises to facilitate focus and discussion on top risks under management and the appropriateness of risk mitigating controls.</li> <li>• Analysed the potential impact and opportunities associated with emerging risks and how they would affect different geographies, our subsidiaries and businesses.</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 loan and non-performing asset performance during 2022, in particular considering the evolution of the portfolios under the current macroeconomic environment, considering the energy crisis and inflationary trend, as well as their potential effect on credit provisions, liquidity and capital.</li> <li>• Reviewed periodic reports on market, structural and counterparty risk.</li> <li>• Reviewed reports on non-financial risks including operational risk, legal risk, reputational risk, environmental and social risks (including climate) and vendor risk management, which remained areas of focus. Reviewed biannual reports on legal risk, in coordination with the audit committee.</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, including presentations on business continuity and contingency plans.</li> <li>• Reviewed, supervised and challenged the risks of strategic projects before their submission to the board of directors.</li> <li>• Supervised with the responsible banking, sustainability and culture committee the (i) the alignment of risk appetite and limits with corporate culture and values; (ii) non-financial risks; and (iii) new metrics related to climate that were proposed under the Risk Appetite Statement annual proposal.</li> </ul>
<p><b>Supervise the Risk function</b></p>	<ul style="list-style-type: none"> <li>• Reviewed the Risk function's activities, strategy, strengths and potential areas for improvement.</li> <li>• Ensured the ongoing independence and effectiveness of the Risk function, including the assessment of its staffing levels and overall appropriateness of its resourcing.</li> <li>• Reviewed and reported to the board on the CRO's 2022 objectives.</li> <li>• Reviewed the CRO's performance in 2022 against agreed risk appetite and strategy, at a joint session with the remuneration committee, and reported to the board to set his variable remuneration.</li> <li>• Was engaged in the appointment of the new Group CRO and subsidiary CROs, ensuring their proper oversight and control, in coordination with the nomination committee.</li> </ul>

**Duties****Actions taken****Collaboration to establish rational remuneration policies and practices**

- Held a joint session with the remuneration committee to review the subsidiary action plans on internal sales force pay and conduct risk for the external sales force and verified that remuneration schemes factor in capital and liquidity, and do not offer incentives to assume risks that exceed Banco Santander's tolerance, thus promoting and being compatible with adequate and effective risk management.
- Reviewed the ex-ante risk adjustment of total variable remuneration assigned to the units, based on actual risk outcomes and their management, in conjunction with the remuneration committee.
- Reviewed the 2022 bonus pool and results of the exercise carried out annually to identify employees whose professional activities had a material impact on the Group's risk profile (Identified staff or Material Risk Takers).

**Regulatory and supervisory relations**

- Reviewed relevant developments regarding regulatory and supervisory relations and maintained focus on the most relevant developments related to the SSM, the SRB, the supervisors of all the Group's subsidiaries and the SREP and specific on-site inspections related to risk and compliance matters, as appropriate.

**Compliance and conduct****Supervise the Compliance and Conduct function**

- Reviewed the Compliance and Conduct function area's activities, strategy, development of the 2022 compliance programme, strengths and potential areas for improvement.
- Ensured the ongoing independence and effectiveness of the Compliance and Conduct function, including the assessment of its staffing levels and overall appropriateness of its resourcing.
- Reviewed monthly reports on regulatory issues, product governance and consumer protection, reputational risk, internal and external events, notifications and inspections by supervisors, updates on the One Financial Crime Compliance (One FCC) programme and other matters.
- Received updates on compliance and conduct risks from the Group's main subsidiaries and global businesses, with a special focus on the status of the implementation of the One FCC programme.
- Met with the CCO (twice in private, in addition to other informal meetings) to discuss strategic compliance topics as well as to report independently and directly to the committee on any potential material issue relating to the Compliance and Conduct function, if needed.
- Reviewed and reported to the board on the CCO's 2022 objectives.
- Reviewed the CCO's performance in 2022 against the agreed compliance plan and compliance and conduct strategy at a joint session with the remuneration committee, in order to assist their work in determining her variable remuneration.
- Was engaged in the appointment of new subsidiary CCOs, ensuring their proper oversight and control, in coordination with the nomination committee.

**Regulatory compliance**

- Reviewed the Dodd Frank Title VII update, the Volcker Rule compliance programme, the status of data protection under the GDPR and the Corporate Defense Model.
- Reviewed and submitted to the board for approval amendments to the General Code of Conduct consistent with the corporate culture and new T.E.A.M.S. corporate behaviours.

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

- Reviewed, in a joint meeting with the audit committee, the annual report on *Canal Abierto*, the ethical channel that effectively promotes the Group's culture (Speak up) and a work environment where employees and other persons related to Banco Santander can talk straight and report irregular practices without fear of reprisal.

**Financial crime compliance (FCC)**

- Oversaw the Group's observance of FCC regulations as well as the activities carried out by the function to ensure the ongoing delivery of the Group's One FCC programme. In particular:
  - Was provided with quarterly updates on progress on the One FCC implementation strategy and progress in the Group, providing support to the board in the oversight of financial crime risks.
  - Reviewed the sanctions screening activity as part of the quarterly updates on One FCC, with a special focus on the sanctions imposed to Russia due the war in Ukraine.
- Received recommendations and observations stemming from the annual independent expert report on Banco Santander in accordance with Act 10/2010 and Royal Decree 304/2014 (on anti-money laundering and terrorism financing).

**Product governance and consumer protection**

- Checked on customer complaints and action plans to address identified deficiencies.
- Reviewed subsidiary action plans for internal sales force pay and conduct risk from the external sales force at a joint meeting with the remuneration committee.
- Reviewed risk management and the main risks identified, as well as on concerns, priorities and actions taken by the Product Governance and Consumer Protection area regarding the management and mitigation of conduct risk with retail and vulnerable customers.

**Duties****Actions taken****Capital and liquidity****Assist the board in reviewing and approving capital and liquidity strategies and supervising their implementation**

- Reviewed and reported to the board on the annual ICAAP run by the Finance division and challenged by the Risk function in accordance with industry best practices and supervisory guidelines.
- Reviewed a capital plan according to the scenarios envisaged over a three-year period.
- Reviewed and reported to the board on the ILAAP, which was challenged by the Risk function and developed in line with the Group's business model and its liquidity needs.
- Reviewed liquidity risk and liquidity levels of the Group and its subsidiaries.
- Continuously monitored capital levels, capital management and associated tools, the 2022 securitizations plan and the analysis of the portfolio profitability versus the risk undertaken.

**Governance****Corporate governance and internal governance**

- Received quarterly updates on the matters discussed at the responsible banking, sustainability and culture committee by the chair of this committee. Furthermore, the CRO provided updates on the work of the risk control committee in his capacity as chair of that executive committee.
- Maintained close interaction and communication with the audit committee and reviewed in a joint session, internal auditing of the Risk and Compliance and Conduct areas, the Group's risk control environment assessment, and reports on risk model, FCC, risk culture, whistleblowing and third-party supplier risk management.
- Received reports from Santander España risk committee on the main items covered at its meetings to remained sighted on its activities.

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

- Was represented by Belén Romana in reporting at the 2022 AGM committee's activities in 2021.

**Corporate documents for 2022**

- Prepared this activities report which includes a performance review of the committee's functions and key priorities identified for 2023.

**Annual assessment of the committee**

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see '[Board effectiveness review in 2022](#)' in section 4.3.

**Achievement of 2022 objectives**

The committee took these actions planned for 2022:

- Oversaw the risks generated by the war in Ukraine, inflation, price volatility in energy and commodities, interest rates hikes, among other market dislocations, and in particular, the market risk and liquidity risk on the Group's and subsidiaries' credit portfolios.
- Oversaw the risks associated with certain strategic projects, especially those relating to model risk, financial crime and anti-money laundering prevention, cyber security and climate change.
- Supervised the main risks of the core business units, geographies and new businesses, with an additional focus on emerging businesses that are relevant to the Group's strategy.
- Prioritized oversight of the Group's top risks, impacts and mitigation actions to ensure risks were appropriately managed and would remain within the board-approved risk appetite limits.
- Examined emerging and non-traditional risks to anticipate changes in business strategy (as discussed at its strategy meetings held in February and June 2022).
- Maintained close coordination with the board and its committees to ensure that risks were closely controlled and mitigated. Continued work on the committee's effectiveness

to make sure it is discharging its duties with the utmost efficacy. In particular, the committee heightened its coordination with other committees to examine matters that concerned them holistically and promoted greater presence of the first line of defence.

**2023 Priorities**

The committee set the following priorities for 2023:

- Continue to monitor the macroeconomic conditions, especially the energy crisis, inflation, interest rates hikes and potential recession in certain countries, and the potential impact on the Group.
- Continue to oversee the risks associated with certain strategic projects, PagoNxt and DCB, especially those relating to financial crime and money laundering prevention, IT obsolescence, climate change and model risk.
- Continue to monitor the Group's top risks, early warning indicators and mitigation actions to effective management of risks and Group's risk profile within risk appetite.
- Continue to identify emerging and non-traditional risks in order to anticipate potential impacts on our business model. Those risks will be a topic of debate at the committee's strategic meetings, which follows up on its strategic meetings held since 2020.
- Continue to enhance coordination and information exchange with core units and divisions, with Group and subsidiary-level committee chairs taking part in each other's risk supervision, regulation and compliance committee meetings. In addition, hold a convention of all chairs of the risk supervision, regulation and compliance committees of Grupo Santander to discuss global initiatives, expectations and relevant issues.



- Monitor and oversee the transition of new CRO and ensure that his onboarding is robust and effective, enabling him to be truly effective in role.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged in the most tangible and effective manner.

## 4.9 Responsible banking, sustainability and culture committee activities in 2022

'The committee continued to drive the responsible banking agenda, including sustainability strategy, by helping the board strive towards being a more responsible bank which will in turn strengthen our customer loyalty. This included ensuring that environmental, social and governance factors were truly embedded within the Group's strategy and culture.

We reviewed actions proposed to align with the Task force on Climate-related Financial Disclosure (TCFD) recommendations, including targets to reduce emissions in emission intensive sectors, decarbonization strategy and commitments. Sustainable finance and green finance remained key areas of focus. The committee monitored the unit's progress and the key initiatives to swiftly integrate green finance within risk management, climate stress testing, and the new risk appetite in our three-year strategic plan.

We oversaw core initiatives, targets and metrics that underpin Santander's focus on culture, ethics, equality, diversity, wellbeing and financial inclusion. We maintained focus on vulnerable customers, support for education and our communities, and sustainability data quality and ESG reporting (in coordination with the audit committee).

We benefited from our members' mix of expertise and skills. Each provided appropriate advice, challenge to management and support to the board. I would like to thank them for their invaluable contributions during the year'.

### Ramiro Mato

Chair of the responsible banking, sustainability and culture committee

This section is the report the responsible banking, sustainability and culture committee prepared regarding its activities on 20 February 2023. The board of directors approved it on 27 February 2023.

### Composition

Position		Category	Appointed on
Chair	Ramiro Mato	Independent	01/07/2018 <sup>A</sup>
	Homaira Akbari	Independent	01/07/2018
Members	Sol Daurella	Independent	01/07/2018
	Gina Díez Barroso	Independent	31/01/2023
	Belén Romana	Independent	01/07/2018
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 1 July 2018.

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

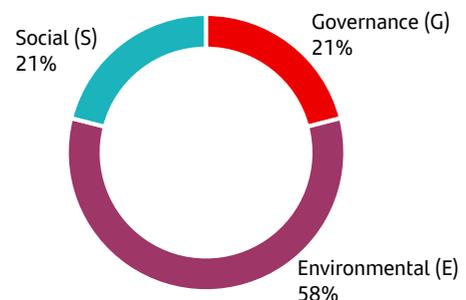
For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

Álvaro Cardoso stepped down as member of the committee on 1 April 2022 and Gina Díez Barroso was appointed to the committee on 31 January 2023.

### Time allocation

In 2022, the responsible banking, sustainability and culture committee held five meetings. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:





## Duties and activities in 2022

This section summarizes the responsible banking, sustainability and culture committee's activities in 2022.

Duties	Actions taken
<b>Environmental (E)</b>	
<b>Portfolio alignment with Net Zero by 2050</b>	<ul style="list-style-type: none"> <li>Reviewed and provided input into the Group's climate change strategy, providing challenge to it to ensure that it remained a key enabler to achieve our ambition of net zero emissions by 2050.</li> <li>Reviewed three new decarbonization targets for 2030 in the energy, aviation and steel sectors.</li> <li>Monitored and assessed the Group's progress on its public commitments to ensure that its KPIs remained relevant and aligned with committee expectations.</li> <li>Reviewed climate projects and participation in the Net Zero Banking Alliance.</li> <li>Endorsed the priorities for 2022, such as aiding our customers' green transition and promoting a green culture.</li> <li>Reviewed actions proposed to align with the TCFD recommendations.</li> </ul>
<b>ESG in risk management</b>	<ul style="list-style-type: none"> <li>Reviewed the ECB's 2022 climate stress test and the feedback received from the supervisor. Analysed lessons learned and next steps in climate and environmental management.</li> <li>Reviewed ESG factors introduced in credit approval processes, action plans and accomplishments.</li> <li>Reviewed the risk appetite statement proposed to decarbonize the power generation credit portfolio.</li> </ul>
<b>Green Finance</b>	<ul style="list-style-type: none"> <li>Reviewed and discussed the status and key progress done, ambition and next steps of the Green Finance unit as well as its strategy, commitments, challenges and opportunities in retail and commercial bank and Santander Corporate &amp; Investment Banking (SCIB).</li> <li>Checked on the status of the Green finance unit's initiatives on infrastructure, data, business projects, the market and considered the ambition to integrate green finance faster.</li> <li>Reviewed green bond issuances, annual disclosure requirements on the use of proceeds, and achievements from assigned projects.</li> <li>Reviewed and endorsed Santander Group Green, Social &amp; Sustainability Funding Global Framework.</li> </ul>
<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>Reviewed the biomass project to invest in a project to restore and conserve four million hectares of native forest in Brazil over the next 20 years.</li> </ul>
<b>Environmental Footprint</b>	<ul style="list-style-type: none"> <li>Reviewed the 2022 plan to offset emissions from its own activity and remain carbon neutral organization.</li> <li>Monitored the carbon footprint offsetting projects across the Group to fulfil public commitments.</li> </ul>
<b>Regulatory landscape</b>	<ul style="list-style-type: none"> <li>Reviewed relevant regulatory initiatives related to ESG sustainable finance in Europe which has evolved in recent years to maximize investment in transition to a low carbon economy by 2050 and increase transparency on business models and operations.</li> </ul>
<b>Social (S)</b>	
<b>Diversity, Equity and Inclusion</b>	<ul style="list-style-type: none"> <li>Reviewed diversity and inclusion strategy, initiatives and 2025 targets, and discussed the associated action plan for relevant dimensions of diversity, providing feedback and challenge on the same, as well as the Group's relative position in global rankings.</li> <li>Reviewed the talent management programme and employee wellbeing.</li> </ul>
<b>Customer financial wellbeing</b>	<ul style="list-style-type: none"> <li>Reviewed the vulnerable customers model and the guidelines for a common approach towards such customers, with awareness campaigns, fraud and over-indebtedness prevention, enhanced debt collection and mandatory training for our sales force.</li> <li>Reviewed a summary of initiatives developed in response to issues highlighted by elderly people in Spain, through campaigns like "Soy mayor, no soy idiota" ("I'm old, not stupid").</li> </ul>
<b>Financial inclusion and empowerment</b>	<ul style="list-style-type: none"> <li>Reviewed Santander's financial inclusion and empowerment approach to which each region and PagoNxt contributes. Discussed action plan to continue promoting financial inclusion and empowerment.</li> <li>Reviewed Santander Finance For All, our initiative to support financial inclusion and empowerment, and discussed its progress, targets and achievements through the access, finance and financial education lines of action.</li> <li>Considered opportunities to expand sustainable finance activities and financial inclusion activities.</li> </ul>
<b>Education and other support to communities</b>	<ul style="list-style-type: none"> <li>Reviewed strategy, targets and KPIs on support for education, employability and entrepreneurship at universities.</li> <li>Analysed the donation and contributions for social purposes, and in particular, reviewed the process to expedite the approval process of donations to help Ukrainians.</li> <li>Reviewed and endorsed responsible banking communications and the four key responsible banking communication pillars of diversity and inclusion, financial empowerment, climate change and Santander Universities.</li> </ul>

**Duties****Actions taken****Governance (G)****Corporate governance**

- Worked with the remuneration and risk supervision, regulation and compliance committees to review corporate culture and values, responsible banking practices and sustainability.
- Reviewed, in coordination with the remuneration committee, a proposal for a responsible banking scorecard within the bonus pool qualitative assessment based and in the development of the long term incentives, key variable remuneration tools based on responsible banking targets, metrics and commitments.
- Endorsed the guiding principles of responsible banking governance for effective controls on sustainability and best practice in place to mitigate risks, including greenwashing, and harness opportunities.
- Reviewed the responsible banking progresses in the regions, units, global businesses and corporate areas on a regular basis to ensure good communication and best practices globally.
- Identified relevant ESG topics based on the outcomes of the ESG Materiality assessment, which the Responsible banking team conducts every year with other teams and an external consultant.
- Ensured that the proposed responsible banking agenda for 2022-2025 and commitments for 2025 remain aligned to Santander's strategy.
- Reviewed Banco Santander's global sustainability ratings, as well as its strengths, areas for improvement and focus points with ESG rating providers. Reviewed any resultant action plans after engaging with investors and NGOs on ESG matters.
- Checked with the remuneration committee that ESG-related metrics for senior management remuneration schemes conformed to market practice, shareholders' growing interests and corporate culture and Simple, Personal and Fair values.
- Assisted the board in ensuring that responsible banking objectives, metrics and commitments were embedded in the Group's remuneration schemes.

**Culture, conduct and ethical behaviour**

- Reviewed our *Canal Abierto* ethical channel, an anonymous way for employees and other persons related to Banco Santander to talk straight and report irregular practices without fear of reprisal in all Group units, in order to aid the Group's cultural transformation.
- Reviewed the findings of the new engagement survey ("Your Voice") and employee listening strategy.
- Reviewed the new T.E.A.M.S. corporate behaviours within our global culture, The Santander Way.

**Policies and frameworks**

- Reviewed the policies on environmental, social and climate change risk management, general sustainability, the defence sector and other responsible banking topics, ensuring that they remain up to date and effective.
- Reviewed the rationale for adding instruments to Santander global sustainable bonds framework based on best practices of the ESG funding market.
- Ensured that the new General Code of Conduct promotes the values, principles and commitments of Grupo Santander toward its employees, customers, vendors and society.
- Ensured that the corporate responsible banking framework, approved in 2021, was effectively embedded throughout the Group.

**ESG reporting**

- Supported the audit committee on the supervision and assessment of the preparation and presentation of non-financial information according to the applicable regulations and international standards.
- Reviewed the 2022 Group statement on non-financial information and, the independent expert's report. See the '[Responsible banking](#)' chapter.
- Reviewed the progress on responsible banking through specific KPIs to drive execution of the responsible banking agenda.
- Reviewed Santander's ESG requirements and plans to enhance Group reporting of our public commitments, with data collection in areas' BAU and systems, better controls and regular reporting and audit processes.
- Gave feedback on the key topics disclosed in Climate finance report, new targets for energy, metal and aviation sectors and an action plan for the power generation sector.
- Endorsed Banco Santander's 2021 Green Bond Report.

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

- Was represented by Ramiro Mato in reporting at the 2022 AGM committee's activities in 2021.

**Corporate documents for 2022**

- Prepared this activities report, which includes a performance review of the committee's functions and key priorities identified for 2023.



## Annual assessment of the committee

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee considered the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see ['Board effectiveness review in 2022'](#) in section 4.3.

### Achievement of 2022 objectives

The committee took these actions planned for 2022:

- Assisted the board in monitoring climate change strategy and net zero carbon ambition for 2050, and continued to review risks and opportunities to develop sustainable finance proposals for a low-carbon economy. As part of that, the committee oversaw progress in relation to the implementation of the TCFD recommendations, including the introduction of targets to reduce emissions in certain climate-intensive sectors and the decarbonization strategy and commitments.
- Assisted the board in monitoring the development of green and sustainable finance propositions across the Group by monitoring unit's progress and their key initiatives.
- Assisted the board in monitoring the implementation of enablers to further embed ESG in the business and business-as-usual, including Banco Santander's performance of our responsible banking commitments and KPIs. Ensured that initiatives, targets and metrics were consistent with our commitments on diversity, equity and inclusion, financial inclusion and empowerment, vulnerability, talent management and ethical behaviour.
- Ensured that diversity and inclusion, The Santander Way, SPF values and T.E.A.M.S. corporate behaviours were being promoted throughout the Group; oversaw implementation of the associated strategic plans and monitored improvements in conduct, ethical behaviour, customer experience and satisfaction.
- Focused on ensuring the corporate responsible banking framework, approved in 2021, was effectively embedded throughout the Group.
- Oversaw the work undertaken with regulators on the stress test exercises, especially on climate risk.
- Monitored communications on the Group's achievements that built up a reputation as one of the world's most sustainable banks.

### 2023 Priorities

The committee set the following priorities for 2023:

- Continue to advise the board on the climate change strategy and our ambition to be net zero by 2050, monitoring the development of our green and sustainable finance proposition and customers' transition to a low-carbon economy.
- Oversee that actions and targets for climate material exposure and decarbonization strategy are consistent with the TCFD recommendations.
- Continue to assist the board in monitoring financial health and financial inclusion to foster the financial empowerment of the unbanked, underbanked and vulnerable customers.

- Review performance according on ESG analysts, addressing identified areas for improvement and specially focus on controversies and complaints received at Santander from customers or other stakeholders, to ensure root cause analysis and plan of actions are in place to remediate those.
- Provide support to the board in analysing and providing feedback on the ESG information for reporting, disclosure, and management purposes, in coordination with the audit committee.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged in the most tangible and effective manner.

## 4.10 Innovation and technology committee activities in 2022

'The committee continued overseeing the overall role of technology in our business strategy with the aim of being the best open financial services platform. While monitoring execution of T&O vision, the committee has remained focused on ensuring that the strategy enables business initiatives by partnering with global businesses and supporting functions, reducing risks and improving cost efficiency.'

Cybersecurity and data strategy remained top priorities. We continued our work on moving towards a data-driven organization that embraces the use of data and advanced analytics in decision making while generating business value in a responsible way. The committee has covered cyber progress and our position, evolution of the key strategic cyber-security pillars and initiatives, key trends and overall cyber threat landscape, including the challenges posed by the war in Ukraine.

An appropriate mix of members' skills, boosted by the appointment of Glenn Hutchins and Héctor Grisi, ensured that the committee remained well positioned to fulfil its responsibilities and operate effectively. I would like to take this opportunity welcome both Glenn and Héctor, and to thank R. Martín Chávez, who left the committee upon his resignation from the board, for his hard work, contributions and commitment.'

### Ana Botín

Chair of the innovation and technology committee

This section is the report on the activities of the innovation and technology committee, as approved by the board of directors on 27 February 2023.



## Composition

Position		Category	Appointed on
<b>Chair</b>	Ana Botín	Executive	23/04/2007 <sup>A</sup>
<b>Members</b>	José Antonio Álvarez	Other external	23/02/2015
	Homaira Akbari	Independent	27/09/2016
	Bruce Carnegie-Brown	Independent	23/02/2015
	Henrique de Castro	Independent	23/07/2019
	Héctor Grisi	Executive	01/01/2023
	Glenn Hutchins	Independent	20/12/2022
	Belén Romana	Independent	19/12/2017
<b>Secretary</b>	Jaime Pérez Renovales		

A. Committee Chair since 19 April 2022

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

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

Ana Botín was appointed chair on 18 April 2022 replacing R. Martín Chávez who stepped down on the same date. Glenn Hutchins also joined the committee on 20 December 2022 and Héctor Grisi joined with effect from 1 January 2023.

## Duties and activities in 2022

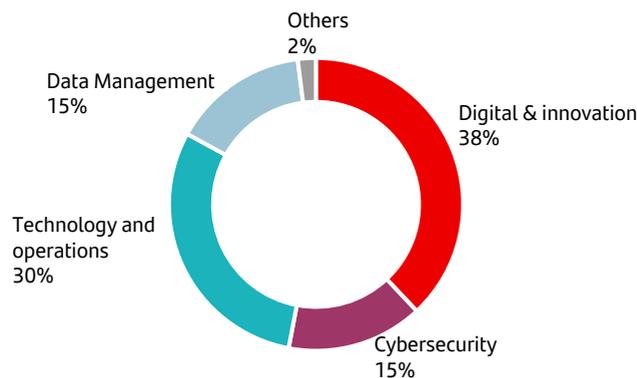
This section summarizes the innovation and technology committee's activities in 2022.

Duties	Actions taken
<b>Digital &amp; innovation</b>	
Digital	<ul style="list-style-type: none"> <li>• Boosted collaboration between subsidiaries, business units and the Technology and Operations (T&amp;O) function on the different digital initiatives, overseeing their execution.</li> <li>• Monitored metrics in connection with the digital evolution and associated transformation, such as operations outflows, cost-to-income ratio, number of applications, cost per transaction, digital technical transaction, machine learning impact, number of application programming interfaces (BaaS APIs) and tech talent.</li> <li>• Reviewed core digital strategies to transform business and accelerate new businesses growth.</li> </ul>
Innovation framework	<ul style="list-style-type: none"> <li>• Reviewed the implementation of the Group's innovation agenda leveraging on our digital and data management capabilities.</li> <li>• Identified the Group's challenges and capabilities to increase end-to-end business agile transformation.</li> <li>• Identified new opportunities for accelerated innovation across the Group and increased the likelihood of success in new business models, technologies, systems and platforms.</li> </ul>
<b>Technology and operations</b>	
Technology and operations	<ul style="list-style-type: none"> <li>• Reviewed the global technology strategy plan, reported to the board on T&amp;O planning and activities and ensured that T&amp;O strategy was properly focused on the Group's relevant priorities.</li> <li>• Endorsed the Group's core strategic technology priorities to integrate key digital capabilities, leveraging five pillars: agile, cloud, core systems evolution, artificial intelligence and deep technology related skills and data.</li> <li>• Reviewed the strategy supported by a new operating model based on global products and a common architecture.</li> <li>• Assisted the board in supervising technological risks.</li> </ul>

## Time allocation

In 2022, the innovation and technology committee held three meetings. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2022:



**Duties****Actions taken****Cybersecurity****Cybersecurity**

- Supervised defences against increasing threats and reviewed security controls and automated security processes.
- Analysed high-profile cyber incidents in Banco Santander and specific incidents outside the Group according to their relevance and impact, as appropriate.
- Monitored closely global cybersecurity and its associated impacts due to the Ukraine war that dominated the cyber threat landscape.
- Received regular updates on cybersecurity risks, with a special focus on exercises of crisis simulation, internal data leakage protection and such external threats as ransomware, in coordination with the risk supervision, regulation and compliance committee. Assisted the board in the supervision of cybersecurity risks.
- Reviewed the progress of Santander's cyber vision for 2025, the cyber strategy defined in 2021, focusing on the analysis of trends, protection techniques and responses and cyber solutions for our customers and stakeholders.
- Reviewed employee training, internal and external cyber awareness campaigns and other initiatives.
- Reviewed the annual external cyber security assessment, including the three lines of defense, performed by an external independent company on cyber threats, cybersecurity status and associated plans.

**Data management****Data management**

- Reviewed the Models & Data unit's priorities for the year to stay fully apprised on the models and data value chain to ensure their contribution to the improvement of business growth and customer experience, risk control improvement, data model development and ethical necessary principles for the proper use of the artificial intelligence within the information management.
- Assessed the adequacy of the resources of the Data function, validating their appropriateness and effectiveness for the Group and its subsidiaries.

**Information for general meetings and corporate documents****Corporate documents for 2022**

- Prepared this activities report, which includes a performance review of the committee's functions and key priorities identified for 2023.

**Annual assessment of the committee**

The 2022 internal board effectiveness review covered the committee's effectiveness. The committee will consider the findings and suggested areas for improvement resulting from the review and related to its remit. For more details, see ['Board effectiveness review in 2022'](#) in section 4.3.

**Achievement of 2022 objectives**

The committee took these actions planned for 2022:

- Continuously reviewed the Group's innovation strategy, especially in regard to a business-oriented T&O transformation model, maintaining its focus on trends arising from new business models, technology and products.
- Reviewed and discussed data management trends and regulations and analytical capabilities in the Group's businesses, based amongst others on the international advisory board's feedback, to ensure appropriate effectiveness and capabilities to support the Group's strategic priorities.
- Continued to strengthen the response and innovation strategies to react to an environment of ever-changing threats, including the challenges posed in terms of cyber by the war in Ukraine.
- Prioritized digital strategy through the implementation of multidisciplinary projects for the Group, assessing initiatives, targets, commitments, KPIs and proposed metrics on cross-projects evidencing such strategy.

**2023 Priorities**

The committee set the following priorities for 2023:

- Support the board on the Group innovation strategy, facing the trends resulting from new business models, technologies and products.
- Continue to review the effectiveness of data management and analytics as enablers for the Group to fulfil strategic priorities.
- Continue strengthening the Group's cybersecurity and fraud ecosystems while creating additional commercial value and service for clients.
- Continue to assess and provide suggestions on initiatives, targets, commitments, KPIs and proposed metrics on cross-cutting projects that conformed the Group's digital strategy.
- Remain focused on the overall effectiveness of the committee ensuring that its role is discharged in the most tangible and effective manner.



## 4.11 International advisory board

### Composition

Position	Background	
<b>Chair</b>	Larry Summers	Former Secretary of the US Treasury and President Emeritus and Charles W. Eliot University Professor of Harvard University
	Sheila C. Bair	Former chair of the Federal Deposit Insurance Corporation and former president of Washington College
	Mike Rhodin	Supervisory board member of TomTom and director of HzO. Former IBM Watson senior vice president
	Francisco D'Souza	Managing Partner and co-founder at Recognize
	James Whitehurst	Senior Advisor at IBM and former Chief Executive Officer of Red Hat
<b>Members</b>	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, Supervisory Board of the ECB former vice chair of Bank of America in Europe and former director of Bank for International Settlements
<b>Secretary</b>	Jaime Pérez Renovales	

### Functions

Since 2016, Banco Santander's international advisory board has provided the Group with expert insight into innovation, digital transformation, cybersecurity, new technologies, capital markets, corporate governance, branding, reputation, regulation and compliance.

Its members are external and not members of the board. They are prominent and respected leaders who have extensive experience in the most relevant areas for the strategy of the Group, particularly in terms of innovation, digital transformation and the US and European markets.

### Meetings

The international advisory board meets at least twice a year. In 2022, it met in May and October. It addressed such topics as simplifying the value proposition for consumers/ individuals with a new customer relationship model and an open efficient operating platform; data management strategy and intra-group data sharing; value-added cybersecurity and anti-fraud services for individuals and SMEs; and crypto strategy, web3 trends and applicable digital wallets.

## 4.12 Related-party transactions and other conflicts of interest

### Related-party transactions

This section contains the related-party transactions report referred to in the recommendation six of the Spanish Corporate Governance Code, that the audit committee prepared on 17 February 2023.

### Directors, senior managers and shareholders

Pursuant to the Rules and regulations of the board, a transaction that Banco Santander or its subsidiaries make with directors, shareholders who hold at least 10% of voting rights or sit on the board, and parties considered "related parties" under the International Financial Reporting Standards must be authorized:

- In the general meeting if it is worth 10% or more of assets on the last consolidated balance sheet; or
- By the board of directors in all other cases. Nonetheless, according to relevant rules and on the audit committee's recommendation, the board delegated authority to executive bodies, committees and competent proxies to approve related-party transactions if they:
  - are carried out under agreements with standard terms that would generally apply to customers who contract for the same product or service;
  - are made at prices or rates set by the supplier of such products or service or, where such products or service have no existing prices or rates, under regular market conditions as in business relations with similar customers; and
  - do not exceed 0.5% of the net annual income as stated in the last consolidated financial statements to have been approved at the general meeting.

The board approved an internal reporting and monitoring procedure in which the audit committee confirms twice a year that transactions authorized with delegated board powers are fair and transparent and meet the above-mentioned requirements.

The board also has an internal approval mechanism for non-banking and other transactions that do not meet the delegation requirements. It sets out minimum transaction terms and conditions in order to protect corporate and shareholder interests.

The board and audit committee check that transactions with related parties are fair and reasonable to Banco Santander and to the other shareholders.

If a related-party transaction must be approved at the general meeting or by the board, the law says that audit committee must issue a preliminary report about it. However, the law does not require the report for related-party transactions if they are approved under the board's delegated authority and meet the audit committee's requirements.

Board members must recuse themselves from all deliberations and votes on resolutions about a related-party transaction if they have a conflict of interest with it.

In 2022, the audit committee found that no director or related party, in the terms of International Financial Reporting Standards, carried out transactions deemed "significant" or material to Santander and the related party, or under non-market conditions.

The audit committee confirmed that all related-party transactions in 2022 had been performed correctly after conducting a bi-annual review on their conformity to the law,



the Rules and regulations of the board and the conditions set by board resolution, and met the requirements to be considered fair, reasonable and under market conditions (see the audit committee activities report under section [4.5 'Audit committee activities in 2022'](#)).

Banco Santander has a policy for the admission, authorisation and monitoring of financing transactions to directors and senior managers as well as to their spouse (or similar partner), a child who is a minor or legal adult and their financial dependent, or a company controlled by a director or a senior manager whose business is to hold assets for the sole purpose of managing their personal or family wealth. The policy also sets out general maximum borrowing rules, interest rates and other conditions that apply to related-party transactions, that are the same for all other employees. It dictates that the board must authorize loans, credit facilities and guarantees extended to Banco Santander's directors and senior managers, and, except the cases listed below, subsequently by the ECB:

- transactions guaranteed in a collective agreement signed by Banco Santander, with similar terms and conditions to transactions with any employee; or
- transactions made under agreements with standard conditions that generally apply to a large number of customers, if the amount granted to the beneficiary or their related parties does not exceed EUR 200,000.

Note [5.f 'Loans'](#) to the consolidated financial statements describes the direct risk Grupo Santander maintained with board members as of 31 December 2022. Those transactions are consistent with market conditions, have the same terms and conditions as transactions with employees, and allocate payments in kind where appropriate.

No Banco Santander shareholder holds 10% or more of voting rights or has a sit on the board.

### Intra-group transactions

The law does not consider direct or indirect transactions with a wholly-owned subsidiary or investee to be "related-party" if no party related to Banco Santander holds an interest in it. To this end, Santander monitors subsidiaries or investees' observance of these rules if they can be affected by related-party transactions. Intragroup transactions have the same rules, approval competent bodies and procedures as transactions with customers, with mechanisms to ensure that they are effected under market conditions.

Note [52 'Related parties'](#) to the consolidated financial statements and note [47 'Related parties'](#) to the individual financial statements state the balance of transactions with subsidiaries, affiliates, jointly-owned entities, directors, senior managers and related parties.

### Other conflicts of interest

Banco Santander has rules and procedures for preventing and managing conflicts of interest that can arise from operations or with directors and senior managers. We also have an internal policy for Group employees, directors and entities on preventing and managing conflicts of interest.

### Directors and senior managers

Our directors must adopt necessary measures to avoid situations in which their direct or indirect interests may enter

into conflict with corporate interests or their duty towards Banco Santander.

Directors must refrain from using Banco Santander's name or their position to exert undue influence on private transactions; using corporate assets for private purposes; using business opportunities for personal gain; obtaining favours or remuneration from others for being directors; and engaging in activities for themselves or others that will put them and Banco Santander in competition or permanent conflict.

Directors must report to the board conflicts of interest that they or their related parties may have with Banco Santander, which are to be disclosed in the financial statements. The nomination committee verifies compliance with the rules set from time to time to avoid conflicts of interest in other roles held by directors.

In 2022, no director reported a conflict of interest with Santander. Nonetheless, there were 28 abstentions in votes on matters deliberated at board and committee meetings, including 10 instances where directors did not vote on resolutions on nominations, re-elections or board committee assignments; five instances concerning remuneration; four instances relating to a transaction between Banco Santander and a director or a company related to a director; and nine instances where directors removed themselves during the review of their status and suitability.

The Code of conduct in security markets (CCSM), which directors and senior managers follow, provides mechanisms to recognize and resolve conflicts of interest. It also dictates that directors and senior managers must provide the Compliance & Conduct area with a statement on their relations, and they must keep it up to date.

They must also disclose any matter that could put them in a conflict of interest because of their ties or otherwise, and the chief officer of their area will resolve it. Conflicts that involve several areas must be resolved by their common senior officer. In other cases, the Compliance & Conduct area should be consulted.

The CCSM also dictates that directors, senior managers and related parties should not trade Grupo Santander's securities within 30 days either from the time they are bought or sold or before the quarterly, half-year or annual results are announced and published.

The CCSM can be found on our corporate website.

### Group companies

Banco Santander is the Group's only company listed in Spain, where it's not required to have mechanisms in place to resolve conflicts of interest with a listed subsidiary.

In a conflict of interest with a listed subsidiary, Banco Santander, as the parent company, must consider the interests of all its subsidiaries and how they suit the long-term interests of the Group. Subsidiaries should also consider the interests of Grupo Santander and assess the effect of their actions on the Group.

The Group structures governance on a system of rules that guarantees regulation on governance as well as proper oversight over subsidiaries (see section [7. 'Group structure and internal governance'](#)).

## 5. Management team

The table below shows the profiles of Banco Santander's Senior Executive Vice President. It does not include executive directors, whose profiles are described in section [4.1 'Our directors'](#)

<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. She was global head of Knowledge and Development at the Grupo Santander Corporate Centre from 2012 to 2016; head of Human Resources from 2016 to 2018; and head of Commercial Management and Segments at Santander Portugal from 2019 to 2020. In 2021, she was appointed global head of Human Resources.
<b>Juan Manuel Cendoya</b>	<b>GROUP HEAD OF COMMUNICATIONS, CORPORATE MARKETING AND RESEARCH</b>	Born in 1967, Juan Manuel Cendoya joined Grupo Santander in 2001 as Group Senior Executive Vice President and head of the Communications, Corporate Marketing and Research division. In 2016, he was appointed Vice Chair of the board of directors and head of Institutional and Media Relations of Santander España. Previously, he had been head of the Legal and Tax department of Bankinter, S.A. He is also a state attorney.
<b>José Doncel</b>	<b>GROUP CHIEF ACCOUNTING OFFICER</b>	Born in 1961, José Doncel joined Grupo Santander in 1989 as head of Accounting. He had also served as head of Accounting and Financial Management at Banesto (1994-2013). He was appointed Senior Executive Vice President and head of the Internal Audit division in 2013 and Group Chief Accounting Officer in 2014.
<b>Mahesh Aditya (*)</b>	<b>GROUP CHIEF RISK OFFICER</b>	Born in 1962, Mahesh Aditya joined Grupo Santander in 2017 as Chief Operating Officer of Santander Holdings USA. He became Chief Risk Officer in 2018 and Chief Executive Officer of Santander Consumer USA in 2019. Previously, he had been Chief Risk Officer at Visa and Chief Risk Officer of Retail & Mortgage Banking at JP Morgan, Capital One and Citibank.
<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 Banesto and in 2006, he was appointed Chief Executive Officer. Previously, he had served on the executive committee of Citigroup EMEA, as well as on the board of directors of Citigroup Capital Markets Int, Ltd. and Citigroup Capital Markets UK. In 2012, he was appointed Senior Executive Vice President of Global Corporate Banking before becoming Group Chief Financial Officer in 2015.
<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. and he had been general counsel and secretary of the board of Santander Investment, S.A. and Banco Santander de Negocios, S.A. In 2002, he was appointed vice secretary general of Banco Santander. In 2013, he was head of Banco Santander's Risk division. In 2014, he was appointed Group Chief Audit Executive. He is also a state attorney.
<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. (1993-1994). He worked as Senior Vice President and senior equity analyst at Oppenheimer & Co. (1994-1997), as well as director and senior equity analyst at Société Générale (1997-1999). He joined J.P. Morgan in 1999 and was subsequently appointed managing director and head of Global Corporate Banking at J.P. Morgan Chase & Co. (2011-2017).

(\*) Pending regulatory authorization. Replaces Keiran Foad.



<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 Banesto. Previously, she had been general counsel at Aldeasa, S.A. She also was general counsel at Bankinter, S.A., as well as independent director at Abertis Infraestructuras, S.A. In 2015, she was appointed Senior Executive Vice President of Banco Santander and Group Chief Compliance Officer until her appointment in 2019 as group head of Supervisory and Regulatory Relations. She is also a state attorney.
<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. He also held global senior management 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, he held several management roles at McKinsey & Company, where he had become partner.
<b>José Luis de Mora</b>	<b>GROUP HEAD OF STRATEGY &amp; CORPORATE DEVELOPMENT, FINANCIAL PLANNING AND SANTANDER CONSUMER FINANCE</b>	Born in 1966, José Luis de Mora joined Grupo Santander in 2003 to head the Group's Strategic Plan Development and Acquisitions. In 2015, he was appointed Group Senior Executive Vice President and Group head of Financial Planning and Corporate Development. He has been head of Strategy since 2019 and head and CEO of Santander Consumer Finance since 2020.
<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</b>	Born in 1975, António Simões joined Grupo Santander in 2020 as regional head of Europe and was country head of Santander España from 2021 to 2022. He was previously at HSBC, where he held roles including Chief Executive Officer of Global Private Banking, member of the group management board and group executive committee, and chief executive of HSBC Bank PLC and chief executive of Europe, encompassing all UK and European operations for HSBC Group.
<b>Marjolein van Hellemond-Gerdingh</b>	<b>GROUP CHIEF COMPLIANCE OFFICER</b>	Born in 1964, Marjolein van Hellemond-Gerdingh joined Grupo Santander in 2019 as Senior Executive Vice President and Chief Compliance Officer. Previously, she had been Chief Compliance Officer of several banking and financial entities such as NN Group, Zurich Insurance Company and De Lage Landen International B.V.



# 6. Remuneration

Sections [6.1](#), [6.2](#), [6.3](#), [6.5](#), [6.6](#), [6.7](#), [9.4](#) and [9.5](#) comprise the annual report on directors' remuneration that must be prepared and submitted to the consultative vote of the general shareholders' meeting.

In addition, sections [6.4](#) and [6.5](#) sets out the directors' remuneration policy for 2023, 2024 and 2025, which is to be put to a vote at the general shareholders' meeting, which is binding.

The annual report on directors' remuneration and the directors' remuneration policy for 2023, 2024 and 2025 were approved by our board of directors on 27 February 2023. All directors were present at the time of vote casting and voted in favour.

The remuneration policy for directors in force as of the date of this report is available on our corporate website.

## 6.1 Principles of the remuneration policy

### Directors' remuneration in their capacity as such

The board of directors sets the individual remuneration of directors (including executive directors) for the performance of supervisory and collective decision-making duties within the amount fixed by shareholders and commensurately with the roles they perform on the collective decision-making body, their committee membership and attendance, and other objective circumstances the board might consider.

### Remuneration of directors for executive duties

Banco Santander's remuneration policy for executive duties (which also generally applies to Banco Santander employees) dictates that:

1. Remuneration must be in line with shareholders' interests, conducive to creating long-term value and compatible with our rigorous risk management, long-term strategy and values.
2. Fixed remuneration must make up a significant proportion of total compensation.
3. Variable remuneration must reward individuals for their role in achieving set goals within the framework of prudent risk management.
4. The global remuneration package and its structure must be competitive in order to attract and retain talent.
5. Remuneration decisions must be free of conflicts of interest and discrimination of any kind different from that based on the performance assessment of objectives and corporate behaviours. Remuneration must be free of gender-based bias and help eliminate inequalities that could result from it.

The remuneration elements the policy lays down include necessary mechanisms to ensure remuneration will be conducive to achieving strategic and long-term sustainability objectives of the Bank.

Accordingly, it bases executive directors and senior managers' variable pay on pre-determined, specific and quantifiable financial, sustainability-based and value-creation targets that are consistent with Banco Santander's interests, including in regard to environmental, social and governance matters.

For more details, see section 6.3 about the policy's application in 2022 and section 6.4 about the remuneration policy for 2023 and subsequent years.

Lastly, the remuneration committee and the board enlisted the assistance of Willis Towers Watson to:

- Compare markets and entities similar to the Group in size, characteristics and operations using relevant data for setting remuneration.
- Analyse and confirm compliance with certain quantitative metrics required to evaluate accomplishment of objectives.
- Estimate the fair value of variable remuneration linked to long-term objectives.

## 6.2 Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2022

### A. Composition and limits

According to our Bylaws, the remuneration of directors in their roles consists of a fixed annual amount set at the general shareholders' meeting. This amount remains in effect until shareholders vote to amend it, even though the board may reduce it in the years it deems appropriate. At the annual general shareholders' meeting, remuneration for 2022 was set at EUR 6 million, which included (a) annual allotment and (b) attendance fees.

Santander has taken out a civil liability insurance policy for directors subject to usual terms proportionate to its circumstances.

Directors can receive shares, share options or other forms of share-based compensation, subject to prior approval at the general meeting. Directors can also receive other compensation following a proposal made by the remuneration committee and upon resolution by the board of directors, as may be deemed appropriate, in consideration for the performance of other duties in Banco Santander, whether they are executives duties or not, in addition to their oversight and collective decision-making as board members.



Non-executive directors do not have the right to receive any benefit on the occasion of their removal from office.

## B. Annual allotment

Each director received the amounts for serving on the board and its committees and positions held in them included in the chart below for 2021 and 2022.

In accordance with the remuneration policy approved at the general shareholders' meeting on 1 April 2022, the amounts for serving and holding roles on the board and committees was the same amount as initially approved for 2021, with the exception of the yearly amount for serving on the board of directors, which was modified from 90,000 euros to 95,000 euros. Applicable amounts were:

Amount per director in euros	2022	2021
Members of the board of directors	95,000	90,000
Members of the executive committee	170,000	170,000
Members of the audit committee	40,000	40,000
Members of the nomination committee	25,000	25,000
Members of the remuneration committee	25,000	25,000
Members of the risk supervision, regulation and compliance committee	40,000	40,000
Members of the responsible banking, sustainability and culture committee	15,000	15,000
Members of the innovation and technology committee	25,000	25,000
Chair of the audit committee	70,000	70,000
Chair of the nomination committee	50,000	50,000
Chair of the remuneration committee	50,000	50,000
Chair of the risk supervision, regulation and compliance committee	70,000	70,000
Chair of the responsible banking, sustainability and culture committee	50,000	50,000
Chair of the innovation and technology committee	70,000	70,000
Lead independent director <sup>A</sup>	110,000	110,000
Non-executive Vice Chair	30,000	30,000

A. Since 2015, Bruce Carnegie-Brown has been allocated EUR 700,000 in minimum total annual pay (including annual allowances and attendance fees) for his services to the board and its committees, particularly as Chair of the nomination and remuneration committees and as lead independent director; and for the required time and dedication to perform these roles.

## C. Attendance fees

Pursuant to resolutions approved by the board on the remuneration committee's recommendations, attendance fees for board and committees meetings (with the exception of the executive committee, for which no fees are set) totalled the amounts included in the chart below for the last two years.

For 2022, the board voted to keep the same amounts set out in the 2021 policy.

Attendance fees per director per meeting in euros	2022	2021
Board of directors	2,600	2,600
Audit committee and risk supervision, regulation and compliance committee	1,700	1,700
Other committees (excluding executive committee)	1,500	1,500



## D. Breakdown of Bylaw-stipulated emoluments

Total director Bylaw-stipulated emoluments and attendance fees received in 2022 amounted to EUR 4.7 million (EUR 4.8 million in 2021). This is 22% less than the amount approved at the general meeting. Each director earned the following amounts for these items:

Directors	Execu tive	Non- execu tive	Amount in euros										Board and committee attendance fees	Total By-law stipulated emoluments and attendance fees	2021
			2022												
			Annual allotment												
Board <sup>F</sup>	EC	AC	NC	RC	RSRCC	RBSCC	ITC	Total							
Ana Botín		—	95,000	170,000	—	—	—	—	—	—	74,000	339,000	40,900	379,900	330,000
José Antonio Álvarez		—	95,000	170,000	—	—	—	—	—	—	25,000	290,000	39,400	329,400	330,000
Bruce Carnegie-Brown		I	279,600	170,000	—	75,000	75,000	—	—	—	25,000	624,600	75,400	700,000	700,000
Homaira Akbari		I	95,000	—	40,000	—	—	—	—	15,000	25,000	175,000	68,800	243,800	247,800
Javier Botín <sup>A</sup>		N	95,000	—	—	—	—	—	—	—	—	95,000	33,800	128,800	129,000
Álvaro Cardoso <sup>B</sup>		I	24,010	—	—	—	—	—	—	3,791	—	27,801	10,800	38,601	182,100
R. Martijn Chávez <sup>C</sup>		I	47,500	—	—	12,500	7,569	10,778	—	—	28,500	106,847	39,600	146,447	374,400
Sol Daurella		I	95,000	—	—	25,000	25,000	—	—	15,000	—	160,000	69,800	229,800	239,000
Henrique de Castro		I	95,000	—	40,000	—	25,000	—	—	—	25,000	185,000	76,100	261,100	266,800
Gina Díez Barroso		I	95,000	—	—	25,000	—	—	—	—	—	120,000	51,800	171,800	129,685
Luis Isasi		N	95,000	170,000	—	—	25,000	40,000	—	—	—	330,000	81,600	411,600	406,000
Ramiro Mato		I	95,000	170,000	40,000	—	—	40,000	65,000	—	—	410,000	89,800	499,800	498,900
Sergio Rial		N	95,000	—	—	—	—	—	—	—	—	95,000	36,400	131,400	129,000
Belén Romana		I	95,000	170,000	40,000	—	—	110,000	15,000	25,000	—	455,000	94,300	549,300	532,400
Pamela Walkden		I	95,000	—	110,000	—	—	40,000	—	—	—	245,000	78,000	323,000	303,067
Germán de la Fuente <sup>D</sup>		I	65,972	—	31,111	—	—	—	—	—	—	97,083	39,600	136,683	—
Glenn Hutchins <sup>E</sup>		I	3,123	—	—	822	822	—	—	—	822	5,589	4,100	9,689	—
			<b>1,560,206</b>	<b>1,020,000</b>	<b>301,111</b>	<b>138,322</b>	<b>158,391</b>	<b>240,778</b>	<b>113,791</b>	<b>228,322</b>	<b>228,322</b>	<b>3,760,921</b>	<b>930,200</b>	<b>4,691,121</b>	<b>4,798,152</b>

A. All amounts received were reimbursed to Fundación Botín.

B. Stepped down as director on 1 April 2022.

C. Stepped down as director on 1 July 2022.

D. Director since 1 April 2022.

E. Director since 20 December 2022.

F. Also includes emoluments for other roles in the board.

P: Proprietary I: Independent N: Non-external (neither proprietary nor independent).

EC: executive committee AC: audit committee NC: nomination committee RC: remuneration committee

RSRCC: risk supervision, regulation and compliance committee. RBSCC: responsible Banking, sustainability and culture committee. ITC: innovation and technology committee.



## 6.3 Remuneration of directors for executive duties

The policy on directors' remuneration for executive duties in 2022 was approved by the board of directors and put to a binding vote at the 2022 general shareholders' meeting, with 93.83% votes in favour. The table below summarizes the remuneration policy of Ana Botín and José Antonio Álvarez.

Component	Type	Policy	Effective in 2022
Gross annual salary	Fixed	<ul style="list-style-type: none"> <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 instruments, consisting of Banco Santander, S.A shares, Banco Santander, S.A. share options and restricted stock units (RSUs) of PagoNxt, S.A., split as: <ul style="list-style-type: none"> <li>◦ the amount of PagoNxt RSUs set for each year; and</li> <li>◦ the rest, shares and share options in equal parts, unless the director chooses to receive options only.</li> </ul> </li> <li>• The number of instruments is set at the time of the award.</li> <li>• 40% paid in 2023;</li> <li>• 60% deferred in five years. <ul style="list-style-type: none"> <li>◦ 24% paid in equal parts in 2024 and 2025.</li> <li>◦ 36% paid in equal parts in 2026, 2027 and 2028, provided certain long-term objectives are met (2022-2024).</li> </ul> </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>• Includes a fixed remuneration supplement in cash (not considered salary or pensionable) since supplementary death and disability benefits were eliminated.</li> </ul>	<ul style="list-style-type: none"> <li>• No change for Ana Botín or José Antonio Álvarez since 2018.</li> </ul>
		<ul style="list-style-type: none"> <li>• Payment for non-compete commitment</li> </ul>	<ul style="list-style-type: none"> <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. And share options shall not be exercisable until one year after their delivery.</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 2022 as in 2021.

It also maintained the fixed pension contribution of 22% of gross annual salary it had agreed in 2021 for 2022.

Executive directors' gross annual salary and fixed annual contribution to pensions for 2022 and 2021 were as follows:

EUR thousand	2022			2021		
	Gross annual salary	Fixed annual pension contribution	Total	Gross annual salary	Fixed annual pension contribution	Total
Ana Botín	3,176	699	3,875	3,176	699	3,875
José Antonio Álvarez	2,541	559	3,100	2,541	559	3,100
<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>



## B. Variable remuneration

### i) General policy for 2022

The board approved the executive directors' variable remuneration on the remuneration committee's recommendation, according to the policy approved at the general shareholders' meeting:

- Variable components<sup>1</sup> (including the variable part of the contributions to the benefit systems) of executive directors' total remuneration in 2022 should amount to less than 200% of fixed components, as established by resolution of the general shareholders' meeting on 1 April 2022.
- At the beginning of 2023, on the remuneration committee's recommendation, the board approved the final amount of the 2022 incentive, based on the set bonus pool in accordance with the directors' remuneration policy approved at the general shareholders' meeting on 1 April 2022, in consideration of:
  - Short-term quantitative metrics measured against annual objectives.
  - A qualitative assessment that cannot adjust the quantitative result by more than 25 percentage points upwards or downwards.
  - Any exceptional adjustment that must be supported by evidence.
  - The final figure is adjusted to executive directors' individual variable remuneration benchmark according to the current model and (i) their individual objectives (which generally match the Group's and cover financial, risk management and solvency position, as well as fostering the global initiatives PagoNxt and Digital Consumer Bank, and accelerating the transformation of the Bank into One Santander, with a special focus on IT, people and the responsible banking agenda); and (ii) how they achieve them in consideration of how they manage employees and follow the corporate values.



A. Any exceptional adjustment supported by evidence

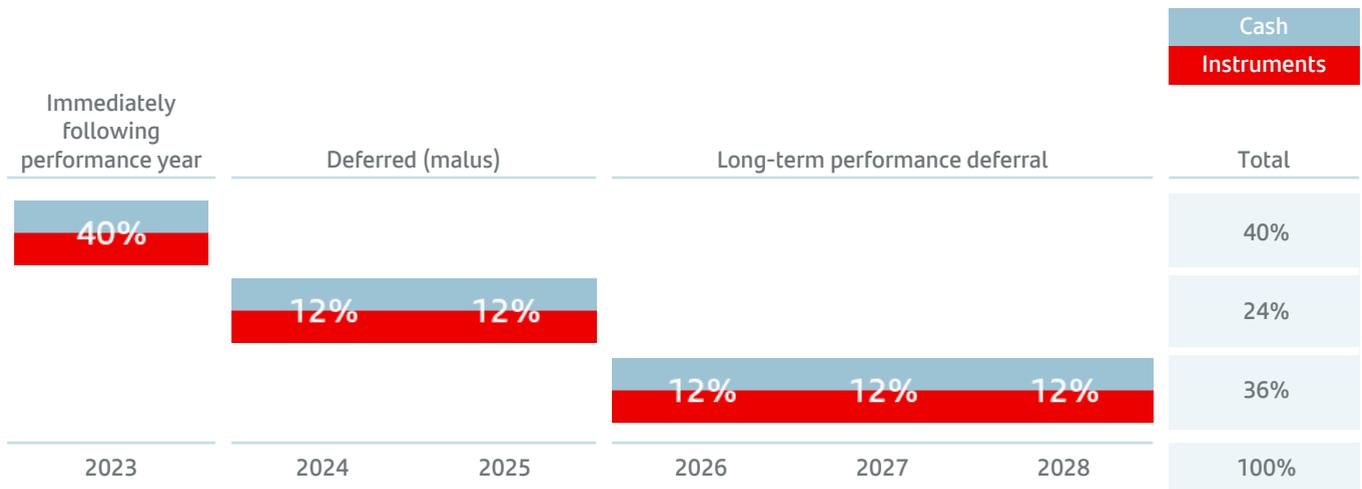
Quantitative metrics and qualitative assessment aspects are described below.

- Payment of the approved incentive is split equally into cash and instruments, the latter as follows:
  - EUR 608,000 and EUR 410,000 in PagoNxt, S.L. RSUs for Ana Botín and José Antonio Álvarez, respectively.
  - The rest in equal parts of Banco Santander, S.A. shares and share options with a 10-year vesting period, unless the executive director chooses to receive options only. In 2022, they both chose to receive half in shares and half in share options.
- 40% is paid in 2023, once the final amount has been set. The remaining 60% will be deferred in equal parts over five years (subject to long-term metrics) as follows:
  - The deferred amount payable in 2024 and 2025, (24% of the total) will be paid if none of the malus clauses described below are triggered.
  - The deferred amount payable in 2026, 2027 and 2028, (36% of the total) will be paid if the malus clauses are not triggered and the multi-year targets described below are reached. These targets can reduce these amounts and the number of deferred instruments, or increase them up to a maximum achievement ratio of 125%, so executives have the incentive to exceed their targets.
- When the deferred amount is paid in cash, the beneficiary may be paid the amount adjusted for inflation up to the date of payment.
- All payments in shares are subject to a three year retention period, unless the director already holds shares for an amount equivalent to twice his/her annual fix remuneration, in which case the shares would be subject only to the regulatory one year retention period obligation.
- The hedging of the instruments received during the retention and deferral periods is expressly prohibited. The sale of shares is also prohibited for one year from time they are received. And the share options may be exercised one year after the time each share option is delivered and until their expiry, which shall take place 10 years after the initial date.

<sup>1</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.



The payment schedule of the incentive is illustrated below.



All deferred payments can be subject to malus, even if they are not subject to long-term objectives. Similarly, Santander can claw back paid incentives in the scenarios and for the period dictated in the Group's malus and clawback policy.

**ii) Quantitative metrics and qualitative assessment for 2022**

Executive directors' variable remuneration for 2022 has been based on the corporate centre executives' common bonus pool, which calculation comes from the quantitative and qualitative metrics approved by the board at the beginning of 2022 on the remuneration committee's recommendation. This also takes into account the input from the human resources committee, which for this purpose counts on the participation of the senior

management in charge of the group's Risk, Compliance, Audit, Human Resources and Legal and Financial accounting and control functions, who among others provided input on risk, solvency, liquidity, results' quality and recurrence, and compliance and control. The quantitative and qualitative results for the bonus pool (shown in the chart below) resulting from the process above, which are considered by the board, upon recommendation from the remuneration committee are included in 2022 remuneration policy approved in the annual general meeting. In 2022, the board of directors, following a proposal made by the remuneration committee, did not make any exceptional adjustment to the final result obtained by quantitative metrics and the qualitative assessment.



Category and (weight)	Quantitative metrics			Qualitative		Total weighted score <sup>B</sup>
	Metrics	% Achievement over target	Assessment	Weighted assessment <sup>A</sup>	Component	
Customers (30%)	Net Promoter Score <sup>C</sup> (NPS) (10%)	Average of local results <sup>2</sup> weighted by # Loyal Customers + SMEs) per country as of December 2021	86.4 %	8.64 %	Measurement of additional and qualitative customer satisfaction metrics	+0% - Increase in score for our Mobile customer service in markets where a new version of our app is available (enhanced functionality, more user-friendly and greater availability), while in other markets improvements are being developed for roll out soon.
	Number of total customer (10%)	Total and loyal customers' scores <sup>2</sup> are based on absolute numbers for all the countries except the UK, based on delta variance, as mature country	104.2 %	10.42 %	Conduct risk performance and customer due diligence	+2.22% - Achievement of targets to improve numbers, with a focus on increasing the first line of defence's involvement in conduct risk management. General improvement also in key customer indicators; and positive progress in the implementation of actions in relation to vulnerable customers and the improvement of the design of sales teams' remuneration schemes.
	Number of loyal customers (10%)		105.3 %	10.53 %		
	<b>Total Customers</b>				<b>29.59%</b>	<b>+2.22%</b>
Shareholders (70%)	RoTE <sup>D</sup> (Return on tangible equity): (30%)	Target: 13.3% Achieved: 16%	120.1 %	36.03 %	CET1 - Efficient capital adequacy management	+2.74% - Positive Evolution of CET1 ratio with active management of regulatory and markets (e.g. available for sale portfolios) headwinds throughout the year.
	RoRWA <sup>D</sup> (Return on risk weighted assets) (40%)	Target: 1.79% Achieved: 2.13%	149.2 %	59.68 %	Appropriate management of operational risk, risk appetite and recorded breaches	+1.75% - Significant improvement in risk management and control on the back of a better balance sheet, owing to a reduction in risk exposure in Spain and SCUSA; over 130 regulatory model enhancements submitted to the ECB; more use of machine learning, artificial intelligence and other advanced techniques; and progress with strategic and transformation initiatives.
					Sustainable and sound results and efficient cost management	+2.61% - Santander posted record results in 2022 and fulfilled all its public commitments, despite a challenging economic and geopolitical context. Costs rose below inflation in all regions and efficiency ratio improved.
					Suitability of business growth compared to the previous year in view of market conditions and competition	+1.49% - In a difficult year, Santander outperformed its peers in revenue and provisions, and remains as one of the world's most efficient banks. This enabled us to achieve above-average profit and net margin net of provisions growth (where Santander was the second biggest bank in terms of size, continuing to reduce the gap with the first).
<b>Total Shareholders</b>				<b>95.71%</b>	<b>+11.40%</b>	<b>107.10%</b>
<b>TOTAL</b>						<b>138.91%</b>

A. The weighted assessment is the result of multiplying each objective's assessment by its weighting per category. The five qualitative components under the RoTE and RoRWA category have same weighting.

B. Result of adding or subtracting the qualitative assessment to/from the weighted assessment.

C. The net promoter core (NPS) measures customers' willingness to recommend Santander. The assessment is based on the number of the group's core markets where Santander's NPS scores, as well as on its performance against competitors.

D. For this purpose, these metrics have been adjusted by the board, following a proposal from the remuneration committee, due to inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, corporate transactions, share buybacks or restructuring procedures) which have affected the suitability of the metric and achievement scale established, resulting in an impact not related to the performance of the executive directors and executives being evaluated. Furthermore, in RoRWA scale there is an accelerator in the final assessment to foster an efficient use of capital.

1. Argentina: 94.5%; Brazil: 91%; Chile: 115.5%; Uruguay: 115.8%; Spain: 119.5%; Poland: 100%; Portugal: 105.0%; UK: less than 75%; Mexico: 115%; SCF: 100%.

2. Total customers: Argentina: 103%; Brazil: 97%; Chile: does not score (less than 75%); Uruguay: 119%; Spain: 100%; Poland: 102%; Portugal: 100%; UK: 150%; Mexico: 104%; USA: 88%; SCF: 91%; Openbank: 150%. Loyal customers: Argentina: 101%; Brazil: 90%; Chile: 81%; Uruguay: 124%; Spain: 102%; Poland: 102%; Portugal: 107%; UK: 150%; Mexico: 100%; USA: 103%; Openbank: 150%.



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

### iii) Determination of the individual variable remuneration for executive directors set in 2022

The board approved executive directors' variable remuneration on the remuneration committee's recommendation based on the policy mentioned in the paragraphs above and the result of the quantitative metrics and qualitative assessment described above.

The board also verified that none of the following circumstances have occurred:

- The Group's ONP<sup>2</sup> for 2022 was not more than 50% less than for 2021. Otherwise, variable remuneration would not have been greater than 50% of the benchmark incentive.
- The Group's ONP was not negative. Otherwise, the incentive would have been zero.

The board voted to maintain the same benchmark incentive for Ana Botín and José Antonio Álvarez in 2022 as in 2021.

Variable contributions to pensions were not modified in 2022, so the amounts are the 22% of the 30% of the last three assigned bonus' average.

### Breakdown of immediately payable and deferred remuneration

In 2022, the very good business performance (which enabled Banco Santander to reach a 13.37% underlying RoTE, 0.64 p.p. above 2021), the excellent execution of our strategy (with the highest attributable profit ever: EUR 9,605 million, 18% above 2021), and efficient capital management, have led to the 138.91% bonus pool detailed above. However, this bonus pool is smaller than 2021's of 151.23%, which was the result of different metrics and weightings (including a very high result in the capital metric). As a result, there has been a reduction in Ana Botín's and Jose Antonio Álvarez's bonus of 8% from 2021 to 2022, as detailed below, despite even better 2022 results.

The immediately payable variable remuneration in deferred amounts not contingent on long-term metrics and variable remuneration deferred and contingent on long-term objectives approved by the board of directors, following a proposal by the remuneration committee resulting from the aforementioned process are:

### Immediately payable and deferred (not linked to long-term objectives) variable remuneration

EUR thousand	2022					2021		
	In cash	In shares (A)	In share options (A)	In RSUs (A)	Total	In cash	In shares	Total
Ana Botín	2,702	1,229	1,229	243	5,403	2,941	2,941	5,883
José Antonio Álvarez	1,823	830	830	164	3,647	1,985	1,985	3,970
<b>Total</b>	<b>4,525</b>	<b>2,059</b>	<b>2,059</b>	<b>407</b>	<b>9,050</b>	<b>4,926</b>	<b>4,926</b>	<b>9,853</b>

A. The amounts in the foregoing table correspond to a total of 667 thousand shares in Banco Santander, 1,795 thousand share options and 8 thousand RSUs (1,587 thousand shares in 2021).

The following chart states deferred variable remuneration at fair value, which will only be received in 2026, 2027 and 2028 if the long-term multi-year targets are met (see section 6.3 B iv)) and beneficiaries continue to be employed at Grupo Santander, in accordance with the terms approved in the general shareholders' meeting, and no circumstances triggering malus clauses occur<sup>3</sup>:

### Deferred variable remuneration linked to long-term objectives (fair value)

EUR thousand	2022					2021		
	In cash	In shares (A)	In share options (A)	In RSUs (A)	Total	In cash	In shares	Total
Ana Botín	1,064	404	404	255	2,128	1,158	1,158	2,316
José Antonio Álvarez	718	273	273	172	1,436	782	782	1,563
<b>Total</b>	<b>1,782</b>	<b>677</b>	<b>677</b>	<b>428</b>	<b>3,564</b>	<b>1,940</b>	<b>1,940</b>	<b>3,880</b>

A. The number of shares in the table total 219 thousand shares in Banco Santander, 590 thousand share options and 9 thousand RSUs of PagoNxt S.L. (625 thousand shares in 2021).

Fair value has been determined on the grant date based on the valuation of an independent expert, Willis Towers Watson. Based on the design of the plan for 2022 and success levels of similar plans at peer entities, the fair value was considered to be 70% of total value linked to long-term objectives assigned.

<sup>2</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>3</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 amount of shares and share options to be delivered under the plan (corresponding to EUR 3,268 thousand in shares and EUR 3,268 thousand in share options) is within the maximum amount of the award to be delivered in shares (EUR 5,750 thousand) and in share options (EUR 5,750 thousand) approved by 2022 general shareholders' meeting for executive directors. This number of shares and option shares has been calculated with the weighted average daily volume of weighted average listing prices of Santander shares in the 15 trading sessions prior to the Friday (not inclusive) before 31 January 2023 (the date on which the board approved the 2022 bonus for executive directors), which was EUR 3.088 per share. With this price set, the share options are worth EUR 1.147. According to independent experts, the price per PagoNxt, S.L. RSU equals EUR 48.08.



#### iv) Multi-year targets linked to the payment of deferred amounts in 2026, 2027 and 2028

The multi-year targets linked to the payment of the deferred amounts payable in 2026, 2027 and 2028 are:

	Metrics	Weight	Target and compliance scales (metrics ratios)
A	Banco Santander's consolidated Return on tangible equity (RoTE) target in 2024	40%	If RoTE in 2024 is $\geq 15\%$ , then metric ratio is 1.5 If RoTE in 2024 is $\geq 12\%$ but $< 15\%$ , then metric ratio is $0 - 1.5^B$ If RoTE in 2024 is $< 12\%$ , then metric is 0
B	Relative Total Shareholder Return (TSR) <sup>A</sup> in 2022-2024 within a peer group	40%	If ranking Santander above or equal percentile 100, then metric ratio is 1.5 If ranking Santander between percentiles 75 and 100 (not inclusive), then metric ratio is $1 - 1.5^C$ If ranking Santander between percentiles 40 and 75 (not inclusive), then metric ratio is $0.5 - 1^C$ If ranking Santander below percentile 40, then metric ratio is 0
			If % women in senior leadership positions in 2024 is $\geq 30.5\%$ , then metric ratio is 1.25 If % women in senior leadership positions in 2024 is $\geq 30\%$ but $< 30.5\%$ , then metric ratio is $1 - 1.25^D$ If % women in senior leadership positions in 2024 is $\geq 28\%$ but $< 30\%$ , then metric ratio is $0 - 1^D$ If % women in senior leadership positions in 2024 is $< 28\%$ , then metric ratio is 0
			If number of financially empowered people between 2019 and 2024 (in million) is $\geq 14$ , then metric ratio is 1.25 If number of financially empowered people between 2019 and 2024 (in million) is $\geq 13$ but $< 14$ , then metric ratio is $1 - 1.25^D$ If number of financially empowered people between 2019 and 2024 (in million) is $\geq 9$ but $< 13$ , then metric ratio is $0 - 1^D$ If number of financially empowered people between 2019 and 2024 (in million) is $< 9$ , then metric ratio is 0
C	Five ESG (environmental, social and governance) metrics with same weighting	20%	If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is $\geq 170$ , then metric ratio is 1.25 If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is $\geq 160$ but $< 170$ , then metric ratio is $1 - 1.25^D$ If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is $\geq 120$ but $< 160$ , then metric ratio is $0 - 1^D$ If green finance raised and facilitated target between 2019 and 2024 (in euro billions) is $< 120$ , then metric ratio is 0
			If number of sectors with decarbonisation targets in 2024 is $\geq 11$ , then metric ratio is 1.25 If number of sectors with decarbonisation targets in 2024 is $= 10$ , then metric ratio is $1^D$ If number of sectors with decarbonisation targets in 2024 is $\geq 0$ but $< 10$ , then metric ratio is $0 - 1^D$
			If % of emission intensity reduction of our power generation portfolio in 2024 versus 2019 is $\geq 17\%^E$ , then metric ratio is 1.25 If % of emission intensity reduction of our power generation portfolio in 2024 versus 2019 is $\geq 13.5\%$ but $< 17\%^E$ , then metric ratio is $1 - 1.25^D$ If % of emission intensity reduction of our power generation portfolio in 2024 versus 2019 is $\geq 0\%$ but $< 13.5\%$ , then metric ratio is $0 - 1^D$

A. TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2022 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2025 (exclusive) (to calculate the final value). The peer group consists of BBVA, BNP Paribas, Citi, Cr dit Agricole, HSBC, ING, Ita , Scotia Bank and Unicredit.

B. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2024 within this bracket of the scale.

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

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

E. In the Climate Finance Report published in July 2022, we assessed the 2019 financed emissions of our power generation portfolio, including guarantees and other types of off-balance exposure to our customers that do not entail current funding. According to the PCAF standard, such exposure should not be calculated if its attribution factor is "outstanding", we were over-attributed with our corporate customers' emissions. Therefore, the 2019 baseline emissions intensity has been restated from 0.23 to 0.21. With this change, we have updated the % of reduction from 15% to 13.5%, and from 18.75% to 17%. Although the % of reduction required is lower, the emissions intensity brackets are below previous calculations and thus closer to the net zero decarbonization target for 2030. The 2030 target remains unchanged.

To determine the annual amount of the deferred portion linked to objectives corresponding to each board member in 2026, 2027 and 2028, the following formula shall be applied to each of these payments ('final annuity') without prejudice to any adjustment deriving from the malus clauses:

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

where:

- 'Amt.' is one third of the variable remuneration amount deferred conditional on performance (i.e. Amt. will be 12% of the total variable pay set in early 2023).



- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2024.
- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2022-2024.
- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the five Responsible Banking targets for 2024 described above.
- In any event, if the result of  $(2/5 \times A + 2/5 \times B + 1/5 \times C)$  is greater than 1.25, the multiplier will be 1.25.

#### v) Malus and clawback

Deferred amounts (whether or not contingent on multi-year targets) will be earned if the beneficiary continues to work with the Group<sup>4</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.

Similarly, Banco Santander can clawback any paid variable amounts in the scenarios and for the period dictated by the terms and conditions in the said policy.

Variable remuneration for 2022 can be clawed back until the beginning of 2029.

Malus and clawback clauses are triggered by poor financial performance of Banco Santander, a division or area, or exposures from staff as a result of an executive(s)'s management of, at least, one of these factors:

Category	Factors
Risk	Significant failures in risk management by Banco Santander, or by a business or risk control unit.
Capital	An increase in capital requirements at the Banco Santander or one of its business units not planned at the time that exposure was generated.
Regulation and internal codes	Regulatory penalties or legal convictions for events that might be attributable to the unit or staff responsible for them. In addition, failure to comply with Banco Santander's internal codes of conduct.
Conduct	Improper conduct, whether individual or collective. Negative effects deriving from the marketing of unsuitable products and the liability of persons or bodies making such decisions will be considered especially significant.

And among the specific cases that could lead to the application of these clauses, of note the restatement of the annual financial

statements that does not result from a regulatory change, but from incorrect application of accounting regulations or criteria, as appreciated by supervisors and as long as it results in a lower variable remuneration to be settled than that initially accrued or where no remuneration would have been paid in accordance with the variable remuneration system of the Entity or a specific unit.

The application of malus or clawback clauses for executive directors shall be determined by the board of directors, at the proposal of the remuneration committee, and cannot be proposed once the retention period for the final payment in shares under the plan has elapsed in early 2029. Therefore, the board determines the specific deferred incentive amount to be paid as well as any amount that could be subject to clawback, upon on the remuneration committee's recommendation and depending on the level of compliance with the conditions for applying malus clauses.

#### C. Main features of the benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012, which covers contingencies due to retirement, disability and death.

According to the 2012 system, contracts for executive directors (and other senior managers) with defined benefit pension obligations were transformed into a defined contribution system. The new system gives executive directors the right to receive benefits upon retirement, even if they are not active at Banco Santander at the time, based on contributions to the system. It also replaces their previous right to receive a pension supplement in the event of retirement.

The initial amount for each executive director in the new defined contribution pension scheme corresponded to the market value of the assets for which the provisions for due obligations were recognized when the previous pension commitments had been transferred to the new pension scheme.

Every year since 2013, Banco Santander has been contributing to the pension scheme for executive directors and senior executives in proportion to their pensionable bases until their departure from the Group, retirement, death or disability (even during pre-retirement). The pensionable base for executive directors is the sum of fixed remuneration plus 30% of the average of their last three variable remuneration amounts. Contributions will be 22% of pensionable bases in all cases.

Pursuant to remuneration regulations, contributions calculated on the basis of variable remuneration are subject to the discretionary pension benefits scheme. Therefore, under the policy, malus and clawback clauses can be enforced on them in place at any given time and during the same period in which

<sup>4</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.



variable remuneration is deferred. Furthermore, these contributions must be invested in shares in Banco Santander for five years from the date of the executive director's retirement, or from the date on which executive directors leave the group. Once that period has elapsed, the amount invested in shares will be paid to them or their beneficiaries if some contingency covered by the pension scheme was happened or will be added to the remainder of their cumulative balance until their retirement age when the total amount will be paid.

The benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. The economic rights of the directors previously mentioned belong to them even if they are not active at Banco Santander at the time of their retirement, death or disability. Their contracts do not stipulate any severance payment outside the extent of the law for termination of contract or the aforementioned annual allowance for pre-retirement.

The provisions recognised in 2022 for retirement pensions amounted to EUR 1,892 thousand (EUR 1,825 thousand in 2021), as broken down below.

EUR thousand	2022	2021
Ana Botín	1,081	1,041
José Antonio Álvarez	811	783
<b>Total</b>	<b>1,892</b>	<b>1,825</b>

The amounts corresponding to each executive director as of 31 December 2022 and 2021 in the pension scheme are:

EUR thousand	2022	2021
Ana Botín	46,725	48,075
José Antonio Álvarez	18,958	18,821
<b>Total</b>	<b>65,683</b>	<b>66,896</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 show the ratio, with a share price of EUR 3.088:

	2022		X
	Gross annual salary (thousand)	Number of shares (thousand)	
Ana Botín	3,176	26,857	26.1
José Antonio Álvarez	2,541	2,288	2.8

Likewise, in addition to the regulatory obligation for executive directors not to sell the shares they receive as remuneration for a year from their award, which is included in the shareholding policy, and will apply to all cases, this policy has also been updated in 2020 to include the obligation for executive directors not to sell the shares they receive as remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her fix annual remuneration.

#### F. Remuneration of board members as representatives of Banco Santander

The executive committee has resolved that the remuneration received by directors who represent Banco Santander on boards of companies where it owns equity and were appointed after 18 March 2002 will accrue to the Group. No executive director received remuneration for this type of representation in 2022 or 2021.

However, in their personal capacity, in 2022 Álvaro Cardoso was paid BRL 150 thousand (EUR 28 thousand) as member of sustainability committee of Banco Santander Brasil, S.A., Homaira Akbari was paid USD 169 thousand (EUR 161 thousand) as member of the board of Santander Consumer USA Holdings, Inc. and EUR 200 thousand as member of the Board of PagoNxt S.L., and Henrique de Castro and R.Martín Chávez were each paid the same EUR 200 thousand as members of the board of PagoNxt. Likewise, Pamela Walkden was paid GBP 125 thousand (EUR 147 thousand) as member of the Santander UK plc and Santander UK Group Holdings boards. And Sergio Rial, as non executive Chair of Ebury Partners Limited received a total pay of GBP 244 thousand (EUR 286 thousand) and as Chair of the board of directors of Banco Santander Brasil, S.A. was paid BRL 10,981 thousand (EUR 2,000 thousand).

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



Additionally, Héctor Grisi has received at the end of 2022 a payment of EUR 2,500 thousand as relocation expenses for settling in Spain to carry out his CEO role effectively from 1 January 2023. Because the payment is based on his annual allowance capitalized over five years, in accordance with corporate practices and policies, if the CEO terminates his contract before said period, he will reimburse the proportional share of that amount.

Below is a breakdown of each director's short-term salary (payable immediately) and deferred remuneration not based on long-term performance for 2022 and 2021. Statistical information on remuneration required by the CNMV (9.5) and Note 5 to the Group's consolidated financial statements contains disclosures on shares delivered in 2022 under the deferred remuneration schemes of previous years where conditions for their delivery were met in the related years.

## G. Individual remuneration of directors for all items in 2022

Directors	EUR thousand									2021
	2022									
	Bylaw-stipulated emoluments		Salary and bonus of executive directors						Total	
Board and board committees annual allotment	Board and committee attendance fees	Fixed Salary	Immediate payment bonus (50% in instruments)	Deferred payment bonus (50% in instruments)	Total	Pension Contribution	Other remuneration <sup>F</sup>			
Ana Botín	339	41	3,176	3,377	2,026	8,579	1,081	961	11,001	11,435
José Antonio Álvarez	290	39	2,541	2,279	1,368	6,188	811	1,758	9,086	9,160
Bruce Carnegie-Brown	625	75	—	—	—	—	—	—	700	700
Homaira Akbari	175	69	—	—	—	—	—	—	244	248
Javier Botín <sup>A</sup>	95	34	—	—	—	—	—	—	129	129
Álvaro Cardoso <sup>B</sup>	28	11	—	—	—	—	—	—	39	183
R.Martín Chávez <sup>C</sup>	107	40	—	—	—	—	—	—	147	374
Sol Daurella	160	70	—	—	—	—	—	—	230	239
Henrique de Castro	185	76	—	—	—	—	—	—	261	267
Gina Díez Barroso	120	52	—	—	—	—	—	—	172	130
Luis Isasi	330	82	—	—	—	—	—	1,000	1,412	1,406
Ramiro Mato	410	90	—	—	—	—	—	—	500	499
Sergio Rial	95	36	—	—	—	—	—	—	131	879
Belén Romana	455	94	—	—	—	—	—	—	549	533
Pamela Walkden	245	78	—	—	—	—	—	—	323	303
Germán de la Fuente <sup>D</sup>	97	40	—	—	—	—	—	—	137	—
Glenn Hutchins <sup>E</sup>	6	4	—	—	—	—	—	—	10	—
<b>Total 2022</b>	<b>3,762</b>	<b>931</b>	<b>5,717</b>	<b>5,656</b>	<b>3,394</b>	<b>14,767</b>	<b>1,892</b>	<b>3,719</b>	<b>25,071</b>	<b>—</b>
<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>—</b>	<b>26,485</b>

A. All amounts received were reimbursed to Fundación Botín.

B. Stepped down as director on 1 April 2022.

C. Stepped down as director on 1 July 2022.

D. Director since 1 April 2022.

E. Director since 20 December 2022.

F. Other remuneration includes for Luis Isasi EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.



The following table provides each executive director's salary contingent on multi-year targets. It is only paid if they remain active in the group, malus clauses do not apply and set multi-year targets are achieved (as depending on their achievement, the amounts will be increased (limited to 125%), reduced, or even be zero, if the related minimum thresholds are not achieved):

	EUR thousand	
	2022 <sup>A</sup>	2021 <sup>A</sup>
Ana Botín	2,128	2,316
José Antonio Álvarez	1,436	1,563
<b>Total</b>	<b>3,564</b>	<b>3,880</b>

A. Fair value of the maximum amount receivable over a total of 3 years (2026, 2027 and 2028), which was estimated when the plan was granted, based on several scenarios relating to variables in the plan during the measurement periods.

## H. Ratio of variable to fixed pay components in 2022

At the 2022 AGM, shareholders approved a maximum ratio of 200% of variable to fixed components in executive directors' pay.

The table below shows the ratio of variable components to fixed components for each executive director's total pay in 2022. This ratio decreased from 2021 by 13 pp for Ana Botín and by 13 pp for José Antonio Álvarez.

Executive directors	Variable Components / fixed components (%)
Ana Botín	169 %
José Antonio Álvarez	115 %

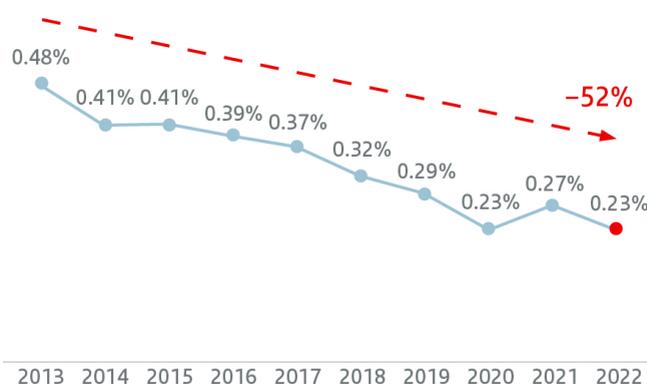
For these purposes:

- Variable components include all items of this nature, such as any contributions to the pension scheme calculated on directors' variable pay.
- Fixed components consist of the other items each director receives for executive duties, including contributions to pension schemes calculated on the basis of fixed remuneration and other benefits, as well as all Bylaw-stipulated emoluments that the director is entitled to receive in his or her capacity as such.

## I. Comparative analysis of directors' remuneration, company performance and average remuneration of employees

This chart summarizes directors' compensation (short-term remuneration, deferred variable remuneration and/or deferred variable remuneration linked to multi-year targets included) for executive duties in relation to underlying attributable profit. The weight of executive directors' remuneration relative to underlying attributable profit continues to decline since 2013.

### Ratio of executive directors' total remuneration to underlying attributable profit





The following chart shows the comparative analysis between the directors' remuneration, the company performance (underlying profit attributable to the Group, audited profit before taxes and ordinary ROTÉ) and the average remuneration of Santander employees in the last 5 years:

Directors' remuneration <sup>1</sup> (EUR thousand)	2022	% var. 22/21	2021	% var. 21/20	2020	% var. 20/19	2019	% var. 19/18	2018
<b>• Executive Directors</b>									
Ana Botín	11,001	(4)%	11,435	68%	6,818	(32)%	9,954	(5)%	10,483
José Antonio Álvarez	9,086	(1)%	9,160	52%	6,018	(27)%	8,270	(4)%	8,645
<b>• Non-Executive Directors<sup>2</sup></b>									
Bruce Carnegie-Brown	700	—	700	18%	595	(15)%	700	(4)%	732
Sergio Rial	131	—	879	—	63	—	—	—	—
Javier Botín <sup>A</sup>	129	—	129	6%	122	(11)%	137	13%	121
Sol Daurella	230	(4)%	239	12%	214	(11)%	240	12%	215
Belén Romana	549	3%	533	28%	417	(21)%	525	27%	414
Homaira Akbari	244	(2)%	248	23%	202	(11)%	226	14%	199
Ramiro Mato	500	—	499	16%	430	(14)%	500	11%	450
Álvaro Cardoso <sup>B</sup>	39	(79)%	183	(25)%	243	(12)%	276	86%	148
Henrique de Castro	261	(2)%	267	23%	217	152%	86	—	—
Pamela Walkden	323	7%	303	42%	214	529%	34	—	—
Luis Isasi	1,412 <sup>F</sup>	—	1,406	49%	943	—	—	—	—
R. Martín Chávez <sup>C</sup>	147	(61)%	374	911%	37	—	—	—	—
Gina Díez Barroso	172	32%	130	—	4	—	—	—	—
Germán de la Fuente <sup>D</sup>	137	—	—	—	—	—	—	—	—
Glenn Hutchins <sup>E</sup>	10	—	—	—	—	—	—	—	—
<b>Company's performance</b>									
Underlying profit attributable to the Group (EUR mn)	9,605	11%	8,654	70%	5,081	(38)%	8,252	2%	8,064
Consolidated results of the Group <sup>3</sup> (EUR mn)	15,250	5%	14,547	—	(2,076)	—	12,543	(12)%	14,201
Ordinary RoTE	13.37%	5%	12.73%	71%	7.44%	(37)%	11.79%	(2)%	12.08%
<b>Employees' average remuneration<sup>4</sup> (EUR)</b>	<b>56,262</b>	<b>1%</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>

1. Deferred variable remuneration linked to long-term objectives not included.

2. Non-executive directors' remuneration fluctuations are caused by joining or leaving the board of directors and the difference in the amount of meetings they assist during the year. Hence there is no correlation between their remuneration and the company performance.

3. Group operating profit/(loss) before tax.

4. Employee average remuneration includes all concepts, including other remuneration. Full-time equivalent data. The percentage of variable remuneration over fixed remuneration in an average employee is lower than that of the executive directors. Variable remuneration data accrued in the current year, both for employees and executive directors. Evolutive data also impacted by exchange rate performance in the group's geographies. Full time equivalent data considered.

A. All amounts received were reimbursed to Fundación Botín.

B. Stepped down as director on 1 April 2022.

C. Stepped down as director on 1 July 2022.

D. Director since 1 April 2022.

E. Director since 20 December 2022.

F. Includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.



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

Banco Santander's remuneration policy and its application in 2022 have promoted sound and effective risk management, at the same time as supported the fulfilment of long-term business objectives.

The key elements of the remuneration policy for executive directors making alignment between risk, performance and reward in 2022 were as follows:

Key words	Aspect aligning risk, performance and remuneration
Metrics balance	The balance of quantitative metrics and qualitative assessments, including customer, risk, capital and profitability in relation to risk, used to determine the executive directors' variable remuneration.
Financial thresholds	The adjustment to variable remuneration if certain financial thresholds are not reached, which may limit the variable remuneration to 50% of the previous year's amount or lead to it not being awarded at all.
Long-term objectives	The long-term objectives linked to the last three portions of the deferred variable remuneration. These objectives are directly associated with return to shareholders relative to a peer group, return on tangible equity (RoTE) and the five public targets linked to our Responsible banking agenda.
Individual performance	The discretion of the board to consider the performance of each executive director in the award of their individual variable remuneration.
Variable remuneration cap	200% of fixed remuneration.
Control functions involvement	The work undertaken by the human resources committee aided by senior managers leading Control functions in relation to the analysis of quantitative metrics information and undertaking qualitative analysis.
Malus and clawback	Malus can be applied to unvested deferred pay and clawback can be applied to vested or paid compensation under the conditions dictated by the Group's remuneration policy.
Payment in shares	At least 50% of variable pay is in instruments and subject to retention or prohibition from exercise of at least one year from their delivery.

## 6.4 Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote

### Remuneration policy principles and remuneration system

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

Director's remuneration is regulated by article 58 of Banco Santander's Bylaws and article 33 of the Rules and regulations of the board of directors. For 2023, 2024 and 2025, no changes to the principles and composition of directors' remuneration for supervisory and collective decision-making duties are planned with respect of those in 2022. They are described in sections [6.1](#) and [6.2](#).

#### B. Executive directors' remuneration

Executive directors are entitled to be paid the remuneration (e.g., salaries, incentives, bonuses, severance payments for early termination from such duties, and amounts to be paid by Banco Santander for insurance premiums or contributions to savings schemes) deemed appropriate for performing executive functions following a proposal from the remunerations committee and by resolution of the board of directors, subject to the limits set by law.

While there are no planned changes to the principles on executive directors' remuneration for executive duties in 2023, 2024 and 2025 (sections [6.1](#) and [6.3](#)), changes to the corporate bonus scheme are being proposed as detailed below.

First, to further support the Group's transformation strategy, short-term corporate bonus metrics will include the new strategic priorities released at the 2023 Investor Day, maintaining the focus on clients (with active customers as the main metric), as well as RoTE (which continues to be part of the scheme). The third pillar to be included as a metric is capital, to

outline the importance of capital generation throughout the business.

With the purpose of further promoting value creation for investors, a relative performance multiplier is included, which may reduce or increase the result from the metrics above, based on results versus top peers in each market on metrics considered more relevant for each country/business (and for Group, the weighted average of countries results): NIM, NPS, C/I, CoR, NPLs and Net Margin after provisions. Thus assuring that our teams not only push to exceed budget, but also to outperform peers.

The qualitative assessment for the short-term bonus is simplified by reducing the items included in it from 7 to 4 the possible adjustments made, covering risk, compliance, network collaboration and ESG aspects (Responsible Banking).

Second, variable remuneration in 2023 for executive directors will be paid 50% in cash and 50% in instruments. The part to be received in instruments split as follows:

- EUR 500,000 and EUR 420,000 in PagoNxt, S.L. RSUs for Ana Botín and Héctor Grisi, respectively.
- The rest, all in instruments of Banco Santander, S.A. The executive director must decide between receiving such amount all in shares, or receiving in equal parts shares and share options of Banco Santander, S.A (while for 2024 and 2025, the board agreed, upon proposal from remuneration committee, that executive directors receive half in shares and half in share options).

For the rest of identified staff, variable remuneration will be paid as follows, according to each executive's choice:

- 50% in cash and 50% in Banco Santander, S.A. shares; or,



- 50% in cash, 25% in shares and 25% in Banco Santander, S.A. share options.

This decision would mean the effective introduction of options as part of the yearly bonus for identified staff (excluding executive directors who already received options for 2022), as the board voted in 2022 to postpone introducing share options for this group.

Third, it is proposed to maintain the long-term performance metrics, prioritising in this way shareholder returns and the Group's profitability in the long-term, as well as sustainability of the balance sheet and its activities and how they are carried out. Therefore these metrics will be:

- Relative performance of Banco Santander's total shareholder return (TSR) compared to our peer group; with a threshold at which executives begin to accrue remuneration of 40%. Its weight will be 40% of the total.
- Return on tangible equity (RoTE), as an indication of long-term value creation. Its weight will be 40% of the total.
- Four ESG (environmental, social and governance) metrics linked to the progress we make on our targets to implement the Group's Responsible banking agenda. Their weight will be 20% of the total.

The maximum achievement ratio will remain at 125% so executives have the incentive to exceed their targets; however, the maximum achievement ratio for effectively paid remuneration will not exceed the thresholds approved at the AGM.

Additionally, with the aim of providing a strong alignment with PagoNxt's success, the Executive Chair and the Chief Executive Officer will continue to receive restricted stock units (RSUs) of PagoNxt, S.L.

The RSUs substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay.

Specifically, as regards 2023, Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

This plan is subject to the same principles of risk alignment, variable remuneration caps, deferrals and malus and clawback as the incentive which applies to executive directors described herein, but with payment being done in PagoNxt instruments.

Finally, every year, Banco Santander conducts a comparative analysis of total compensation for executive directors and other senior executives. For 2023, the analysis will consist of a 'peer group' made up by BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.

#### Principle of equal pay for equal work and equal employment conditions for Santander executives and employees

Santander applies the equal pay principle included in the Corporate remuneration policy of Grupo Santander for executive

directors and employees alike, which forbids any type of differential treatment that is not exclusively based on an assessment of performance results and corporate behaviours, and promotes equal pay for men and women.

Furthermore, our remuneration framework rewards Santander employees for their contribution based on such common principles as:

- Meritocracy: Non-discrimination based on sex, age, culture, religion or ethnicity.
- Consistency: Remuneration consistent with the level of responsibility, leadership and performance within the Group, to promote retention of key professionals and attract the best talent.
- Sustainability: A remuneration framework that is sustainable in terms of associated costs, cost control, and related objectives (as described in the policy) that ensure variable remuneration is commensurate with the Group's performance, disincentivize short termism and promote long-term sustainability. The remuneration scheme for the 1,029 identified staff also includes deferrals of up to 60% of variable remuneration, payment 50% in Santander instruments (subject to one-year retention) and malus and clawback clauses.
- Also, performance objectives for annual variable remuneration have included since 2020 ESG components aligned with our Responsible banking goals. From 2022, with the purpose of increasing focus on the Group's responsible banking agenda and highlight sustainability as a core long-term strategy, ESG metrics are included (described in the next section) for the last deferred variable remuneration payments.
- Social responsibility: Employees' pay cannot be lower than the legal minimum wage or the living wage in the country where they work. Additionally, in order to give our social responsibility prominence in remuneration, the Group's responsible banking objectives for employee remuneration include the people financially empowered metric.
- Performance-based pay: Variable remuneration is subject to the achievement of (i) annual objectives (set out in section 6.4.B.ii.B), which reflect customer and profitability strategy, promote proper risk management and cost-effective capital allocation, and discourage short-term management focus; and (ii) long-term objectives (see section 6.4.B.ii.B), which support a sustainable balance sheet, shareholder return, the Group's profitability and sustainability of the Group's activities and the way they are carried out.

### Directors' remuneration for 2023

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

In 2023, directors, in their capacity as such, will receive remuneration for supervisory and collective decision-making duties for a total of up to EUR 6 million as authorised by the shareholders at the April 2022 AGM (which will again be put to a vote at the 2023 AGM). It consists of:

- annual allocation, and
- attendance fees.



After several years with practically no review of directors' remuneration, the board has proposed, for 2023, an increase of EUR 3,000 in the annual allotment for board and committee membership (except for the executive committee) and without a comprehensive review of the remuneration. All other board related amounts for 2023, including board and board committees fees are the same as for 2022 (see sections 6.2.B and C above).

The specific amounts and the form of payment are determined by the board of directors in the manner described in section 6.2 above, based on the objective circumstances of each director.

Additionally, as indicated in the description of the director remuneration system, Banco Santander will pay its directors' the corresponding civil liability insurance premium in 2023. The related policy is common to all executives and was taken out under usual market condition, proportionate to Banco Santander's situation.

### B. Executive directors' remuneration for the performance of executive duties

The board, on the remuneration committee's recommendation and with effect from 1 January 2023, resolved for Héctor Grisi to have the same target pay as José Antonio Álvarez received until he stepped down as CEO, based on the fact that he is a professional with a proven expertise and performed a similar role for Santander México and as head of the Group's North America region, plus the cost savings derived from not hiring an external candidate.

#### i) Fixed remuneration components

##### A) Gross annual salary

After five years with no review of gross annual salary, and further to the remuneration committee's recommendation, the board resolved that Ana Botín's gross annual salary would increase a 3% in respect of 2022 (this would mean an effective total rise in her total compensation of around 1% versus 2022, taking into account the sum of fixed salary, pension contribution and target bonus). In connection with this, it is worth noting that an increase of 4.5% in the base salary subject to collective agreement has been applied to the general Santander workforce in Spain.

In turn, the new CEO Héctor Grisi will receive a gross annual salary of EUR 3 million, which is the same fixed compensation as the former CEO. The board agreed on this amount upon proposal of the remuneration committee, based on his proven expertise as a successful CEO with Santander Mexico and Group's North America regional head. Also, as Héctor Grisi's appointment is internal, it does not entail any additional buyout or sign-on bonus expenses, as would normally be the case with an external candidate.

Their gross annual salary amounts may increase owing to adjustments made to the fixed remuneration mix based on the criteria approved by the remuneration committee, provided this does not entail any cost increase for Banco Santander.

##### B) Other fixed remuneration components

- Benefit systems: defined contribution schemes as set out in section 'Benefit schemes'<sup>5</sup>.

- Supplement to fixed salary: Ana Botín will receive EUR 525,000 as a supplement to her fixed pay in 2023. This had been approved in 2018 when the supplementary death and disability pension schemes were eliminated. Héctor Grisi will not receive a supplement.
- Social welfare benefits: executive directors will also receive social welfare benefits such as life insurance premiums, travel grants, medical insurance and the allocation of remuneration to employee loans, in accordance with Banco Santander's general policy for senior management, and in the same terms as the rest of employees.
- Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee. This information can also be found under the 'Benefit plans' section.

#### ii) Variable remuneration components

The board approved the policy on executive directors' variable remuneration for 2023 on the remuneration committee's recommendation, based on the remuneration policy principles described under section 6.3.

Executive directors' variable remuneration consists of a single incentive scheme, linked to the achievement of short-and long-term objectives. It is structured as follows:

- The final amount of variable remuneration will be set at the start of the following year (2024) based on the benchmark amount and subject to compliance with the annual objectives described under section B) below.
- 40% of the incentive will be paid immediately once the final amount has been set, and 60% will be deferred in equal parts paid out over five years and subject to long-term metrics:
- The amount deferred over the first two years (24% of the total) will be paid in 2025 and 2026 on the condition that no malus clauses described under section 6.3 B v) are triggered.
- The amount deferred over the next three years (36% of the total) will be paid in 2027, 2028 and 2029, on the condition that no malus clauses are triggered and long-term targets – described in section D) Deferred incentive subject to long-term performance objectives – are met.

The Group can claw back incentives already paid in the cases and during the term set out in its malus and clawback policy, described under section 6.3 B v).

Exceptionally, when a new executive director joins Banco Santander, his/her variable pay may include a sign-on bonus and/or buyouts.

Variable components in executive directors' total remuneration for 2023 cannot exceed the limit of 200% of fixed components submitted for approval to the 2023 AGM. However, under EU regulations on remuneration, certain variable components can be excluded.

<sup>5</sup> As indicated in the next section, executive directors contribution to the benefit systems includes both fixed and variable components



### A. Variable remuneration benchmark

Variable remuneration for executive directors in 2023 will be set based on a standard benchmark contingent upon the full achievement of their set individual targets, which for 2022 among others include, both for the Executive Chair and the CEO, pushing CET1 and sustainability targets.

The board of directors may revise the variable pay benchmark on the remuneration committee's recommendation and following market and internal contribution criteria.

Hector Grisi's variable remuneration target will be EUR 4,200 thousand, which aligns with the former CEO's variable remuneration target until his departure and following the same rationale explained above for gross annual salary.

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

Based on that standard benchmark, 2023 variable remuneration for executive directors will be based on this new corporate bonus scheme proposal:

- Three categories of quantitative metrics (business transformation, sustainable profitability and capital) to increase alignment with increasing shareholder value and capital generation.
- A relative performance multiplier versus market which will multiply by 0.7 to 1.3 the result of the quantitative metrics above, based on performance versus top peers in each market on metrics considered more relevant for each country/business (and for Group, the weighted average of countries results): with net interest margin (NIM), cost to income, CoR, NPLs, net promoter score (NPS) and Net Margin after provisions as references.
- A simpler qualitative assessment with four components (risk, compliance, network collaboration and ESG) instead of seven, to cover regulatory requirements and stakeholders' concerns more efficiently. The assessment cannot raise or lower the above result by more than 25%.
- An exceptional adjustment that must be duly supported and may involve changes owing to control and/or risk deficiencies, negative assessments from supervisors or unexpected material events.

These changes align the new scheme with the strategic priorities we announced at our Investor Day on 28 February 2023. Capital generation will become an important part of key employees' remuneration (including executive directors) in order to ensure an efficient use of capital, alongside RoTE, which we are keeping in the scorecard to incentivize sustainable, long-term growth. Customers continue to be part of the quantitative metrics, with special focus on active customers. Lastly, executives' focus on outperforming the market in aspects directly related with shareholder value is increased.

The proposed quantitative metrics and weightings are:

Category	Quantitative metrics
<b>Transformation:</b> Weight: 45%	Total and active customers (growth) (Weight: 20%)
	Operative cost per active customer (Weight: 15%)
	Revenue per active customer (Weight: 10%)
<b>Capital</b> Weight: 30%	CET1 ratio <sup>A</sup>
<b>Sustainable Profitability</b> Weight: 25%	RoTE <sup>A</sup> (Return on tangible equity)

A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, share buybacks, legal changes or restructuring procedures) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

A relative performance multiplier (from 0.7 to 1.3) based on performance versus best-in-class peers is applied to the total result of these metrics.

And finally, to the result obtained above, we add or subtract the qualitative assessment according to this table:

Qualitative assessment	Weight
<b>Risk</b>	+/-5%
<b>Compliance</b>	+/-5%
<b>Network collaboration</b>	+/-10%
<b>ESG targets</b>	+/-5%

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

- If the Group's ONP for 2023 were 50% less than in 2022, variable pay would in no case exceed 50% of the benchmark incentive for 2023.
- If the Group's ONP were negative, the incentive would be zero.

When setting individual bonuses, the board will also consider restrictions to the dividend policy imposed by supervisors.

### C) Forms of payment of the incentive

Variable remuneration of executive directors will be paid 50% in instruments, split as:

- the amount of PagoNxt RSUs set for each year (which cannot exceed 10% of their variable pay); and
- the rest, all in instruments of Banco Santander, S.A. The executive director must decide between receiving such amount all in shares, or receiving in equal parts shares and share options of Banco Santander, S.A.



One portion will be paid in 2024 and the other will be deferred for five years and contingent on long-term metrics:

- 40% of variable remuneration is paid in 2024 net of tax, with 50% in cash and 50% in instruments.
- 60% paid, if applicable, in five equal parts in 2025, 2026, 2027, 2028 and 2029 (net of tax), with 50% in cash, 50% in instruments, under the conditions stipulated in section E).

The final three payments will also be subject to long-term objectives described in section D) below.

Shares shall be subject to a three-years retention period, unless the executive directors already hold shares for an amount equivalent to 200% of their fix annual remuneration -in which case the regulatory one year retention period will apply. Share options shall not be exercisable or sold until one year after their delivery. The exact exercise period for the options shall be determined by the board, upon the recommendation from remuneration committee, in the terms approved by the general shareholders' meeting.

Additionally, a proposal to increase the number of trading sessions used to determine the share price used for executive directors and identified staff bonus from 15 to 50, to soften the impact on the share price of events (positive or negative) that may occur within a short period will be put to vote at the 2023 AGM. Under the Remuneration policy for 2023 and beyond, the maximum number of shares (and/or share options) will be calculated based on the daily volume-weighted average of the weighted average Santander share price in the 50 trading sessions before the last Friday (not included) before the board meeting at which executive directors' bonus is agreed.

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

As indicated above, the amounts deferred in 2027, 2028 and 2029 will be paid on the condition that the group achieves its long-term targets for 2023-2025, in addition to the terms described in section E).

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

- Banco Santander's consolidated Return on tangible equity (RoTE) target in 2025. The RoTE ratio for this target is obtained as follows:

RoTE in 2025 (%)	'RoTE Ratio'
≥ 17%	1.5
≥ 14% but <17%	0 – 1.5 <sup>A</sup>
< 14%	0

A. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2025 within this bracket of the scale.

To verify compliance with this objective, the board, following a proposal from the remuneration committee, may adjust it to remove the effects of any regulatory change to its calculation rules or any extraordinary circumstances (such as impairments,

corporate transactions, share buybacks or restructuring procedures) that have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

- Relative performance of Banco Santander's total shareholder return (TSR) in 2023-2025 in respect of the weighted TSR of a peer group comprising 9 credit institutions, with the appropriate TSR ratio based on the group's TSR among its peers.

Ranking of Santander TSR	'TSR Ratio'
The 100 <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>6</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.

- ESG (environmental, social and governance) metrics.

Achievement will depend on the progress made on the Group's Responsible Banking actions lines and associated targets (described below)<sup>7</sup>:

#### 1. Women in senior leadership positions by 2025:

Women in senior leadership positions <sup>B</sup> (%)	Coefficient
≥ 36%	1.25
≥ 35% but < 36%	1 – 1.25 <sup>A</sup>
≥ 29.3% but < 35%	0 – 1 <sup>A</sup>
< 29.3%	0

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

B. Senior leadership positions make up 1% of the total workforce.

#### 2. Financial inclusion between 2023 and 2025:

Financial inclusion <sup>B</sup> (millions)	Coefficient
≥ 6	1.25
≥ 5 but < 6	1 – 1.25 <sup>A</sup>
≥ 3 but < 5	0 – 1 <sup>A</sup>
< 3	0

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

B. Banking proposals for unbanked and underbanked regarding access to basic financial services (i.e.: cash-in/cash-out services in remote locations) or tailored finance (i.e.: for micro-entrepreneurs to set up or grow a business or customers in financial distress).

<sup>6</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 2023 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2026 (exclusive) (to calculate the final value).

<sup>7</sup> There are thresholds that go beyond current public targets, which should not be considered a revision of them, but a way to further motivate our management team, in order to progress beyond targets on ESG main strategic lines.



3. Green finance and socially responsible investment. This third ESG goal is split into two subcategories: cumulative green finance raised and facilitated between 2019 and 2025 and socially responsible investments AuMs in 2025, with a weight of 70% and 30%, respectively.

Green finance raised and facilitated <sup>B</sup> (EUR Bn)	Coefficient
≥ 240	1.25
≥ 220 but < 240	1 – 1.25 <sup>A</sup>
≥ 160 but < 220	0 – 1 <sup>A</sup>
< 160	0

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

B. Grupo Santander's contribution to green business: SCIB, Retail & Commercial banking and Digital Consumer Bank. It is measured with cumulative data since 2019.

Socially responsible investments <sup>B</sup> (EUR Bn)	Coefficient
≥ 102	1.25
≥ 100 but < 102	1 – 1.25 <sup>A</sup>
≥ 53 but < 100	0 – 1 <sup>A</sup>
< 53	0

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

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

4. Reduction of the exposure in thermal coal-related power and mining portfolios:

Thermal coal-related power & mining <sup>B</sup> (EUR bn)	Coefficient
≤ 3.8	1.25
< 5.8 but > 3.8	1 – 1.25 <sup>A</sup>
= 5.8	1
> 5.8	0

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

B. Credit risk exposure with customers affected by the thermal coal 2030 phase-out target: power generation customers with more than 10% of revenues coming from thermal coal and thermal coal-mining customers.

Each of the four Responsible Banking action lines has the same weighting and this formula to calculate them:

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

The following formula will be used to set the annual amount of performance-based deferred variable remuneration in 2027, 2028 and 2029 ('final annuity'), without prejudice to any adjustment deriving from the application of the malus policy (see section 6.3 B v):

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

where:

- 'Amt.' is one third of variable remuneration deferred conditional on performance (i.e. Amt. will be 12% of the total incentive set in early 2024).
- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2025.

- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2023-2025.

- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the four Responsible banking targets for 2025 (see section (c) above).

- In any event, if the result of  $(2/5 \times A + 2/5 \times B + 1/5 \times C)$  is greater than 1.25, the multiplier will be 1.25.

The estimated maximum amount to be delivered in instruments to executive directors is EUR 11.5 million.

#### E) Other terms of the incentive

Payment of the deferred amounts (including those linked to long-term targets) will occur only if they remain in the Group and none of the circumstances triggering malus clauses arise (as per the malus and clawback section in the Group's remuneration policy) under terms similar to those indicated for 2022 (detailed in section 6.3 B v)). Furthermore, the group can claw back paid incentives under the scenarios, period and terms and conditions set out in the remuneration policy.

Hedging the value of Santander shares and share options received during the retention and deferral periods is expressly prohibited.

The effect of inflation on the deferred amounts in cash may be offset.

Selling shares is also prohibited for at least one year since the delivery.

The remuneration committee may propose to the board adjustments in variable remuneration under exceptional circumstances owing to internal or external factors, such as requirements, orders or recommendations issued by regulatory or supervisory bodies. Such adjustments will be described in detail in the report on the remuneration committee and the annual report on directors' remuneration put to a non-binding vote at the annual general meeting.

#### iii. Shareholdings

As described in section 6.3.E, in addition to the regulatory obligation not to sell shares they receive as remuneration for a year since from their award date, in order to comply with recommendation 62 of the Spanish Corporate Governance Code, the policy on shareholdings includes the obligation for executive directors not to sell the shares they receive as variable remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her annual salary.

### Directors' remuneration for 2024 and 2025

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

For 2024 and 2025, no changes to directors' remuneration are planned in respect of what is foreseen herein for 2023. However, shareholders at the 2024 or 2025 annual general meeting may approve an amount higher than the six million euros currently in force, or the board may approve an alternative allocation of that amount to directors in accordance with the criteria in article 58.2 of Banco Santander's Bylaws (i.e. duties and responsibilities; positions held on the board;



membership and attendance at committee meetings; and other objective circumstances).

## B. Directors' remuneration for the performance of executive duties

Executive directors' remuneration will conform to principles similar to those applied in 2023, with the following changes.

### i) Fixed components of remuneration

#### A) Gross annual salary

Executive directors' annual gross fixed pay may be adjusted each year based on the criteria approved by the remuneration committee at any given time. For 2024 and 2025 and going forward, the proposal of the board, upon recommendation from the remuneration committee, is to increase their annual gross salary by an amount equivalent to 75% of the average salary increase applied to the general workforce in the Group, provided that it may not increase above 5% of their gross annual salary in respect of the previous year.

The 5% increase mentioned above may be higher for one or several directors provided that, when applying the rules or requirements or supervisory recommendations, and if so proposed by the remuneration committee, it is appropriate to adjust their remuneration mix and, in particular, their variable remuneration, in view of the functions they perform.

This should not increase executive directors' total remuneration. Otherwise, it must be disclosed in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at annual general meeting.

#### B) Other fixed remuneration components

No changes planned in respect of the terms for 2023.

### ii) Variable remuneration components

The policy on executive directors' variable remuneration for 2024 and 2025 will be based on the same principles as in 2023, following the same single-incentive scheme described above, and subject to the same rules of operation and limitations.

#### A) Setting variable remuneration

Executive directors' variable remuneration for 2024 and 2025 will be set based on the corporate bonus pool and a benchmark approved for each year which takes into account:

- a set of short-term quantitative metrics measured against annual objectives and aligned with the Group's strategic plan. These metrics will also cover, at least, shareholder return targets, capital and customers. They can be measured at Group level and, where applicable, at division level, for a specific business division headed by an executive director. The results of each metric can be contrasted with the budget for the financial year, as well as with growth from the previous year.
- a relative performance multiplier in some key metrics (from 0.7 to 1.3) versus our best-in-class peers.
- a qualitative assessment that cannot raise or lower the result of the quantitative metrics and the multiplier above by more than 25%. It will be conducted for the same categories as the quantitative metrics, including risk, compliance, network collaboration and ESG targets.

- an exceptional adjustment that must be duly substantiated and may involve changes owing to control and/or risk shortfalls, negative assessments from supervisors or unexpected material events.

The quantitative metrics, relative performance accelerator, the qualitative assessment and potential extraordinary adjustments will ensure main objectives are considered from the perspective of the various stakeholders and that the importance of risk and capital management is factored in.

Once the corporate bonus pool is fixed according to the criteria above, the board of directors, further to a proposal from the remunerations committee, decides on the individual bonus, taking into consideration the level of achievement of their individual objectives, which in general terms coincide with the bonus pool metrics, their compliance with corporate values and risk culture.

Lastly, the following circumstances must be confirmed to set variable remuneration:

- If ONP does not reach a certain compliance threshold, the incentive cannot exceed 50% of the year's incentive benchmark.
- If the group's ONP were negative, the incentive would be zero.
- When setting individual variable pay, the board will also consider restrictions to the dividend policy imposed by supervisors.

#### B) Forms of payment of the incentive

The variable remuneration of executive directors for 2024 and 2025, will be paid as follows:

- 50% in cash;
- and 50% in instruments, split as follows:
  - the amount of PagoNxt, S.L. RSUs set for each year (as described below); and
  - the rest, half in shares and half in share options of Banco Santander, S.A.

It is also envisaged that for 2024 and 2025 Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

The RSUs will substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay in any event.

#### C) Deferred variable remuneration subject to long-term objectives

The last three annual payments of each deferred variable remuneration amount will be made in accordance with the terms described under section E) above and if the Group fulfils long-term objectives for at least three years. This may confirm,



reduce or increase payment amounts and the number of deferred instruments.

Long-term metrics will, at least, cover value creation and shareholder returns as well as capital and sustainability over a minimum period of three years. They will be aligned with the Group's strategic plan and main priorities towards its stakeholders. They can be measured for the entire Group or by country or business, when appropriate, and subsequently compared to a group of peers.

The portion paid in shares cannot be sold until one year has elapsed since delivery.

#### D) Other terms of the incentive

No changes to the continuity, malus and clawback clauses of the remuneration policy for 2023 described in section E are expected. Furthermore, no changes are planned in respect of the clauses on hedging instruments or the deferred amounts in cash adjusted for inflation.

#### iii) Shareholdings

The policy on shareholdings approved in 2016, with the amendment introduced in 2020 relating to not selling the shares they receive as variable remuneration for a period of three years detailed in section 6.3.E above will apply in 2024 and 2025, unless the remuneration committee proposes it be amended to the board in light of exceptional circumstances (regulations, orders or recommendations from regulators or supervisors). Such amendments would be described in detail in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at the annual general meeting.

#### iv) Principle of equal pay

The same principle of equal pay that applies for executive directors and any other Santander employee described in respect of 2023 apply for 2024 and 2025.

### Terms and conditions of executive directors' contracts

Executive directors' terms of service are governed by board-approved contracts they sign with Banco Santander. The basic terms and conditions, besides those relating to the remuneration mentioned above, are the ones described herebelow.

#### A. Exclusivity and non-competition

Executive directors may not contract with other companies or entities to perform services, unless expressly authorised by the board of directors. In all cases, they are bound by a duty of non-competition in relation to companies and activities similar in nature to Banco Santander and its consolidated group.

In addition, executive director contracts impose prohibitions on competing and attracting customers, employees and suppliers, which can be enforced for two years after their termination in their executive duties for reasons other than a breach by Banco Santander. In regard to Ana Botín and Héctor Grisi, the compensation to be paid by Banco Santander for this duty of non-competition is twice the amount of the fixed remuneration.

#### B. Code of Conduct

Executive directors are obliged to adhere strictly to the group's General Code and the Code of Conduct in Securities Markets,

especially in terms of confidentiality, professional ethics and conflicts of interest.

#### C. Termination

The length of executive directors' contract is indefinite. Contracts do not provide for any severance payment upon termination apart from what the law provides.

If Ana Botín's contract is terminated by Banco Santander, she must remain available to the group for four months in order to ensure proper transition. During this period, she would continue to receive her gross annual salary.

#### D. Benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012. It covers retirement, disability and death. Banco Santander makes annual contributions to executive directors' benefit plans schemes. Annual contributions are calculated in proportion to executive directors' pensionable bases, and the Group will continue to make them until the executive directors' leave the Group or until their early retirement within the Group, their death or disability (including during pre-retirement). The pensionable base of executive directors' annual contributions is their fixed remuneration plus 30% of the average of their last three variable remuneration amounts. For Héctor Grisi, the average for the first three years will be calculated according to these criteria:

- For 2023, his gross variable remuneration agreed in that exercise.
- For 2024, the average of his gross variable remuneration agreed for 2023 and 2024 exercises.
- For 2025, the average of his gross variable remuneration agreed for 2023, 2024 and 2025 exercises.

Contributions will be 22% of pensionable bases.

The pension amount that corresponds to contributions linked to variable remuneration will be invested in Santander shares for five years from the earlier of the date of retirement or cessation. It will be paid in cash after the five years have elapsed or on the retirement date (if later). Moreover, the malus and clawback clauses for variable remuneration contributions will apply for the same period as the related bonus or incentive.

This benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. Executive directors' economic rights under the scheme belong to them even if they are not active in the group at the time of their retirement, death or disability. Their contracts do not provide for any severance pay upon termination apart from what the law provides and in the case of pre-retirement, the aforementioned annual allotment.

#### E. Insurance and other remuneration and benefits in kind

Ana Botín will receive the supplement to their fixed remuneration approved when the supplementary life and health benefits were eliminated in 2018. It will be paid in 2023, 2024 and 2025 in the same amount and continue to be paid until they reach retirement age (even if they are still active).

The Group has life and health insurance policies taken out for directors. Insurance premiums for 2023 include standard life insurance and the life insurance cover with the supplement to



their fixed remuneration mentioned above. In 2024 and 2025, premiums could vary if directors' fixed pay or actuarial circumstances change.

Furthermore, executive directors are covered by Banco Santander's civil liability insurance policy and may receive other benefits in kind (such as employee loans) pursuant to the group's general policy and subject to the corresponding tax treatment.

Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee

#### F. Confidentiality and return of documents

Directors are bound to a strict duty of confidentiality during their relationship and subsequent to termination. Executive directors are required to return any documents and items relating to their activities and in their possession to Banco Santander.

#### Agreements with non-executive members of the board

José Antonio Álvarez signed a contract to become a strategic adviser to Grupo Santander, effective on 1 January 2023. The contract stipulates that Mr Álvarez will aid in the handover to the new CEO and attend executive risk committee meetings and engaging supervisors, international bodies, sector organizations and others in institutional matters as necessary. Mr Álvarez will receive fixed remuneration of EUR 1,750 thousand. For this contract, he will retain some of the benefits he enjoyed under his former contract, including health and life insurance, and the supplement he had been receiving for having waived the death and disability policy in the amount stated under section 6.3 (see "Other remuneration" in table 6.3 G) of this Annual Report. Moreover, the post-contractual non-compete commitment in his previous contract will remain in force until this one expires. He will not be entitled to any other payment in connection with the termination of this contract.

Luis Isasi has a contract since 4 April 2020 to act as non-Executive Chair of the board of Santander España (for which he receives EUR 925 thousand a year) and to serve as a member of the board of Santander España (for which he receives EUR 75 thousand a year). His contract is permanent and does not entitle him to any compensation if terminated.

#### Appointment of new executive directors

The components of remuneration and basic structure of the agreements described in this remunerations policy will apply to any new director that is given executive functions at Banco Santander, notwithstanding the possibility of amending specific terms of agreements so that, overall, they contain conditions similar to those previously described.

Directors' total remuneration for executive duties cannot exceed the highest remuneration received by the group's current executive directors under the remuneration policy approved by shareholders. The same rules apply if a director assumes new duties or becomes an executive director.

If a director takes up executive functions in a specific division or local unit, the board of directors, on the remuneration committee's recommendation, can adapt the metrics for setting and paying incentives to take that division or local unit into account in addition to the Group.

Remuneration paid to directors in that capacity will be included within the maximum amount set by shareholders to be distributed by the board of directors in the terms described above.

A new director coming from an entity outside Santander Group could be paid a buyout to offset any variable remuneration foregone for having accepted a contract with the group; and/or a sign-on bonus for leaving to join Banco Santander.

This compensation could be paid fully or partly in shares, depending on the delivery limits approved at the annual general shareholders' meeting. Authorization is expected to be sought at the next general shareholders' meeting in order to deliver a maximum number of shares to any new executive directors or employees to whom buyout regulations apply.

Furthermore, sign-on bonuses can only be paid once to new executive directors, in cash or in shares, and in each case they will not exceed the sum of the maximum variable remuneration awarded for all executive directors.

Mr Grisi's appointment as CEO (with effect from 1 January 2023) did not entail a buyout or sign-on bonus since he was already part of Grupo Santander.

#### Temporary exceptions to the remuneration policy

According to section 6 of Article 529 *novedecies* of the Spanish Companies Act, specific exceptions may apply to components in the remuneration policy, based on particular business needs or macroeconomic context in the Group's geographies, provided that they are required to serve the long-term interests and sustainability of the entity; ensure its viability; and require to be adopted urgently.

Such exceptions include:

- Complex macroeconomic scenarios where the ordinary course of the business is severely impacted.
- The appointment of a new Executive Chair or chief executive officer, or the need to retain an executive director to avoid a vacancy at the head of the Group (*vacatio regis*) during especially complex times for the business.
- The need to adapt to regulatory change.

To apply, exceptions must be supported by:

- a reasoned remuneration committee proposal; and
- board of directors analysis and approval.

Any applied exception will be explained in the *Annual report on directors' remuneration*.



## 6.5 Preparatory work and decision-making for the remuneration policy; remuneration committee involvement

Section 4.7 'Remuneration committee activities for 2022', (the report on the remuneration committee) states:

- Pursuant to Banco Santander's Bylaws and the Rules and regulations of the board of directors, the duties relating to the remuneration of directors performed by the remuneration committee.
- How the remuneration committee is composed on the date the report is approved.
- The number of meetings it had in 2022, including joint sessions with the risk, compliance and regulation supervision committee.
- The date of the meeting in which the report was approved.

The 2021 annual report on directors' remuneration was approved by the board of directors and put to a binding vote at the 2022 AGM, with 88.01% of the votes in favour. The tally of the votes was:

	Number	% of total <sup>A</sup>
Votes	11,589,809,297	97.18 %
	Number	%
Votes for <sup>B</sup>	10,193,385,775	88.01 %
Votes against <sup>B</sup>	1,389,271,674	11.99 %
Blank <sup>C</sup>	7,151,848	0.06 %
Abstentions <sup>C</sup>	336,389,901	2.82 %

A. Percentage on total valid votes and abstentions.

B. Percentage of votes for and against.

C. Percentage of share capital present and attending by proxy at the ordinary shareholders' meeting.

### Decision process for the development, review and application of the policy

Pursuant to Article 529 *novodecies* of the Spanish Companies Act, the remuneration committee issues the report on the proposed remuneration policy for 2023, 2024 and 2025 herein. The board of directors then submits it to the 2023 AGM as a separate item on the agenda and an integral part of this text. See section 6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'.

Banco Santander's Compensation function prepares the remuneration policy with the suggestions, requests and comments received during the year from the human resources committee, remuneration committee and the board of directors. A first draft of the policy is submitted to the remuneration committee for review every January. The review considers the suggestions, requests and comments the Chair and lead independent director receive through shareholder and stakeholder engagement during the year on our corporate governance and our remuneration structures. Regulators' recommendations and legal requirements that may have come to light since the last time the director remuneration policy was

submitted for approval by the annual general meeting are also considered.

The committee also makes sure the policy is consistent with the Group's culture and our Simple, Personal and Fair values. The Compensation function then prepares the final draft for the remuneration committee to submit to the board of directors for approval in February.

Based on the analysis carried out in the context of the 2022 annual remuneration report elaboration and its continued supervision of the remuneration policy, the remuneration committee believes the director remuneration policy for 2023, 2024 and 2025 which is included in section 6.4 above is consistent with the principles of Banco Santander's remuneration policy and its remuneration scheme set out in the Bylaws.

The policy aims, among other aspects, (i) to maintain a simple executive remuneration scheme, with three categories of quantitative metrics (business transformation, sustainable profitability and capital) to further align with value creation and capital generation; (ii) outperform peers in value creation aspects; and, (iii) regarding metrics linked to multiyear objectives, to prioritize long-term profitability for shareholders and Santander and a sustainable balance sheet (total shareholder return, RoTE and ESG-related metrics related to our responsible banking targets) in order to follow best market practice and meet our stakeholders' needs.

In 2022, no deviations from, or temporary exceptions to, the application of the remuneration policy occurred.

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

2022 variable remuneration was approved by the board of directors on 31 January 2023 in view of the recommendation from the 30 January 2023 remuneration committee. It was set according to Banco Santander's general remuneration policy as well as specific details pertaining to senior management.

In general, senior management variable remuneration packages were calculated with the quantitative metrics and qualitative assessment used for executive directors (see section 6.3 B ii).

Some contracts of members of senior management were amended in 2018 in the same manner described under 6.3.D in respect of Ana Botín, with a pension scheme of 22% of their pensionable bases, the elimination of supplementary benefits, an increase of the insured sum of life insurance and a supplement to fixed remuneration in cash which is included under "Other remuneration".

The following table shows the amounts of short term remuneration (immediately payable) and deferred remuneration (not linked to multi year targets) for senior management as of 31 December 2022 and 2021, excluding those of executive directors. This amount has been reduced by 35% compared to that reported in 2014 (EUR 80,792 thousand):



## EUR thousand

Year	Number of people	Short-term and deferred salary remuneration					Total
		Fixed	Immediately receivable variable remuneration (50% in shares) <sup>A</sup>	Deferred variable remuneration (50% in shares) <sup>B</sup>	Pension contributions	Other remuneration <sup>C</sup>	
2022	14	18,178	15,466	6,797	5,339	6,956	52,736
2021	15	19,183	16,804	7,296	5,542	5,055	53,880

A. The amount immediately payable in shares in 2022 was 2,504 thousand Santander shares (2,707 thousand Santander shares in 2021).

B. The amount of deferred shares in 2022 was 1,101 thousand Santander shares (1,175 thousand Santander shares in 2021).

C. Includes life insurance premiums, health insurance and relocation packages, other remuneration items and RSUs of PagoNxt S.L., as members of board of directors of this entity.

This table breaks down remuneration linked to multi-year targets for senior management (excluding executive directors) at 31 December 2022 and 2021, which they will only receive if they meet the terms of continued service; non-applicability of malus clauses; and long-term goals are met during deferral periods.

Year	Number of people	Thousands of euros	
		Deferred variable remuneration subject to long-term metrics <sup>A</sup> (50% in shares) <sup>B</sup>	
2022	14		7,137
2021	15		7,660

A. In 2022, this corresponds to the fair value of maximum annual payments for 2026, 2027 and 2028 in the seventh cycle of the plan for deferred variable remuneration linked to multi-year targets. In 2021, this corresponds to the estimated fair value of maximum annual payments for 2025, 2026 and 2027 in the sixth cycle of the plan for deferred variable pay linked to multi-year targets. Fair value in the plan was determined on the authorization date based on the valuation report of independent expert Willis Towers Watson. Based on the plan for 2022 and success levels of similar plans at peer entities, the fair value was considered to be 70% of the value linked to long-term metrics.

B. The number of shares in Santander as deferred variable pay subject to long-term metrics shown in the table above was 1,156 thousand in 2022 (1,234 thousand shares in Santander in 2021).

The long-term goals are the same as those for executive directors. They are described in section 6.3 B iv).

Additionally, senior executives who stepped down from their roles in 2022 consolidated salary remuneration and other remuneration for a total amount of EUR 3,691 thousand (EUR 5,294 thousand in 2021). They also have the right to receive, in total, EUR 447 thousand in variable pay subject to long-term objectives (this right has been generated in 2021 for a total amount of EUR 55 thousand).

The board of directors approved the 2022 Digital Transformation Incentive which is a variable remuneration scheme split in two different blocks:

- the first one, with the same design as in previous years, that delivers Santander shares and share options if the Group hits major milestones on its digital roadmap. This is aimed at a group of up to 250 employees whose functions are deemed essential to Santander's growth. No senior executives are included within this plan in 2022.
- And the second one, which delivers PagoNxt, S.L. RSUs and premium priced options (PPOs), and is aimed at up to 50 employees whose roles are considered key to PagoNxt's success, including 1 senior executive who will receive EUR 500 thousand under it.

See [Note 46](#) to the 2022 Group's consolidated financial statements for further information on the Digital Transformation Incentive.

In 2022, the ratio of variable to fixed pay components was 120% of the total for senior managers, well within the maximum limit of 200% set by shareholders.

See [note 5](#) of the Group's 2022 consolidated financial statements for further details.

## 6.7 Prudentially significant disclosures document

On the remuneration committee's recommendation, the board approves the key remuneration elements of managers or employees who, while not belonging to senior management, take on risks, carry out control functions (i.e. internal audit, risk management and compliance) or who receive global remuneration that places them in the same remuneration bracket as senior management and employees who take on risk. These are typically those whose professional activities may have an important impact on the Group's risk profile (all of these, together with the senior management and Banco Santander's board of directors form the so called 'Identified Staff' or 'Material Risk Takers')

Every year, the remuneration committee reviews and, where applicable, updates identified staff in order to include individuals within the organization who qualify as such. The Remuneration Policies chapter in the 2022 Pillar III disclosures report<sup>8</sup> of Banco Santander, S.A. explains the criteria and regulations followed to identify such staff.

At the end of 2022, 1,029 Group executives (including executive directors and non-director senior managers) were considered identified staff (1,018 in 2021), which accounts for 0.50% of the total final workforce (0.52% in 2021).

Identified staff have the same remuneration standards as executive directors (see sections 6.1 and 6.3), except for:

- Category-based deferral percentages and terms.
- The possibility in 2022 of certain less senior manager categories of only having deferred variable pay subject to malus and clawback clauses (and not to long-term targets).

<sup>8</sup> The 2022 Pillar III disclosures report can be found on our corporate website.



- The portion of variable remuneration paid or deferred as shares for Group executives in Brazil, Chile and Poland that can be delivered in shares or similar instruments of their own listed entities (as in previous years).

In 2023, the board will maintain its flexibility to determine full or partial payment in shares or similar instruments of Banco Santander and its subsidiaries in the proportion it deems appropriate (according to the maximum number of Santander shares allocated at the general meeting and to any regulatory restrictions in each jurisdiction).

The aggregate amount of variable remuneration for identified staff in 2022, the amounts deferred in cash and instruments, and the ratio of the variable to fixed remuneration components are explained in the remuneration policies chapter of Banco Santander's Pillar III disclosures report for 2022.



# 7. Group structure and internal governance

Grupo Santander is structured into legally independent subsidiaries whose parent company is Banco Santander, S.A. Its registered office is in Santander (Cantabria, Spain), while its corporate centre is located in Boadilla del Monte (Madrid, Spain). It has a Group-Subsidiary Governance Model (GSGM) and good governance practices in place for its core subsidiaries. Any references to subsidiaries in this section are to the Group's most prominent entities.

The key features of the GSGM are:

- The subsidiaries' governing bodies must ensure their rigorous and prudent management and economic solvency while pursuing the interests of their shareholders and other stakeholders.
- The subsidiaries are managed locally by teams that possess extensive knowledge on, and experience with, their customers and markets, while benefiting from the synergies and advantages of belonging to the Group.
- The subsidiaries are subject to local authority regulation and supervision, although the ECB supervises the Group overall.
- Customer funds are secured by the deposit guarantee schemes in the subsidiaries' countries and are subject to local laws.

The subsidiaries finance their own capital and liquidity. The Group's capital and liquidity are coordinated by corporate committees. Intra-group risk transactions are limited, transparent and carried out under market conditions. Grupo Santander retains a controlling interest in subsidiaries listed in certain countries.

Each subsidiary runs independently and has its own recovery plan, limiting the contagion of risk between them and reducing systemic risk.

## 7.1 Corporate Centre

Banco Santander's GSGM is supported by a corporate centre, which brings control and support units together with such functions as strategy, risk, compliance, auditing, finance, accounting, technology and operations, human resources, legal services, internal governance, communications and marketing. It adds value to the Group by:

- enhancing governance under robust corporate frameworks, models, policies and procedures to implement strategies and ensure effective Group oversight;
- making the Group's units more efficient through cost management synergies, economies of scale and a common brand;

- sharing best practices in global connectivity, commercial initiatives and digitalization; and
- ensuring the "know your structure" governance principle is effectively applied with a Procedure for appointing key positions and assessing suitability that applies to the entire Group.

## 7.2 Internal governance

Grupo Santander's internal governance model outlines a set of principles that regulate three types of relationships with its subsidiaries:

- The subsidiaries' governing bodies are subject to the Group's rules and procedures for structuring, forming and running boards of directors and audit, nomination, remuneration and risk committees, according to international standards and good governance practices. This includes embedding other Group rules and regulations on the suitability, appointment, remuneration and succession plans of governing body members, which fully comply with local regulations and supervisory standards.
- The relationship between regional and country heads and the Group CEO.
- The relationship between local and global heads of key control positions, following a three lines of defence model: chief officers for risk (CRO), compliance (CCO), audit (CAE), finance (CFO) and accounting (CAO), as well as other key support and business functions (Technology and Operations, HR, General Counsel, Legal Services, Marketing, Communications, Strategy, SCIB, Wealth Management & Insurance and Global Cards and Digital Solutions).

The Group has three regional heads who report to the Group CEO and are responsible for consolidating and streamlining the management and coordination of its core subsidiaries in the three geographic areas where it operates: Europe, South America and North America. They must undertake their key responsibilities in compliance with European Union and country-specific laws and regulations, and ensure that the country heads' role and accountability (including regulatory responsibilities) are not undermined.

Since 2020, the Europe region (Spain, Portugal, Poland and the UK) has had the mandate to execute a pan-European operating model to deliver benefits of scale and efficiency that leverage common product and regional management structures in those countries. Specific coordination elements and organizational structures were defined to ensure the effective discharge of the Europe regional head's responsibilities, fully respecting local



governance. Business and functional roles were also created to support and control those responsibilities.

The GSGM dictates rules for appointing those officers, setting their objectives (weighted 50% local and 50% group/regional) and variable pay, assessing their performance and planning their succession. It also explains how Group officers should coordinate and interact with their subsidiary counterparts.

Grupo Santander has corporate frameworks for matters considered to have a material impact on its risk profile. They cover risk, capital, liquidity, compliance, financial crime, technology, auditing, accounting, finance, strategy, human resources, outsourcing, cybersecurity, special situations management communications and brand and Responsible banking. Our frameworks also specify:

- how the Group should supervise and exert control over subsidiaries; and
- the Group's involvement in subsidiaries' decision-making (and vice versa).

The Banco Santander board approves the GSGM and corporate frameworks for the subsidiary governing bodies to formally adhere to them. They consider subsidiaries' local requirements and are revised every year as required by the Group board to adapt to new legislation and international best practices.

The functions draw on corporate frameworks to prepare internal regulatory documents that are given to subsidiaries as a reference for implementing those frameworks effectively, cohesively and in compliance with local laws and supervisory requirements. This approach ensures consistency throughout the Group. Every year, the functions conduct an assessment to ensure that the Group's internal regulations are embedded locally and carry out an annual certification process to ensure the internal regulation under their scope is fit for purpose. The internal governance office presents the findings to the board of directors.

The Group's internal governance office and subsidiary general counsels are responsible for embedding the governance model and corporate frameworks. Every year, the Group assesses their performance in reports sent to governing bodies.

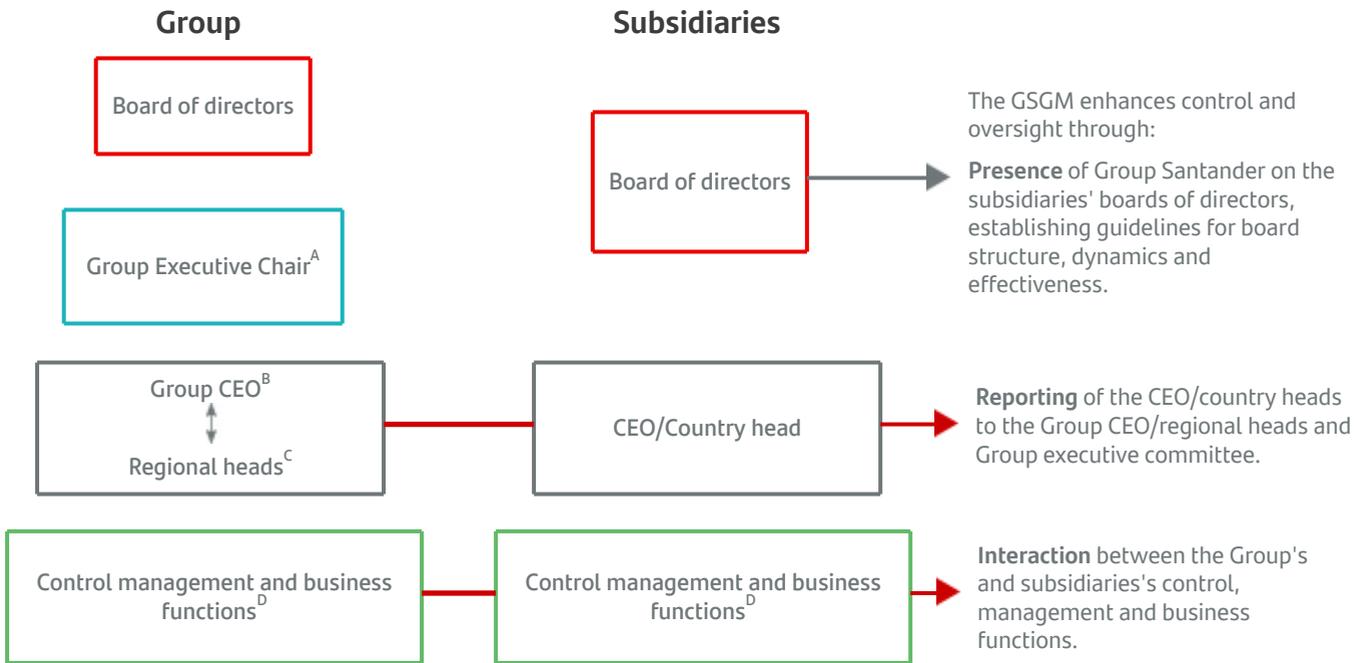
Since 2019, a policy on the governance of non-GSGM subsidiaries has enhanced the governance and control system that has been applied to those companies thus far.

PagoNxt, a wholly-owned subsidiary of Banco Santander structured as a dedicated holding company with a set of key initiatives on digitalizing the Group's financial services and with payments at its core, has had its own governance model since 2020. This model sets out an organizational and governance framework for PagoNxt and its subsidiaries against the backdrop of Group-wide arrangements. It covers the scope, principles, roles and responsibilities, key processes and governance bodies that should be in place to ensure that PagoNxt is managed in alignment with Group, legal and supervisory expectations.

Also since 2020, Santander Corporate and Investment Banking (SCIB) and Wealth Management and Insurance (WM&I) have had specific governance models to ensure robust, Group-wide oversight of those businesses as set out in the GSGM. In 2022, a new global business has been created for Global Cards and digital solutions with a similar governance model and approach to those of SCIB and WM&I.

In 2022, the Group decided to review the Digital Consumer Bank (DCB) governance model to streamline its governance arrangements given the already high degree of board membership overlap of Openbank and Santander Consumer Finance, whilst fully respecting the distinct nature of the legal entities that these banking subsidiaries need to discharge. This facilitates a more efficient operation of the DCB governance and helps ensure ongoing governance effectiveness.

The following charts show the three levels of the GSGM, as well as the main actions to ensure an effective relationship and solid internal governance system for the Group.



A. First executive.

B. Second executive, who reports to the board of directors.

C. Europe, North America and South America, reporting to Group CEO.

D. Audit, Risk, Compliance, Finance, Financial Accounting & Control, IT & Operations, Human Resources, General Secretariat, Marketing, Communications, Strategy, Santander Corporate & Investment Banking and Wealth Management & Insurance.

<p><b>Best practices and talent sharing</b> across the whole Group and between subsidiaries is <b>key to our success</b>.</p>	<p><b>Multiple point of entry structure</b> that has proved to be a <b>key resilience instrument</b> and is a result of our diversification strategy.</p>	<p><b>Continuous collaboration and daily interaction</b> between local and corporate teams.</p>
<p><b>A common set of corporate frameworks and policies</b> across the Group adapted to local market conditions.</p>	<p><b>Synergies and economies of scale</b> across the Group.</p>	<p><b>Planning and implementation of new Group-wide and local initiatives</b> to keep developing our management and control model.</p>



# 8. Internal control over financial reporting (ICFR)

This section describes the key aspects of Grupo Santander's ICFR in respect of financial reporting. It includes:

- control environment.
- risk assessment in financial reporting.
- control activities.
- reporting and communication.
- system monitoring.
- the external auditor's report.

## 8.1 Control environment

### Governance and control bodies

The board of directors approves the financial reports Banco Santander must publicly disclose as a listed company. It is the body that oversees and guarantees the integrity of the Group's internal information and communication systems. The abovementioned includes the operational and financial control and legal compliance.

The board of directors has an audit committee that assists with supervising the Group's financial reporting and internal control systems. See section [4.5 'Audit committee activities in 2022'](#).

The audit committee works with the external auditor to address every aspect that impacts on the ICFR identified in audits. It also makes sure the external auditor issues a report on the Group's system for ICFR.

### Responsibilities, General Code of Conduct, whistleblowing channel and training

#### Lead functions

Grupo Santander, through its corporate organization function, countries and businesses, draws up, implements and maintains the units' organizational structures, catalogue of roles and size. The corporate Costs & Organization function sets out and documents the corporate model for managing structures and workforces, which is used as a reference across the Group.

The organizational units are in charge of identifying and drawing-up the main functions under the responsibility of each structural unit, ensuring that the organization has a solid ICFRS model.

Grupo Santander has implemented a responsibility scheme to identify potential risks and their mitigating controls under a three-pronged defence model (business, risks and internal

audit) that establishes lines of authority and accountability including:

The head of the financial accounting and control function (Chief Accounting Officer) of the countries and businesses, which has the following functions concerning the generation of financial information, amongst others:

- Integrating the Group's corporate accounting policies into its management and adapting them to local needs.
- Ensuring that appropriate organizational structures are in place to carry out the tasks assigned, as well as a suitable hierarchical-functional structure.
- Running critical procedures (control models) based on corporate technology.
- Implementing the corporate accounting and management information systems and adapting them to the specific needs of each unit.

In order to preserve its independence, the subsidiaries' CAO reports hierarchically to the head of the entity or country in which it exercises its responsibilities (country head) and functionally to the head of the Group's Financial Accounting and Control division.

The corporate Non-Financial Risk Control function is responsible for:

- establishing and circulating the methodology for documenting the Group's Internal Control System (ICS) and its evaluation and certification, which covers the ICFRS and other regulatory and legal requirements. Grupo Santander's ICS makes sure the board of directors, senior managers and other Group staff can provide reasonable assurance they will achieve their objectives.
- encouraging document maintenance to align with organizational and regulatory changes and, alongside the Financial Accounting and Control division and representatives of the divisions and/or companies involved (where applicable), to present the ICS evaluation to the audit committee. Similar functions in each unit report to the corporate Non-Financial Risk control area.

### General Code of Conduct (GCC)

The Group's GCC sets out board approved guidelines employees' conduct, accounting standards and financial reporting. The GCC can be viewed on our corporate website.

All the Group's employees, including members of its governance bodies, adhere to the Code of Conduct, even though some are



also subject to the Code of Conduct in Securities Markets and other codes of conduct specific to their area or business.

Santander employees have access to e-learning courses on the GCC. The Compliance and Conduct function answer employees' queries on ethics and rules in the GCC.

The Human Resources function is the one competent to take disciplinary measures due to GCC's breaches and to recommend corrective actions (including labour-related sanctions), irrespective of any related administrative or criminal penalties.

In 2022, the board amended the GCC, with new sections on use of social media and control of individual employee expenses in connection with their professional activity for the Group. See the 'General Code of Conduct' section [3.2 'Conduct and ethical behaviour'](#) in the 'Responsible banking' chapter.

### Canal Abierto

Banco Santander's ethical channel is called Canal Abierto. It is a confidential and anonymous means for employees to report unlawful acts, violations of the GCC and other behaviour contrary to corporate values. The channel enable communications by other people related to Banco Santander other than employees, such as shareholders, customers, suppliers and other third parties, ensuring that they are treated confidentially and anonymously. The Canal Abierto can be found on our corporate website.

It can also be used to report accounting or auditing irregularities under Sarbanes-Oxley (SOX) to the Compliance and Conduct function, which will forward them to the audit committee for appropriate measures to be taken. Only certain Compliance and Conduct function officers analyse reports to determine if matters pertain to accounting or auditing in order to submit them to the audit committee.

Canal Abierto is supervised jointly by the audit committee and the risk supervision, regulation and compliance committee, depending on the subject of the complaint. The SOX attributes the authority to supervise the such channel to the audit committee in matters that fall under its remit (specifically financial and accounting, including those audit related), while the risk supervision, regulation and compliance committee oversees reports of breaches of regulatory requirements, corporate behaviours and internal governance.

For more details on the number of complaints filed on the channel and their type, see the 'Ethical Channels' section in [3.2 'Conduct and ethical behaviour'](#) in the 'Responsible banking' chapter.

### Training

Group employees who help prepare or analyse financial information take part in training programmes and regular refresher courses specifically designed to teach them the concepts and skills they require to discharge their duties properly.

The participating functions of the SCIIF promotes, designs and oversees these programmes and courses. It has support from the Human Resources function.

Training takes the form of both e-learning and on-site sessions monitored and overseen by the Human Resources function to

guarantee that employees duly complete them and learning properly.

Training programmes and refresher courses in 2022 have focused on matters directly and indirectly relating to financial reporting: (i) risk analysis and management; (ii) accounting and financial statement analysis; (iii) the business, banking and the financial environment; (iv) financial management, costs and budgeting; (v) mathematical skills; and (vi) calculations and statistics.

56,090 employees in the all the Group's markets completed training programmes. Over 395,000 training hours were spent at the corporate centre in Spain and remotely via e-learning. Furthermore, local units develop their own training programmes based on Banco Santander's.

## 8.2 Risk assessment in financial reporting

The Group has a specific process to identify the companies that must be included in its scope of consolidation, which the Financial Accounting and Control division and the General Secretariat division oversee.

This process enables us to identify the entities that Grupo Santander controls through voting rights that grant direct or indirect ownership of their capital and through mutual funds, securitization funds, structured entities and other means. We analyse whether the Group has control over an entity, whether it has rights to the variable returns of the entity or is exposed to them, and whether it can influence the amount of such variable returns. If the Group is considered to have control, the entity is included in the scope of consolidation under the global integration method.

Otherwise, we analyse whether there is significant influence or joint control. If so, the entity is also included in the scope of consolidation and measured using the equity method.

For entities with the greatest impact on the preparation of the Group's financial information, we implement an ICS using a homogeneous methodology to make sure the relevant controls are included and all significant risks to financial reporting are covered.

The Group's ICS complies with the strictest international standards, particularly the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) set out in its last published Internal Control framework in 2013, which covers control targets for effective and efficient operations, reliable financial reporting and regulatory compliance.

The risk identification process considers all the Group's activities, the scope of which is greater than all the risks directly related to the preparation of the Group's financial information.

The identification of potential risks that must be covered by the ICS is based on management's knowledge and understanding of the business and its operations in relation to the importance and qualitative criteria associated with the type, complexity or structure of the business.

Banco Santander ensures there are controls to cover risks of errors and fraud in financial reporting, as well as risks that may concern (i) the existence of assets, liabilities and transactions at



the relevant date; (ii) whether the items are assets or rights or liabilities and obligations of the Group; (iii) the timely and correct recording and proper valuation of assets, liabilities and transactions; and (iv) the correct application of accounting principles and rules, as well as appropriate breakdowns.

The main features of the Group's ICS are:

- It is a corporate model that involves the entire organizational structure through a direct set of individual responsibilities.
- Management of the ICS documents is decentralized to the various units, while coordination and monitoring falls to the non-financial risk control area, which provides general criteria and guidelines to standardize procedure documents, control assessments, criteria for classifying potential deficiencies and regulatory adaptations.
- It is a global model primarily aimed at documenting activities to produce consolidated financial information and other procedures carried out by each entity's support areas that, without having a direct impact on the accounts, could lead to possible losses or contingencies in the event of incidents, errors, breaches of regulations and/or fraud.
- It is dynamic and is under constant evolution in order to reflect the reality of the group's business, risks and controls to mitigate them.
- It produces comprehensive documents on the processes within its scope and includes detailed descriptions of operations, assessment criteria and reviews.

All ICS documents of the Group's companies are compiled on a corporate IT application that is used by employees of different levels of responsibility in the assessment and certification of the Group's internal control system.

## 8.3 Control activities

### Revision and approval of financial information

The audit committee and the board of directors oversee the preparation and submission of the financial information required of Banco Santander and the Group, which includes the non-financial information and its integrity, and the compliance with regulatory requirements, the scope of consolidation and the correct application of accounting standards, ensuring that such information is permanently updated on corporate website.

The production, revision and approval of financial information and the description of ICFR is documented in a corporate tool that integrates the control model into risk management, including a description of activities, risks, tasks and controls associated with all operations that may have a significant effect on the financial statements. This documentation covers recurrent banking operations and one-off transactions and aspects related to judgements and estimates to correctly record, evaluate, present and break down financial information.

The audit committee is responsible for reporting to the board on the financial information that the Group must publish regularly, ensuring that it is prepared in accordance with the same principles and practices as the annual accounts and is as equally reliable as the financial statements for the board to adopt the corresponding resolutions.

The most significant aspects when closing and reviewing relevant judgements, estimates, measurements and projections are:

- Impairment losses on certain assets.
- The assumptions used in the actuarial calculation of post-employment benefit liabilities and other obligations.
- The useful life of tangible and intangible fixed assets.
- The valuation of consolidation goodwill.
- The calculation of provisions and contingent liabilities.
- The fair value of certain unquoted assets and liabilities.
- The recoverability of tax assets.
- The fair value of acquired identifiable assets and the liabilities assumed in business combinations.

Grupo Santander also has a corporate accounting and financial management information committee, which is responsible for governing and supervising accounting, financial management and control, and ensuring that these matters are disclosed in accordance with law and such disclosure is fair, accurate and not misleading.

The Non-financial Risk Control area checks potential changes in the Group's control environment to make sure the ICS operates correctly. Annual pyramid assessment and certification of the ICS help the area review the criticality of risks and the effectiveness of controls. The process begins with an assessment of control activities by those responsible for them. The assessment is then challenged and ratified by senior officers, so that the CEO, CFO and CAO can confirm the ICS's effectiveness.

Grupo Santander also has an internal control forum chaired by the heads of the Risk and Financial Accounting & Control divisions. It continuously monitors the Group's control environment and ICS strategy and performance.

### Internal control policies and procedures for IT systems

The Technology and Operations division draws up the Group's corporate policies on IT systems used directly or indirectly in relation to the financial statements. These systems implement special internal controls to prepare and post financial information correctly.

The internal control on these matters are particularly important:

- Updated and divulged internal policies and procedures for system security and access to applications and computer systems according to functions and ratings of each unit/role.
- The Group's methodology, under which new applications are developed and existing applications are maintained or adapted through a circuit that formulates, develops and tests them so as to treat financial information reliably.
- Once applications are developed according to regularly defined requirements (detailed documentation of processes to be implemented), they are run through comprehensive tests by a specialist development laboratory.



- Before they are rolled out, a complete software testing cycle is run in a pre-production computerized environment that simulates real situations. Testing includes technical and functional tests, performance tests, user-acceptance tests and pilot and prototype tests, which are defined by the entities.
- The Group's continuity plans for key functions in disasters or other events that could suspend or disrupt operations, as well as highly automated back-up systems that support critical systems and require little manual intervention owing to redundant systems, high availability systems and redundant communication lines.

### Internal control policies and procedures for outsourced activities and valuation services from independent experts

The Group's action framework and specific policies and procedures fittingly cover outsourcing risks. All Group companies must adhere to this framework, which meets the EBA's requirements for outsourcing and risk management with third parties. It consists of:

- Tasks to initiate, record, process, settle, report and account for transactions and asset valuations.
- IT support in terms of software development, infrastructure maintenance, incident management, security and processing.
- The provision of other material support services not directly related to financial reporting, such as supplier management, property management and HR management, amongst others.

Key control procedures include:

- Documenting relations between Group companies with comprehensive service agreements.
- Documentation and validation by the Group's service providers of processes and controls for the services they perform.
- External suppliers undergoing an approval process to ensure that the relevant risks associated with the services they provide remain within acceptable levels, in accordance with the Group's risk appetite.

Grupo Santander reviews estimates internally according to its control model guidelines. It will hire a third party to help with specific matters upon confirming their expertise and independence and approving their methods and rationale of assumptions through relevant procedures.

Furthermore, there are controls that make sure information relating to external suppliers of services that could affect the financial statements is accurately and comprehensively detailed in service level agreements.

### Responsible function for accounting policies

The Financial Accounting and Control division has an area called Regulation Accounting, which has the following responsibilities:

- To set out how the transactions that constitute Banco Santander's activity are accounted for in accordance with their economic nature and the regulations governing the financial system.

- To draw up and keep up-to-date the Group's accounting policies and resolve any queries or conflicts arising from their interpretation.
- To enhance and standardize the Group's accounting practices.

The corporate accounting and financial reporting and management framework sets out the principles and guidelines to prepare accounting, financial and management information that must apply to all Grupo Santander entities as a key element of their good governance.

Grupo Santander's structure makes it necessary to establish these principles and standard guidelines for their application, and for each of the Group entities to have effective consolidation methods and employ homogeneous accounting policies. The framework's principles are reflected appropriately in the Group's accounting policies.

Accounting policies should be understood as a complement to local financial and accounting rules. Their overarching aims are (i) for statements and financial information to be available to management bodies, supervisors and other third parties, providing accurate and reliable information for decision-making in relation to the Group, and (ii) timely compliance with legal obligations by all Group entities.

Accounting policies are revised at least once a year and when relevant regulations are amended.

Every month, the Accounting Policies area publishes an internal bulletin on new accounting regulation and their most significant interpretations.

The Group entities, through their operations or accounting heads, maintain open communication with the Regulation Accounting area, as well as with the other areas of the Financial Accounting and Control division.

## 8.4 Information and communication

The CAO meets with the audit committee at least every quarter to submit the Group's financial statements for validation. He explains the criteria used to make important estimates, assessments and conclusions.

The Non-financial Risk Control area prepares detailed reports on the Group's control environment and mitigation plan developments at least every quarter and makes them available to the internal control forum.

The Non-financial Risk Control area, the Finance & Management Control division and, if necessary, representatives of concerned divisions and companies, present the findings of the ICS assessment to the audit committee at least every half-year after first presenting them to the risk control committee.

The Non-financial Risk Control area also prepares a report on the main conclusions on units' ICS assessment and major shortcomings uncovered during the year. It is additional information for management and the audit committee that details corrected shortcomings and plans in place to correct others. It also includes all information that CEO, CFO and CAO need to confirm the effectiveness of the SCL.



## 8.5 Monitoring

### 2022 ICFR monitoring activities and results

The board of directors approved an internal audit framework that details the function and how it should conduct its work.

Internal Audit is a permanent, independent function that guarantees the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thus contributing to the protection of the organization's value, solvency and reputation as well as the board of directors and senior managers. It reports to the audit committee and periodically, at least twice a year, to the board of directors. As an independent unit, it also has direct access to the board when required.

Internal Audit assesses:

- The efficiency and effectiveness of the processes and systems referred to above.
- Compliance with applicable regulations and supervisory requirements.
- The reliability and integrity of financial and operational information.
- Asset integrity.

Internal Audit is the third line of defence, independent of the other two. Its scope of action includes:

- All entities over which the Group exercises effective control.
- Separated assets (for example, mutual funds) managed by the entities mentioned in the previous section.
- Any entity (or separated assets) not included in the above points, with which the Group has entered into an agreement to provide internal audit functions.

This subjective scope includes, in any case, their activities, businesses and processes carried out (either directly or through outsourcing), their organization and, where applicable, commercial networks. Internal Audit may also conduct audits for other investees that are not included in the preceding points when the Group has reserved such right as a shareholder, as well as on outsourced activities in accordance with the established agreements.

The audit committee supervises the Group's Internal Audit function. See section [4.5 'Audit committee activities in 2022'](#).

As at 2022 year-end, Internal Audit had 1,233 exclusively dedicated employees, of which 273 were based at the Corporate Centre and 960 in the local units in the main geographies where the group is present.

Every year, it prepares an audit plan based on a risk self-assessment and is solely responsible for executing the plan. Reviews may lead to recommendations, which are prioritized in accordance with their relative importance and monitored continuously until full implementation.

At its meeting on 21 February 2022, the audit committee reviewed the 2022 audit plan, which was reported to, and approved by, the board at its meeting on 24 February 2022.

As regards the review of the ICFR, Internal Audit reports mainly aim to:

- Verify compliance with the provisions contained in sections 302, 404, 406, 407 and 806 of the SOX Act.
- Check governance with regard to information on the internal control system for financial reporting, including the risk culture.
- Review the duties performed by the internal control departments and by other departments, areas and divisions that work to ensure compliance with the SOX Act.
- Make sure the supporting documents relating to the SOX Act are up to date.
- Confirm the effectiveness of a sample of controls based on an internal audit risk assessment methodology.
- Assess the accuracy of the unit's certifications, especially their consistency of the certifications with respect to the observations and recommendations made by Internal Audit, the external auditors of the annual accounts or supervisors.
- Ratify the implementation of audit plan recommendations.

In 2022, the audit committee and the board of directors were informed of the Internal Audit function's work (according to its annual plan) and of other matters related to it. See section [4.5 'Audit committee activities in 2022'](#).

### Detection and management of deficiencies

The audit committee oversees to supervise the financial reporting process and the internal control systems. It is responsible for discussing with the external auditor any significant weaknesses detected in the audit.

The audit committee also assesses the results of the Internal Audit function's work and may take the necessary measures to correct any deficiencies identified in the financial information, that could affect the reliability and accuracy of the annual accounts. It may refer to other areas of the Group involved in the process to obtain necessary information and seek clarification. It also assesses the potential impact of any errors detected in the financial information.

In 2022, the audit committee was informed of the ICS evaluation and certification for the 2021 financial year. See section [4.5 'Audit committee activities in 2022'](#).

## 8.6 External auditor report

The external auditor issued an independent reasonable assurance report on the design and effectiveness of the ICFR and on the ICFR description that is provided in this section 8.

The report is included in the following pages.



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## Independent reasonable assurance report on the design and effectiveness of Internal Control over Financial Reporting (ICFR)

To the Board of Directors of Banco Santander, S.A.:

We have carried out a reasonable assurance engagement of the design and effectiveness of the Internal Control over Financial Reporting (hereinafter, ICFR) and the description that is included in the attached Report that forms part of the corresponding section of the Annual Corporate Governance Report of the Directors' Report accompanying the consolidated financial statements of Banco Santander, S.A., (hereinafter, the Parent Company) and its subsidiaries (hereinafter, the Group or Grupo Santander) as at December 31, 2022. This system is based on the criteria and policies defined by the Group in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework" report, in its most recent framework published in 2013.

An Internal Control over Financial Reporting is a process designed to provide reasonable assurance over the reliability of financial information in accordance with the applicable financial reporting framework and includes those policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it and (iii) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, use or sales of the Group assets that could have material effect on the financial information.

### Inherent limitations

In this regard, it should be borne in mind that, given the inherent limitations of any system of Internal Control over Financial Reporting, regardless of the quality of the design and operation of the system, it can only allow reasonable, but not absolute security, in relation to the objectives it pursues, which may lead to errors, irregularities or fraud that may not be detected. On the other hand, the projection to future periods of the evaluation of internal control is subject to risks such as such internal control being inadequate as a result of future changes in the applicable conditions, or that in the future the level of compliance of the established policies or procedures may be reduced.

### Director's responsibility

The Parent Company's Directors are responsible for taking the necessary measures to reasonably guarantee the implementation, maintenance and supervision of an adequate Internal Control over Financial Reporting, as well as the evaluation of its effectiveness, the development of improvements of ICFR and the preparation and establishment of the content of the attached information relating to the ICFR.

### Our Responsibility

Our responsibility is to issue a reasonable assurance report on the design and effectiveness of the Internal Control over Financial Reporting of the Group, based on the work we have performed and on the evidence we have obtained. We have performed our reasonable assurance engagement in accordance with "International Standard on Assurance Engagements 3000 (ISAE 3000)" (Revised), "Assurance Engagements other than Auditing or Reviews of Historical Financial Reporting", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

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A reasonable assurance report includes the understanding of the Internal Control over Financial Reporting, assessing the risk of material weaknesses in the internal control, that the controls are not properly designed or they do not operate effectively, the execution of tests and evaluations on the design and effective implementation of this ICFR, based on our professional judgment, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained provides a sufficient and adequate basis for our opinion.

#### Our Independence and quality management

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a quality management system that includes policies or procedures related to compliance with ethical requirements, professional standards and requirements. applicable laws and regulations.

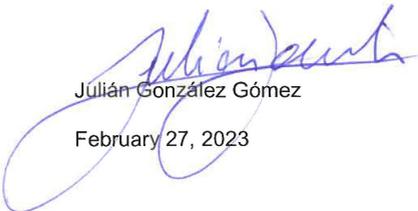
#### Opinion

In our opinion, Grupo Santander, maintained as at December 31, 2022, in all material respects, a system of Internal Control relating to Financial Reporting included in the consolidated financial statements of the Group as at December 31, 2022 effective, which is based on the criteria and the policies defined by the Group's management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control - Integrated Framework" report, in its most recent framework published in 2013.

In addition, the attached description of the ICFR Report as at December 31, 2022, has been prepared, in all material respects, in accordance with the requirements established by article 540 of the Consolidated Text of the Capital Companies Act and with the Circular 5/2013 of June 12 of the CNMV, and subsequent amendments, the most recent being Circular 3/2021, of September 28, of the CNMV for the purposes of describing the ICFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit of accounts nor is it subject to the regulations governing the activity of the audit in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations. However, we have audited under separate engagement, in accordance with the regulations governing the audit activity in force in Spain, the consolidated financial statements of Grupo Santander prepared by the Parent Company's Directors in accordance with the International Financial Reporting Standards adopted by the European Union and other provisions of the financial reporting standards applicable to the Group, and our report dated February 27, 2023 expresses a favorable opinion on those consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.



Julián González Gómez

February 27, 2023

## 9. Other corporate governance information

Since 12 June 2018 CNMV allows the annual corporate governance and directors' remuneration reports Spanish listed companies must submit to be drafted in a free format, which is what we selected for our corporate governance and directors' remuneration reports since 2018.

The CNMV requires any issuer opting for a free format to provide certain information in a format it dictates so that it can be aggregated for statistical purposes. This information is included (i) for corporate governance matters, under section [9.2 'Statistical information on corporate governance required by the CNMV'](#), which also covers the section 'Degree of compliance with corporate governance recommendations', and (ii) for remuneration matters, under section [9.5 'Statistical information on remuneration required by the CNMV'](#).

Some shareholders or other stakeholders may be used to the formats of the corporate governance and directors'

remuneration reports set the by the CNMV. Therefore, each section under this format in sections [9.1 'Reconciliation with the CNMV's corporate governance report model'](#) and [9.4 'Reconciliation to the CNMV's remuneration report model'](#) include a cross reference indicating where this information may be found in the 2022 annual corporate governance report (drafted in a free format) and elsewhere in this annual report.

We have normally completed the 'comply or explain' section for all recommendations in the Spanish Corporate Governance Code to clearly show the ones we complied with, and explain the ones we partially complied or failed to comply with. In section [9.3 'Table on compliance with or explanations of recommendations in corporate governance'](#), we have included a chart with cross-references showing where information supporting each response can be found in this corporate governance chapter and elsewhere in this annual report.

### 9.1 Reconciliation with the CNMV's corporate governance report model

Section in the CNMV model	Included in statistical report	Comments
<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> .
A.3	Yes	See <a href="#">'Tenure and equity ownership'</a> in section 4.2 and sections <a href="#">6.3 'Remuneration of directors for executive duties'</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> .
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. See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
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 <a href="#">'Quorum and majorities for passing resolutions at general meeting'</a> in section 3.2.
B.2	No	See <a href="#">'Quorum and majorities for passing resolutions at general meeting'</a> in section 3.2.
B.3	No	See <a href="#">'Rules for amending our Bylaws'</a> in section 3.2.
B.4	Yes	See <a href="#">'Quorum and attendance'</a> in section 3.4, in relation to financial year 2022, and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> , in relation to the financial 2020, 2021 and 2022 year.
B.5	Yes	See <a href="#">'Voting results and resolutions'</a> in section 3.4.
B.6	Yes	See <a href="#">'Shareholder participation at general meetings'</a> in section 3.2 and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
B.7	No	See <a href="#">'Quorum and majorities for passing resolutions at general meeting'</a> in section 3.2.
B.8	No	See <a href="#">'Corporate website'</a> in section 3.1.
<b>C. MANAGEMENT STRUCTURE</b>		
<b>C.1 Board of directors</b>		
C.1.1	Yes	See <a href="#">'Size'</a> in section 4.2.
C.1.2	Yes	See section <a href="#">1.1 'Board skills and diversity'</a> , <a href="#">4.1 'Our directors, 'Tenure and equity ownership'</a> in section 4.2, 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, 'Composition by director type'</a> in section 4.2, <a href="#">'Duties and activities in 2022'</a> in section 4.6 and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.4	Yes	See <a href="#">'Diversity'</a> and <a href="#">'Board skills and diversity matrix'</a> in section 4.2, in relation to financial year 2022, 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 <a href="#">'Diversity'</a> in section 4.2 and <a href="#">'Duties and activities in 2022'</a> in section 4.6.
C.1.6	No	See <a href="#">'Diversity'</a> in section 4.2 and <a href="#">'Duties and activities in 2022'</a> in section 4.6 and, regarding top executive positions, see <a href="#">1.1 'Highlights 2022'</a> and <a href="#">3.3 'A talented and motivated team'</a> in 'Responsible banking' chapter.
C.1.7	No	See <a href="#">'Diversity'</a> in section 4.2 and <a href="#">'Duties and activities in 2022'</a> in section 4.6.
C.1.8	No	Not applicable, since there are no proprietary directors. See <a href="#">'Composition by director type'</a> in section 4.2.
C.1.9	No	See <a href="#">'Group Executive Chair and Chief Executive Officer'</a> in section 4.3 and <a href="#">'Functions'</a> 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 <a href="#">'Board and committees attendance'</a> in section 4.3.
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</a> to the 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 <a href="#">'Board's regulation'</a> in section 4.3.
C.1.16	No	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
C.1.17	No	See <a href="#">'Board effectiveness review and actions to continuously improve its operation'</a> in section 1.2, <a href="#">'Board effectiveness review in 2022'</a> in section 4.3 and <a href="#">'Annual assessment of the committee'</a> in section 4.6.
C.1.18	No	Not applicable as it was not carried out with the help of an independent external advisor. See <a href="#">'Board effectiveness review in 2022'</a> in section 4.3.
C.1.19	No	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
C.1.20	No	See <a href="#">'Board operation'</a> in section 4.3.
C.1.21	Yes	Not applicable since there are no specific requirements, other than those applying to directors generally, to be appointed chair.
C.1.22	No	See <a href="#">'Diversity'</a> in section 4.2.
C.1.23	Yes	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2 and section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
C.1.24	No	See <a href="#">'Board operation'</a> in section 4.3.
C.1.25	Yes	See <a href="#">'Lead Independent Director'</a> and <a href="#">'Board and committee preparation and attendance'</a> in section 4.3, <a href="#">'Duties and activities in 2022'</a> in sections <a href="#">4.4, 4.5, 4.6, 4.7, 4.8, 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 <a href="#">'Board and committee preparation and attendance'</a> in section 4.3, section <a href="#">4.6 'Nomination committee activities in 2022'</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 <a href="#">'Duties and activities in 2022'</a> in section 4.5.
C.1.29	Yes	See section <a href="#">4.1 'Our directors'</a> and section <a href="#">'Secretary of the board'</a> in section 4.3.



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> , <a href="#">'Report on the independence of the external auditor'</a> and <a href="#">'Duties and activities in 2022'</a> in section 4.5.
C.1.31	Yes	See <a href="#">'External auditor'</a> in section 4.5 and section <a href="#">9.2 'Statistical information on corporate governance required by CNMV'</a> .
C.1.32	Yes	In accordance with the CNMV's instructions, see <a href="#">'External auditor's independence. Possible threats and protective measures'</a> in section 4.5 and sub-section C.1.32 of section <a href="#">9.2 'Statistical information on corporate governance required by the CNMV'</a> . Per the CNMV's instructions on preparing annual reports on corporate governance, sub-section C.1.32 provides the fee ratios of non-audit services to total audit services, with these differences in the ratio set out in Regulation (EU) No 537/2014 that is included in section <a href="#">4.5 'Audit committee activities in 2022'</a> : (a) the ratios in sub-section C.1.32 have two perimeters to the one established by Regulation (EU) No 537/2014: fees for the approved services to be performed by PricewaterhouseCoopers Auditores, S.L. (PwC) for Banco Santander and fees for the approved services to be performed by PwC and other firms in its network for all other Grupo Santander entities, in and outside Spain; and (b) the ratios' denominator is the fees amount for audit services in 2022 and not the average fee value from the past three consecutive years that Regulation (EU) No 537/2014 dictates.
C.1.33	Yes	See section <a href="#">9.2 'Statistical information on corporate governance as required by the CNMV'</a> .
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 <a href="#">'Board operation'</a> and <a href="#">'Committee operation'</a> in section 4.3.
C.1.36	No	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
C.1.37	No	Not applicable. See <a href="#">'Duties and activities in 2022'</a> in section 4.6.
C.1.38	No	Not applicable.
C.1.39	Yes	See sections <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 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 <a href="#">'Structure of board's committees'</a> and <a href="#">'Committee operation'</a> in section 4.3, <a href="#">'Duties and activities in 2022'</a> 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 <a href="#">'Board's regulation'</a> and <a href="#">'Structure of board's committees'</a> , <a href="#">'Committee operation'</a> in section 4.3 and <a href="#">'Duties and activities in 2022'</a> 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 <a href="#">'Related-party transactions'</a> in section 4.12.
D.2	Yes	Not applicable. See <a href="#">'Related-party transactions'</a> in section 4.12.
D.3	Yes	Not applicable. See <a href="#">'Related-party transactions'</a> in section 4.12.
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 <a href="#">'Related-party transactions'</a> in section 4.12.
D.6	No	See <a href="#">'Other conflicts of interest'</a> in section 4.12.
D.7	Yes	Not applicable. See section <a href="#">2.3 'Significant shareholders'</a> and <a href="#">'Other conflicts of interest'</a> in section 4.12.
<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="#">3.1 'A strong and inclusive culture: The Santander Way'</a> and <a href="#">3.2.4 'Principles of action in tax matters'</a> in the 'Responsible banking' chapter.
E.2	No	See Note <a href="#">53</a> to the consolidated financial statements, section <a href="#">2.3 'Risk and compliance governance'</a> in the 'Risk management and compliance' chapter, and sections <a href="#">3.1 'A strong and inclusive culture: The Santander Way'</a> and <a href="#">3.2.4 'Principles of action in tax matters'</a> in the 'Responsible banking' chapter.
E.3	No	See sections <a href="#">2.2 'Key risk types'</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> 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="#">3.1 'A strong and inclusive culture: The Santander Way'</a> and <a href="#">3.2.4 '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. '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 in <a href="#">10. 'Climate and environmental risk'</a> the 'Risk management and compliance' chapter. Additionally, see Note <a href="#">25e</a> to the 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.



Section in the CNMV model	Included in statistical report	Comments
<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> .
<b>G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS</b>		
G	Yes	See <a href="#">'Degree of compliance with the corporate governance recommendations'</a> in section 9.2 and section <a href="#">9.3 'Table on compliance with or explanations of recommendations on corporate governance'</a> .
<b>H. OTHER INFORMATION OF INTEREST</b>		
H	No	See <a href="#">'Board's regulation'</a> in section 4.3. Banco Santander also complies with the Polish Code of Best Practices, except in areas where regulation is different in Spain and Poland. In addition, see sections <a href="#">3.2 'Conduct and ethical behaviour'</a> and <a href="#">2.4 'Policies'</a> , in particular, <a href="#">5.1 'Stakeholder engagement'</a> , in the Responsible banking chapter.

## 9.2 Statistical information on corporate governance required by the CNMV

Unless otherwise indicated all data as of 31 December 2022.

### A. OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company Bylaws contain the provision of double loyalty voting:

Yes  No

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
30/06/2022	8,397,200,792	16,794,401,584	16,794,401,584

Indicate whether different types of shares exist with different associated rights:

Yes  No

A.2 List the direct and indirect holders of significant ownership interests at year-end, including directors with a significant shareholding:

Name or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
BlackRock Inc.	0	5.08	0	0.346	5.43
Dodge & Cox	0	3.04	0	0	3.04
Norges Bank	3.01	0	0	0	3.01

Details of the indirect shares:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights
BlackRock Inc.	Subsidiaries of BlackRock Inc.	5.08	0.346	5.43
Dodge & Cox	Funds and portfolios managed by Dodge & Cox	3.04	0	3.04

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or corporate name of director	% of voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote		
	Direct	Indirect	Direct	Indirect		Direct	Indirect	
Ana Botín-Sanz de Sautuola y O'Shea	0.01	0.18	0.00	0.00	0.19	0.00	0.00	
José Antonio Álvarez Álvarez	0.01	0.00	0.00	0.00	0.01	0.00	0.00	
Bruce Carnegie-Brown	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Homaira Akbari	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Javier Botín-Sanz de Sautuola y O'Shea	0.03	0.12	0.00	0.00	0.15	0.00	0.00	
Sol Daurella Comadrán	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Germán de la Fuente	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Henrique de Castro	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Gina Díez Barroso	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Luis Isasi Fernández de Bobadilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Ramiro Mato García Ansorena	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Sergio Rial	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Belén Romana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Pamela Walkden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>% total voting rights held by the board of directors</b>						<b>0.35</b>		
<b>% total voting rights represented on the board of directors</b>						<b>0.74</b>		

Details of the indirect holding:

Name or corporate name of director	Name or corporate name of direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
-	-	-	-	-	-

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Companies Act (LSC). If so, provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes  No

Parties to the shareholders' agreement	% of share capital affected	Brief description of agreement	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.61	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056



Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, 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.	0.61	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056

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
220,942,806	22,746,219	1.451

(\*) 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:

	%
<b>Estimated free float</b>	<b>85.98</b>

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 financial year to which this report relates and in the two preceding financial years:

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
<b>Of which free float:</b>	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
<b>Of which free float:</b>	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
<b>Of which free float:</b>	0.01	64.03	2.04	0.55	66.63

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
01/04/2022	0.71	65.41	2.08	0.57	68.77
<b>Of which free float:</b>	0.09	64.98	2.08	0.57	67.72

B.5 Indicate whether in the general shareholders' meetings held during the financial year to which this report relates there has been any matter submitted to them which 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:

<b>Maximum number of directors</b>	<b>17</b>
<b>Minimum number of directors</b>	<b>12</b>
<b>Number of directors set by the General Meeting</b>	<b>15</b>

#### 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
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
Germán de la Fuente	N/A	Independent	Director	01/04/2022	01/04/2022	Vote in general shareholders' meeting
Gina Díez Barroso	N/A	Independent	Director	22/12/2020	22/12/2020	Vote in general shareholders' meeting
Glenn Hutchins	N/A	Independent	Director	20/12/2022	20/12/2022	Cooption
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
<b>Total number of directors</b>				<b>15</b>		

Indicate any directors who have left during the financial 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
Álvaro Cardoso de Souza	Independent	26/03/2021	01/04/2022	Responsible banking, sustainability and culture committee	YES
R. Martín Chávez Márquez	Independent	27/10/2020	01/07/2022	Nomination committee	YES

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 <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.
José Antonio Álvarez Álvarez	CEO	See section <a href="#">4.1 'Our directors'</a> in the 'Corporate governance' chapter in the annual report.
<b>Total number of executive directors</b>		2
<b>% of the Board</b>		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
<b>Total number of proprietary non-executive directors</b>		0
<b>% of the Board</b>		0%

#### Independent 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 García	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.	
<b>Total number of independent directors</b>		10
<b>% of the Board</b>		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, as a director, or who maintain or have maintained during the financial year covered in this report a business relationship with the company or any group company, whether 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 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 classified as independent, 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 2022 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	Business/Financing	<p>When conducting the annual verification of the independence of directors classified as independent, 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 and the funding Grupo Santander granted to companies in which Sol Daurella was a principal shareholder or director in 2022 were not significant because, among other reasons: (i) 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) were aligned with Grupo Santander's share in the corresponding market, and (iii) 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 classified as independent, 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 2022 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 Barroso	Business/Financing	<p>When conducting the annual verification of the independence of directors classified as independent, 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 and the funding granted by Grupo Santander to the companies in which Gina Díez Barroso was a principal shareholder and director in 2022 were not significant because, among other reasons: (i) 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) were aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Glenn Hutchins	Financing	<p>When conducting the annual verification of the independence of directors classified as independent, 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 the company in which Glenn Hutchins was a director in 2022 was not significant because, among other reasons: (i) 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) was aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Belén Romana	Business/Financing	<p>When conducting the annual verification of the independence of directors classified as independent, 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 and the funding Grupo Santander granted to the companies in which Belén Romana was a director in 2022 were not significant because, among other reasons: (i) 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) were aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>



## Other external directors

Identify all other external 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 Botín 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 4.1 'Our directors' 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 4.1 'Our directors' 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 4.1 'Our directors' in the Corporate governance chapter in the 2021 annual report.
<b>Total number of other external directors</b>			3
<b>% of the Board</b>			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
N/A	N/A	N/A	N/A

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 2022	FY 2021	FY 2020	FY 2019	FY 2022	FY 2021	FY 2020	FY 2019
Executive	1	1	1	1	50.00	50.00	33.33	50.00
Proprietary	—	—	—	—	0.00	0.00	0.00	0.00
Independent	5	5	5	5	50.00	50.00	50.00	55.55
Other external	—	—	—	—	0.00	0.00	0.00	0.00
<b>Total:</b>	6	6	6	6	40.00	40.00	40.00	40.00



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
Javier Botín-Sanz de Sautuola y O'Shea	JB Capital Markets, Sociedad de Valores, S.A.U.	Chair	YES
	Inversiones Zulú, 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
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.	Joint and several 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 Azcárraga	Grupo Diarq, S.A. de C.V.	Chair	NO
	Dalia Women, S.A.P.I. de C.V.	Director	NO
	Centro de Diseño y Comunicación, S.C.	Chair	NO
	Bolsa Mexicana de Valores, S.A.B. de C.V.	Director	YES
Glenn Hogan Hutchins	AT&T Inc.	Director	YES
	North Island, LL	Chair	NO
	North Island Ventures, LLC	Chair	NO
Luis Isasi Fernández de Bobadilla	Compañía de Distribución Integral Logista Holdings, S.A.	Director	YES
	Balcón del Parque, S.L.	Sole administrator	NO
	Santa Clara de C. Activos, S.L.	Director	NO
Ramiro Mato García-Ansorena	Ansorena, S.A.	Chair	NO
Sergio Rial	Delta Airlines Inc	Director	YES
	Vibra Energia S.A.	Chair	YES
	BRF S.A.	Vice Chair	YES
Belén Romana García	Werfen, S.A.	Director	YES
	Six Group AG	Director	YES
	Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	Director	YES

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
Glenn Hogan Hutchins	Member of the international advisory board Government of Singapore Investment Corporation
	Member of the executive committee of Boston Celtics
Luis Isasi Fernández de Bobadilla	Senior Advisor of Morgan Stanley
Ramiro Mato García-Ansorena	External advisor of ACON Southern Europe Advisory, S.L.
Belén Romana García	Senior advisor of Artá Capital, S.G.E.I.C., S.A
Pamela Walkden	Member of the advisory board of JD Haspel Limited



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)	25,071
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (EUR thousand)	65,683
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)	47,950

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 financial year:

Name or corporate name	Position (s)
Alexandra Brandão	Global 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-Monís Gallego	Group head of Supervisory and Regulatory Relations
Dirk Marzluf	Group head of Technology and Operations
Víctor Matarranz Sanz de Madrid	Global head of Wealth Management & Insurance
José Luis de Mora Gil-Gallardo	Group head of Strategy & Corporate Development, Financial Planning and Santander Consumer Finance
Jaime Pérez Renovales	Group head of General Secretariat
Antonio Simões	Regional head of Europe
Marjolein van Hellemond-Gerdinck	Group Chief Compliance Officer
<b>Number of women in senior management</b>	<b>3</b>
<b>Percentage of total senior management</b>	<b>21.43</b>
<b>Total remuneration accrued by the senior management (EUR thousand)</b>	<b>53,236</b>

C.1.15 Indicate whether any changes have been made to the board's regulations during the financial 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's 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 financial year and how many times the board has met without the Chair's attendance. Attendance also includes proxies appointed with specific instructions:

<b>Number of board meetings</b>	<b>14</b>
<b>Number of board meetings held without the Chair's attendance</b>	<b>0</b>

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.

<b>Number of meetings</b>	<b>5</b>
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Indicate the number of meetings of the various board committees held during the financial year.

Number of meetings of the audit committee	12
Number of meetings of the responsible banking, sustainability and culture committee	5
Number of meetings of the innovation and technology committee	3
Number of meetings of the nomination committee	12
Number of meetings of the remuneration committee	13
Number of meetings of the risk supervision, regulation and compliance committee	17
Number of meetings of the executive committee	32

C.1.26 Indicate the number of board meetings held during the financial year and data about the attendance of the directors:

Number of meetings with at least 80% of directors being present	14
% of votes cast by members present over total votes in the financial year	98.04
Number of board meetings with all directors being present (or represented having given specific instructions)	12
% of votes cast by members present at the meeting or represented with specific instructions over total votes in the financial year	98.53

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 financial 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)	10,712	7,682	18,394
Amount of non-audit work as a % of amount of audit work	41.50	10.30	18.30

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	7	7
	Company	Group
Number of years audited by current audit firm/Number of years the company's or its Group financial statements have been audited (%)	17.07	17.50

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 foresees 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	
<b>% of executive directors</b>			33.33
<b>% of proprietary directors</b>			0.00
<b>% of independent directors</b>			50.00
<b>% of other external directors</b>			16.67

### Audit committee

Name	Position	Type	
Pamela Walkden	Chair	Independent director	
Homaira Akbari	Member	Independent director	
Henrique de Castro	Member	Independent director	
Germán de la Fuente	Member	Independent director	
Ramiro Mato García-Ansorena	Member	Independent director	
Belén Romana García	Member	Independent director	
<b>% of executive directors</b>			0
<b>% of proprietary directors</b>			0
<b>% of independent directors</b>			100
<b>% of other external directors</b>			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 Germán de la Fuente Henrique de Castro Ramiro Mato García-Ansorena
Date of appointment of the committee chair for that position	26 April 2020

### Nomination committee

Name	Position	Type	
Bruce Carnegie-Brown	Chair	Independent director	
Sol Daurella Comadrán	Member	Independent director	
Gina Díez Barroso	Member	Independent director	
Glenn Hutchins	Member	Independent director	
<b>% of executive directors</b>			0
<b>% of proprietary directors</b>			0
<b>% of independent directors</b>			100
<b>% of other external directors</b>			0

**Remuneration committee**

Name	Position	Type	
Bruce Carnegie-Brown	Chair	Independent director	
Sol Daurella Comadrán	Member	Independent director	
Henrique de Castro	Member	Independent director	
Glenn Hutchins	Member	Independent director	
Luis Isasi Fernández de Bobadilla	Member	Other external director	
<b>% of executive directors</b>			0
<b>% of proprietary directors</b>			0
<b>% of independent directors</b>			80.00
<b>% of other external directors</b>			20.00

**Risk supervision, regulation and compliance committee**

Name	Position	Type	
Belén Romana García	Chair	Independent director	
Luis Isasi Fernández de Bobadilla	Member	Other external director	
Ramiro Mato García-Ansorena	Member	Independent director	
Pamela Walkden	Member	Independent director	
<b>% of executive directors</b>			0
<b>% of proprietary directors</b>			0
<b>% of independent directors</b>			75.00
<b>% of other external directors</b>			15.00

**Responsible banking, sustainability and culture committee**

Name	Position	Type	
Ramiro Mato García-Ansorena	Chair	Independent director	
Homaira Akbari	Member	Independent director	
Sol Daurella Comadrán	Member	Independent director	
Belén Romana García	Member	Independent director	
<b>% of executive directors</b>			0
<b>% of proprietary directors</b>			0
<b>% of independent directors</b>			100
<b>% of other external directors</b>			0

**Innovation and technology 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	
Homaira Akbari	Member	Independent director	
Henrique de Castro	Member	Independent director	
Glenn Hutchins	Member	Independent director	
Belén Romana García	Member	Independent director	
<b>% of executive directors</b>			28.57
<b>% of proprietary directors</b>			0.00
<b>% of independent directors</b>			71.43
<b>% of other external directors</b>			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 2022		FY 2021		FY 2020		FY 2019	
	Number	%	Number	%	Number	%	Number	%
Audit committee	3	50.00	3	60.00	3	60.00	3	60.00
Responsible banking, sustainability and culture committee	3	75.00	3	60.00	3	60.00	5	62.50
Innovation and technology committee	3	42.86	3	—	3	42.85	3	37.50
Nomination committee	2	50.00	2	50.00	1	33.33	2	40.00
Remuneration committee	1	20.00	1	20.00	1	20.00	1	20.00
Risk supervision, regulation and compliance committee	2	50.00	2	40.00	1	20.00	2	40.00
Executive committee	2	33.33	2	33.33	2	33.33	2	28.50

## 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 2022 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). These results, and the balances indicated below, were eliminated in the consolidation process. See note 3 to the 2022 Consolidated financial statements for more information on offshore entities. The amount shown on the right corresponds to negative results relating to contracting of derivatives (includes branches in New York and London of Banco Santander, S.A.). The referred derivatives had a net negative market value of EUR 328 million in the Bank and covered the following transactions: - 104 Non Delivery Forwards. - 341 Swaps. - 50 Cross Currency Swaps. - 9 Options. - 58 Forex	526,245
	The amount shown on the right corresponds to negative results relating to term deposits with the New York branch of Banco Santander, S.A. (liability). These deposits had a nominal value of EUR 1,227 million at 31 December 2022.	8,669
	The amount shown on the right corresponds to positive results relating to deposits with the Hong Kong branch of Banco Santander, S.A. (asset), all of them expired before 31 December 2022.	5
	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 2,363 million as at 31 December 2022.	158,620
	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 36 million at 31 December 2022.	217
	The amount shown on the right corresponds to positive results relating to commissions received mainly for operations with the London and Hong Kong branches of Banco Santander, S.A.	411

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, decide, 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 on 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 <a href="#">'Other conflicts of interest'</a> in section 4.12 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 2022'</a> , <a href="#">4.6 'Nomination committee activities in 2022'</a> , <a href="#">4.7 'Remuneration committee activities in 2022'</a> , <a href="#">4.8 'Risk supervision, regulation and compliance committee activities in 2022'</a> , <a href="#">4.9 'Responsible banking, sustainability and culture committee activities in 2022'</a> , <a href="#">4.10 'Innovation and technology committee activities in 2022'</a> and <a href="#">4.12 'Related-party transactions and conflicts of interest'</a> .
7	Comply	See <a href="#">'Engagement with shareholders in 2022'</a> in section 3.1, <a href="#">'Shareholder participation at general meetings'</a> in section 3.2 and section <a href="#">3.5 'Our next AGM in 2023'</a> .
8	Comply	See <a href="#">'Board's regulation'</a> in section 4.3 and section <a href="#">4.5 'Audit committee activities in 2022'</a> .
9	Comply	See <a href="#">'Shareholder participation at general meetings'</a> in section 3.2.
10	Comply	See <a href="#">'Supplement to the annual general meeting notice'</a> in section 3.2.
11	Not applicable	See section <a href="#">3.5 'Our next AGM in 2023'</a> .
12	Comply	See section <a href="#">4.3 'Board functioning and effectiveness'</a> .
13	Comply	See <a href="#">'Size'</a> in section 4.2.
14	Comply	See <a href="#">'Diversity'</a> and <a href="#">'Election, renewal and succession of directors'</a> in section 4.2, <a href="#">'Board's regulation'</a> in section 4.3, <a href="#">'Duties and activities in 2022'</a> in section 4.6, 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 <a href="#">'Composition by director type'</a> in section 4.2.
17	Comply	See <a href="#">'Composition by director type'</a> and <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
18	Comply	See <a href="#">'Corporate website'</a> in section 3.1, section <a href="#">4.1 'Our directors'</a> and <a href="#">'Tenure and equity ownership'</a> in section 4.2.
19	Not applicable	See <a href="#">'Composition by director type'</a> in section 4.2.
20	Comply	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
21	Comply	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
22	Comply	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2, <a href="#">'Board's regulation'</a> in section 4.3 and <a href="#">'Duties and activities in 2022'</a> in section 4.6.
23	Comply	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2.
24	Comply	See <a href="#">'Election, renewal and succession of directors'</a> in section 4.2, <a href="#">'Board's regulation'</a> in section 4.3 and <a href="#">'Duties and activities in 2022'</a> in section 4.6.
25	Comply	See <a href="#">'Board and committee preparation and attendance'</a> in section 4.3 and <a href="#">'Duties and activities in 2022'</a> in section 4.6.
26	Comply	See <a href="#">'Board operation'</a> and <a href="#">'Board and committee preparation and attendance'</a> in section 4.3.
27	Comply	See <a href="#">'Board operation'</a> and <a href="#">'Board and committee preparation and attendance'</a> in section 4.3.
28	Comply	See <a href="#">'Board operation'</a> in section 4.3.
29	Comply	See <a href="#">'Board operation'</a> and <a href="#">'Committee operation'</a> in section 4.3.
30	Comply	See <a href="#">'Director training and induction programmes'</a> in section 4.3.
31	Comply	See <a href="#">'Board operation'</a> in section 4.3.
32	Comply	See section <a href="#">3.1 'Shareholder communication and engagement'</a> and <a href="#">'Duties and activities in 2022'</a> in section 4.6.
33	Comply	See section <a href="#">4.3 'Board functioning and effectiveness'</a> .
34	Comply	See <a href="#">'Lead independent director'</a> in section 4.3.
35	Comply	See <a href="#">'Secretary of the board'</a> in section 4.3.
36	Comply	See <a href="#">'Board effectiveness review in 2022'</a> in section 4.3.
37	Comply	See <a href="#">'Board's regulation'</a> in section 4.3 and <a href="#">'Composition'</a> in section 4.4.
38	Comply	See <a href="#">'Committee operation'</a> in section 4.3 and section <a href="#">4.4 'Executive committee activities in 2022'</a> .
39	Comply	See <a href="#">'Board's regulation'</a> in section 4.3 and <a href="#">'Composition'</a> in section 4.5.
40	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.5 and section <a href="#">8.5 'Monitoring'</a> .
41	Comply	See <a href="#">'Board's regulation'</a> in section 4.3 and <a href="#">'Duties and activities in 2022'</a> in section 4.5.
42	Comply	See <a href="#">'Board's regulation'</a> in section 4.3 and <a href="#">'Duties and activities in 2022'</a> in section 4.5.
43	Comply	See <a href="#">'Committee operation'</a> in section 4.3.
44	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.5.



Recommendation	Comply / Explain	Information
45	Comply	See <a href="#">'Board's regulation'</a> in section 4.3, <a href="#">'Duties and activities in 2022'</a> in section 4.5, <a href="#">'Duties and activities in 2022'</a> in section 4.8 and the <a href="#">'Risk management and compliance'</a> chapter.
46	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.5, <a href="#">'Duties and activities in 2022'</a> in section 4.8 and the <a href="#">'Risk management and compliance'</a> chapter.
47	Comply	See <a href="#">'Composition'</a> in section 4.6 and <a href="#">'Composition'</a> in section 4.7.
48	Comply	See <a href="#">'Structure of board's committees'</a> in section 4.3.
49	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.6.
50	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.7.
51	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.7.
52	Comply	See <a href="#">'Board's regulation'</a> and <a href="#">'Committee operation'</a> in section 4.3 and sections <a href="#">4.8 'Risk supervision, regulation and compliance committee activities in 2022'</a> and <a href="#">4.9 'Responsible banking, sustainability and culture committee activities in 2022'</a> .
53	Comply	See <a href="#">'Board's regulation'</a> in section 4.3, <a href="#">'Duties and activities in 2022'</a> in section 4.6, <a href="#">'Duties and activities in 2022'</a> in section 4.8 and <a href="#">'Duties and activities in 2022'</a> in section 4.9.
54	Comply	See <a href="#">'Board's regulation'</a> in section 4.3, <a href="#">'Duties and activities in 2022'</a> in section 4.6, <a href="#">'Duties and activities in 2022'</a> in section 4.8 and <a href="#">'Duties and activities in 2022'</a> in section 4.9.
55	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.9 and <a href="#">'Responsible banking'</a> chapter.
56	Comply	See sections <a href="#">6.2 'Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2022'</a> , <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'</a> .
57	Comply	See sections <a href="#">6.2 'Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2022'</a> , <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'</a> .
58	Comply	See section <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'</a> .
59	Comply	See section <a href="#">6.3 'Remuneration of directors for executive duties'</a> .
60	Comply	See section <a href="#">6.3 'Remuneration of directors for executive duties'</a> .
61	Comply	See section <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'</a> .
62	Comply	See <a href="#">'Duties and activities in 2022'</a> in section 4.7, section <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'</a> .
63	Comply	See section <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 submitted to a binding shareholder vote'</a> .
64	Comply	See sections <a href="#">6.1 'Principles of the remuneration policy'</a> and <a href="#">6.3 'Remuneration of directors for executive duties'</a> and <a href="#">6.4 'Directors' remuneration policy for 2023, 2024 and 2025 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	No remuneration for this component.
C.1 b) iii)	Yes	See section <a href="#">9.5</a> .
C.1 b) iv)	No	No remuneration for this component.
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	11,926,199,198	100.00 %

	Number	% of votes cast
Votes in favour	10,193,385,775	85.47 %
Votes against	1,389,271,674	11.65 %
Blank	7,151,848	0.06 %
Abstentions	336,389,901	2.82 %

### C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Directors	Type	Period of accrual in year 2022
Ana Botín-Sanz de Sautuola y O'Shea	Executive Chair	From 01/01/2022 to 31/12/2022
José Antonio Álvarez Álvarez	CEO	From 01/01/2022 to 31/12/2022
Bruce Carnegie-Brown	Lead independent director	From 01/01/2022 to 31/12/2022
Homaira Akbari	Independent	From 01/01/2022 to 31/12/2022
Javier Botín-Sanz de Sautuola y O'Shea	Other external	From 01/01/2022 to 31/12/2022
Álvaro Cardoso de Souza	Independent	From 01/01/2022 to 01/04/2022
R. Martín Chávez Márquez	Independent	From 01/01/2022 to 01/07/2022
Sol Daurella Comadrán	Independent	From 01/01/2022 to 31/12/2022
Henrique de Castro	Independent	From 01/01/2022 to 31/12/2022
Gina Díez Barroso	Independent	From 01/01/2022 to 31/12/2022
Luis Isasi Fernández de Bobadilla	Other External	From 01/01/2022 to 31/12/2022
Ramiro Mato García-Ansorena	Independent	From 01/01/2022 to 31/12/2022
Sergio Rial	Other External	From 01/01/2022 to 31/12/2022
Belén Romana García	Independent	From 01/01/2022 to 31/12/2022
Pamela Walkden	Independent	From 01/01/2022 to 31/12/2022
Germán de la Fuente	Independent	From 01/04/2022 to 31/12/2022
Glenn Hutchins	Independent	From 20/12/2022 to 31/12/2022

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 2022	Total year 2021
Ana Botín-Sanz de Sautuola y O'Shea	95	41	244	3,176	2,702	444	—	525	7,227	7,533
José Antonio Álvarez Álvarez	95	39	195	2,541	1,823	297	—	710	5,700	5,941
Bruce Carnegie-Brown	280	75	345	—	—	—	—	—	700	700
Homaira Akbari	95	69	80	—	—	—	—	—	244	248
Francisco Javier Botín-Sanz de Sautuola y O'Shea	95	34	—	—	—	—	—	—	129	129
Álvaro Cardoso de Souza	24	11	4	—	—	—	—	—	39	183
R. Martín Chávez Márquez	48	40	59	—	—	—	—	—	147	374
Sol Daurella Comadrán	95	70	65	—	—	—	—	—	230	239
Henrique de Castro	95	76	90	—	—	—	—	—	261	267
Gina Díez Barroso	95	52	25	—	—	—	—	—	172	130
Luis Isasi Fernández de Bobadilla	95	82	235	—	—	—	—	1,000	1,412	1,406
Ramiro Mato García-Ansorena	95	90	315	—	—	—	—	—	500	499
Sergio Rial	95	36	—	—	—	—	—	—	131	879
Belén Romana García	95	94	360	—	—	—	—	—	549	533
Pamela Walkden	95	78	150	—	—	—	—	—	323	303
Rodrigo Echenique Gordillo	—	—	—	—	—	236	—	—	236	292
Germán de la Fuente	66	40	31	—	—	—	—	—	137	—
Glenn Hutchins	3	4	3	—	—	—	—	—	10	—

Comments (Not included in the electronic submission to the CNMV)

1. Includes deferred amounts from the 2018 deferred and conditional variable remuneration plan subject to long term metrics for Ana Botín, José Antonio Álvarez and Rodrigo Echenique.
2. The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

## 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 2022		Financial instruments granted during 2022 year		Financial instruments consolidated during 2022				Instruments matured but not exercised <sup>4</sup>	Financial instruments at end of year 2022	
		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
Ana Botín Sanz de Sautuola y O'Shea	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	309,911	309,911	—	—	103,303	103,303	2.80 <sup>3</sup>	289	206,608	—	—
	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)	533,024	533,024	—	—	—	—	—	—	—	533,024	533,024
	7th cycle of deferred variable remuneration plan linked to multi-year targets (2022) in shares	—	—	585,079	585,079	398,078	398,078	3.088	1,229	—	187,002	187,002
	7th cycle (bis) of deferred variable remuneration plan linked to multi-year targets (2022) in option shares <sup>2</sup>	—	—	1,575,335	585,079	1,071,830	398,078	3.088	1,229	—	503,505	187,002
	7th cycle (bis) of deferred variable remuneration plan linked to multi-year targets (2022) in RSU <sup>2</sup> of PagoNxt S.L.	—	—	12,646	196,891	5,058	78,756	3.088	243	—	7,587	118,135

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments granted during 2022 year		Financial instruments consolidated during 2022				Instruments matured but not exercised <sup>4</sup>	Financial instruments at end of year 2022	
		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
José Antonio Álvarez Álvarez	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	207,097	207,097	—	—	69,032	69,032	2.80 <sup>3</sup>	193	138,065	—	—
	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)	359,733	359,733	—	—	—	—	—	—	—	359,733	359,733
	7th cycle of deferred variable remuneration plan linked to multi-year targets (2022) in shares	—	—	394,916	394,916	268,679	268,679	3.088	830	—	126,237	126,237
	7th cycle (bis) of deferred variable remuneration plan linked to multi-year targets (2022) in option shares <sup>5</sup>	—	—	1,063,316	394,916	723,421	268,679	3.088	830	—	339,895	126,237
	7th cycle (bis) of deferred variable remuneration plan linked to multi-year targets (2022) in RSU <sup>2</sup> of PagoNxt S.L.	—	—	8,527	132,772	3,411	53,109	3.088	164	—	5,116	79,663

Name	Name of Plan	Financial instruments at start of year 2022		Financial instruments granted during 2022 year		Financial instruments consolidated during 2022				Instruments matured but not exercised <sup>4</sup>	Financial instruments at end of year 2022	
		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
Rodrigo Echenique Gordillo	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	164,462	164,462	—	—	54,820	54,820	'2.80 <sup>3</sup>	153	109,642	—	—
	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)

1. After reviewing the results of the 3rd cycle of the deferred variable remuneration plan linked to multi-year targets (2018), the board of directors confirmed in 2022, upon recommendation from the remuneration committee, a 33.3% achievement of the long-term metrics of the plan (as the following level of achievement was met during 2018-2020 period: CET1 at 100% at 2020 year-end (the target was 11.30%); underlying EPS growth at 0% (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 2022, 2023 and 2024 in connection with this plan. This applies to all persons under this plan.

2. Santander share price: EUR 3.088; Santander share option price: EUR 1.147 (Santander share option price is 37.14% of Santander share price); and restricted stock unit (RSU) of PagoNxt S.L. price: EUR 48.08 (equivalent just for this table calculation purposes, the conversion rate of Santander share/PagoNxt RSU is 0.064 times).

3. The share price as of 31 December 2022 closing (EUR 2.80) has been taken into account as a value for the calculation process of this plan. This value may be different to the share price in the moment or date of the respective deliveries and the cost for the Bank, which will depend on the purchase price of the shares or the share hedging that may be exist.

4. These instruments were initially assigned and due to the level of achievement of the metrics of this plan will not be delivered and the beneficiaries will not receive them.

## iii) Long-term saving systems (thousand EUR)

Name	Remuneration from consolidation of rights to savings system
Ana Botín-Sanz de Sautuola y O'Shea	1,081
José Antonio Álvarez Álvarez	811

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		2022		2021	
	2022	2021	2022	2021	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
	Ana Botín-Sanz de Sautuola y O'Shea	1,081	1,041	—	—	46,725	—	48,075
José Antonio Álvarez Álvarez	811	783	—	—	18,958	—	18,821	—

## iv) Details of other items (thousands of EUR)

Name	Item	Amount remunerated
Ana Botín-Sanz de Sautuola y O'Shea	Life and accident insurance and fixed remuneration supplement	412
	Other remuneration	25

Name	Item	Amount remunerated
José Antonio Álvarez Álvarez	Life and accident insurance and fixed remuneration supplement	1,040
	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 2022	Total year 2021
Homaira Akbari	361	—	—	—	—	—	—	—	361	213
Álvaro Cardoso de Souza	28	—	—	—	—	—	—	—	28	334
R. Martín Chávez Márquez	200	—	—	—	—	—	—	—	200	52
Henrique de Castro	200	—	—	—	—	—	—	—	200	52
Pamela Walkden	147	—	—	—	—	—	—	—	147	36
Sergio Rial <sup>1</sup>	117	—	—	2,000	167	—	—	1	2,286	4,001

Comments (Not included in the electronic submission to the CNMV)

1. Long-term variable remuneration only 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

Not applicable



## iii) Long term saving systems (thousand EUR)

Name	Remuneration from consolidation of rights to savings system
Sergio Rial	162

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		2022		2021	
	2022	2021	2022	2021	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
	Sergio Rial	162	1,153	—	—	6,276	—	5,202

Comments (Not included in the electronic submission to the CNMV)

Saving system from Banco Santander Brasil S.A.

## iv) Detail of other items (thousands of EUR)

Not applicable



## 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	Contributions to the long-term savings plan	Remuneration for other items	Total 2022	Total 2021	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2022	Total 2021
Ana Botín-Sanz de Sautuola y O'Shea	7,227	2,990	1,081	437	11,735	12,288	—	—	—	—	—	—
José Antonio Álvarez Álvarez	5,700	2,017	811	1,047	9,575	9,728	—	—	—	—	—	—
Bruce Carnegie-Brown	700	—	—	—	700	700	—	—	—	—	—	—
Homaira Akbari	244	—	—	—	244	248	361	—	—	—	361	213
Javier Botín-Sanz de Sautuola y O'Shea	129	—	—	—	129	129	—	—	—	—	—	—
Álvaro Cardoso de Souza	39	—	—	—	39	183	28	—	—	—	28	334
R. Martín Chávez Márquez	147	—	—	—	147	374	200	—	—	—	200	52
Sol Daurella Comadrán	230	—	—	—	230	239	—	—	—	—	—	—
Henrique de Castro	261	—	—	—	261	267	200	—	—	—	200	52
Gina Díez Barroso	172	—	—	—	172	130	—	—	—	—	—	—
Luis Isasi Fernández de Bobadilla <sup>1</sup>	1,412	—	—	—	1,412	1,406	—	—	—	—	—	—
Ramiro Mato García-Ansorena	500	—	—	—	500	499	—	—	—	—	—	—
Sergio Rial	131	—	—	—	131	879	2,286	—	162	—	2,448	7,170
Belén Romana García	549	—	—	—	549	533	—	—	—	—	—	—
Pamela Walkden	323	—	—	—	323	303	147	—	—	—	147	36
Rodrigo Echenique Gordillo	236	153	—	—	389	444	—	—	—	—	—	—
Germán de la Fuente	137	—	—	—	137	—	—	—	—	—	—	—
Glenn Hutchins	10	—	—	—	10	—	—	—	—	—	—	—
<b>Total</b>	<b>18,147</b>	<b>5,160</b>	<b>1,892</b>	<b>1,484</b>	<b>26,683</b>	<b>28,350</b>	<b>3,222</b>	<b>—</b>	<b>162</b>	<b>—</b>	<b>3,384</b>	<b>7,857</b>

Comments (Not included in the electronic submission to the CNMV)

1. Includes deferred amounts from the 2018 deferred and conditional variable remuneration plan subject to long term metrics for Ana Botín, José Antonio Álvarez and Rodrigo Echenique.
2. The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.



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 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)	2022	% var. 22/21	2021	% var. 21/20	2020	% var. 20/19	2019	% var. 19/18	2018
<b>• Executive Directors</b>									
Ana Botín-Sanz de Sautuola y O'Shea	11,735	(5)%	12,288	52%	8,090	(19)%	9,954	(10)%	11,011
José Antonio Álvarez Álvarez	9,575	(2)%	9,728	41%	6,877	(17)%	8,270	(8)%	9,001
<b>• External Directors<sup>1</sup></b>									
Bruce Carnegie-Brown	700	—	700	18%	595	(15)%	700	(4)%	732
Javier Botín-Sanz de Sautuola y O'Shea	129	—	129	6%	122	(11)%	137	13%	121
Sergio Rial	2,579	(68)%	8,049	22%	6,621	—	—	—	—
Sol Daurella Comadrán	230	(4)%	239	12%	214	(11)%	240	12%	215
Belén Romana García	549	3%	533	28%	417	(21)%	525	27%	414
Homaira Akbari	605	31%	461	19%	386	71%	226	14%	199
Ramiro Mato García Ansorena	500	—	499	16%	430	(14)%	500	11%	450
Álvaro Cardoso de Souza	67	(87)%	517	(11)%	578	(14)%	673	355%	148
Henrique de Castro	461	45%	319	36%	234	172%	86	—	—
Pamela Walkden	470	38%	339	59%	214	529%	34	—	—
Luis Isasi Fernández de Bobadilla <sup>2</sup>	1,412	—	1,406	49%	943	—	—	—	—
R.Martín Chávez Márquez	347	(19)%	426	689%	54	—	—	—	—
Gina Díez Barroso	172	32%	130	622%	18	—	—	—	—
Germán de la Fuente	137	—	—	—	—	—	—	—	—
Glenn Hutchins	10	—	—	—	—	—	—	—	—
<b>Company's performance</b>									
Underlying profit attributable to the Group (EUR mn)	9,605	11%	8,654	70%	5,081	(38)%	8,252	2%	8,064
Consolidated results of the Group <sup>3</sup> (EUR mn)	15,250	5%	14,547	—	(2,076)	—%	12,543	(12)%	14,201
Ordinary RoTE	13.37%	5%	12.73%	71%	7.44%	(37)%	11.79%	(2)%	12.08%
<b>Employees' average remuneration<sup>4</sup> (EUR)</b>	<b>56,262</b>	<b>1%</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>

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. The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

3. Group operating profit/(loss) before tax.

4. Employee average remuneration includes all concepts. 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 27 February 2023.

State if any directors have voted against or abstained from approving this report.

Yes  No