

BANCO SANTANDER, S.A.

2020 INFORMATION ON CORPORATE GOVERNANCE AND REMUNERATIONS

- 2020 Annual corporate governance report
- 2020 Activities reports of the audit; nomination; remuneration; risk supervision, regulation and compliance; responsible banking, sustainability and culture; and innovation and technology committees
- 2020 Annual directors' remuneration report

The corporate governance chapter of the consolidated directors' report that forms part of the 2020 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).

This chapter includes the content of the 2020 annual corporate governance and remuneration report, drafted in a free format as we have been doing since the entry into force of the relevant Comisión Nacional del Mercado de Valores's Circular, as well as the 2020 activities reports of the audit; nomination; remuneration; risk supervision, regulation and compliance; responsible banking, sustainability culture; and innovation and technology committees.

The chapter must be read in conjunction with the other sections of the 2020 Annual Report given it forms part of it. In addition, due to that circumstance, it must be noted that the automatic links to other sections that are included in the attached document will not work.

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

→ 2020 Annual corporate governance report	Entire corporate governance chapter
→ 2020 Activities reports of the audit; nomination; remuneration; risk, supervision 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
→ 2020 Annual directors' remuneration report	Sections 6 (excluding section 6.6), 9.4 and 9.5

A NEW PURPOSE FOR PEREDA

Our iconic headquarters in the city of Santander, Cantabria will become a modern space for culture and innovation, epitomizing the new Santander. On 22 December, the board held its last meeting at the Pereda building.

Pereda building, Banco Santander's headquarters in the city of Santander, Cantabria (Spain).

Corporate governance

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Structure of our corporate governance report

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

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

- Legally-required content for the corporate governance report.
- Reports on the activities of board committees. See sections [4.4](#) to [4.10](#).
- Annual report on directors' remuneration, which we are required to prepare and submit to a non-binding vote at our 2021 annual general meeting. See section [6 'Remuneration'](#).
- Directors' remuneration policy. See section [6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'](#).
- Cross references to find the information for each section of the corporate governance and remuneration reports in the CNMV's required format in this and other chapters of the annual report. See sections [9.1 'Reconciliation with the CNMV's corporate governance report model'](#) and [9.4 'Reconciliation with the CNMV's remuneration report model'](#).
- Cross references to find the information supporting each response to all recommendations in the CNMV'S Good Governance Code for Listed Companies (Spanish Corporate Governance Code) in the 2020 corporate governance and other chapters of this annual report. See section [9.3 'Table on compliance with and explanations of recommendations on corporate governance'](#).

1. 2020 Overview



'Maintaining high standards of governance is critical to enabling our strategy and long-term success. The covid-19 global health crisis has resulted in economic and social distress on a scale that we have not seen in generations. The board acted swiftly and decisively from the outset of the pandemic in support our customers, maintain the strength of capital and liquidity position and ensure the effectiveness of the risk management and compliance processes. The response of the Group provided positive affirmation of its business and governance model in the face of extraordinary challenges

Despite the crisis, we continued to progress our governance goals and preserve strong governance disciplines demonstrating effective oversight and control across the Group. Board refreshment continued during the year, strengthening our skills and diversity with the appointment of Luis Isasi, Sergio Rial, R. Martín Chávez and Gina Díez. On behalf of the board, I would like to thank Ignacio Benjumea, Esther Giménez-Salinas, Rodrigo Echenique and Guillermo de la Dehesa for their invaluable service to the board and the Group.

As part of our commitments of maintaining high governance standards, this year we engaged an external independent expert to conduct the assessment of the board and its committees which has provided a fresh perspective on areas for improvement.

Effective succession planning of our board directors and members of senior management remains a priority. This year we refreshed our senior managers succession policy and commissioned a review of our succession plans methodology from an external independent advisor who confirmed that our processes are aligned with best industry practice.

We introduced new governance models for the One Santander in Europe initiative and for PagoNxt to promote key strategic goals and support our growth plans.

We will remain committed to working together effectively to improve our governance, providing robust oversight of the Group to achieve our purpose'.

Bruce Carnegie-Brown, Lead independent director

1.1 Board skills and diversity

Appointments in 2020

In 2020 a number of changes were made to the board's composition to further enhance its diversity and strengthen its skills, specifically those identified as desirable in prior board evaluations. As at December 2020, the board comprised 40% of women, meeting its target of 40-60% minimum and maximum representation of either gender, ahead of the 2021 timeline. The main board changes in 2020 were as follows:

- Luis Isasi was appointed external director at our annual general meeting held on 3 April 2020 (April 2020 AGM) to fill the vacancy left by Guillermo de la Dehesa. See section [3.4 'April 2020 AGM'](#). Mr Isasi has a strong track record in finance, retail and investment banking, and capital markets.

He held executive roles at JP Morgan in New York and First National Bank of Chicago in London. In 1987, he joined Morgan Stanley, where he was managing director of investment banking for Europe and chairman and country head for Spain. He has vast experience in many sectors and

international markets, as well as a wide institutional network within Spain. See section [4.1 'Our directors'](#).

- Sergio Rial was appointed executive director at the April 2020 AGM to fill the vacancy left by Ignacio Benjumea. See section [3.4 'April 2020 AGM'](#).

Mr Rial joined Santander in 2015 as chairman of the board of directors of Banco Santander (Brasil), S.A. He is currently the regional head for South America as well as chief executive officer (CEO) and vice-chairman of Banco Santander (Brasil), S.A. He brings extensive executive experience in banking and finance, and has a deep understanding of Latin American markets, especially Brazil. His nationality and background in multinational groups across geographical areas and sectors, such as Cargill Inc., Seara Foods and Marfrig Global Foods, increase the board's international diversity and experience and give it a valuable perspective on environmental and social issues. See section [4.1 'Our directors'](#).

- R. Martín Chávez was appointed independent director at the annual general meeting held on 27 October 2020 (October 2020 AGM) to fill the vacancy left by Esther Giménez-Salinas. See section [3.5 'October 2020 AGM'](#).

Mr Chávez was Chief technology officer (CTO) and co-founder of Quorum Software Systems, global head of energy derivatives at Credit Suisse Financial Products and CEO and co-founder of Kiodex. In 2005, he joined Goldman Sachs, where he was a partner from 2006 to 2019 and held various executive positions during his tenure. He brings extensive knowledge of the global financial and information technology (IT) sectors to enhance the board's digital capabilities. He also enhances the geographical and international diversity. See section [4.1 'Our directors'](#).

- Gina Díez was co-opted as an independent director on 22 December 2020 to fill the vacancy left by external director Rodrigo Echenique. The board submitted her nomination to our annual general meeting called for 25 or 26 March 2021, at first or second call respectively (2021 AGM) for ratification. See section [3.6 'Our coming 2021 AGM'](#).

Ms Díez is the founder and president of Grupo Diarq and Universidad Centro and served as an independent director of Banco Santander México. She contributes to the board's gender and geographic diversity, and brings broad international experience. She has substantial knowledge of one of the group's key strategic markets, Mexico. Her expertise spans numerous sectors (real estate, education, banking), and responsible business and sustainability. See section [4.1 'Our directors'](#).

The above changes have enhanced the board's financial, technological and digital capabilities and international diversity, bolstering experience in very significant markets for the group (such as Brazil, the US and Mexico) and ensuring the board is well placed to deliver on our current and future strategies.

With the addition of Gina Díez, 40% of the board members are women, in line with the gender equality target set by the board for 2021, which was first achieved in 2019. The proportion of independent board members has risen to 66.67%.

Renewal of the board

Stepping down	Taking up role
Guillermo de la Dehesa (external)	Luis Isasi (external)
Ignacio Benjumea (external)	Sergio Rial (executive)
Esther Giménez-Salinas (independent)	R. Martín Chávez (independent)
Rodrigo Echenique (external)	Gina Díez (independent)

The board's renewal is underpinned by a structured induction programme tailored for each newly appointed director to support them in assuming their new role in Banco Santander, whilst addressing any development needs identified, where applicable, during the recruitment process. See 'Training of directors and induction programmes for new directors' in section [4.3](#).

Strong succession planning

Succession planning is a key element of our good governance as it ensures orderly leadership transitions, as well as board continuity and stability. It is a yearly cycle with a well-defined methodology and timelines, and a clear allocation of responsibilities. We also use specific performance indicators and review them each year. The nomination committee and board provide input to the plans and review performance as part of regular updates. The strength of the pipeline for each position is based on the number of candidates and how immediately qualified they are, with development and training plans in place where required.

We refreshed our succession policy for managerial roles throughout the group and our policy for the selection, suitability assessment and succession of directors. The changes aim to boost talent pipelines across functions, with diversity a priority. We also assessed succession plans for key geographies and implemented a new selection process for top executives.

Given the importance that the Group places in succession planning, an external opinion was sought in relation to our succession policy and associated succession processes. The review concluded that succession arrangements and framework for the board and critical roles throughout the Group meet regulatory requirements and align with industry best practice. See section [1.5 'Achievement of our 2020 goals'](#).

1.2 Board effectiveness

Covid-19

In 2020, the pandemic's unprecedented effect on health and the global economy required a rapid, coordinated and sustained response from Grupo Santander to safeguard the interests of our business and broader stakeholders.

The board and its committees, which continued their oversight of planned business initiatives, held extraordinary meetings to check on immediate, tactical crisis management efforts:

- The board approved the voluntary 50% reduction of the chairman and CEO maximum remuneration (salary and bonus) for 2020 in relation to their remuneration in 2019 and the 20% reduction in board of directors' annual allotment and attendance fees for the balance of 2020, with effect from 1 April 2020, with the amounts saved being allocated to finance relief efforts to address the impact of covid-19. See section [1.3 'Alignment of executive compensation with the Group objectives and the covid-19 crisis'](#).
- The board cancelled the final dividend for 2019 and the dividend policy for 2020 on 2 April, on the European Central Bank (ECB)'s recommendation to financial institutions amid unparalleled uncertainty.
- Shareholders gave their approval to resume dividend payments at the October 2020 AGM with a dividend for the equivalent of EUR 0.10 per share in newly issued shares against the 2019 results, as well as a payment in 2021 of up to EUR 0.10 per share as remuneration against 2020. The latter is contingent on the ECB's approval and recommendations, a common equity tier 1 (CET1) ratio maintained within or above our target range of 11-12%, and the total payment not exceeding 50% of our consolidated ordinary (underlying) profit. On 3 February 2021, Banco Santander made public its 2020 results and the board's intention to pay a cash dividend of €2.75 cents per share as shareholder remuneration for 2020, the maximum allowed in accordance with the limits set by the ECB recommendations. This dividend will be paid under the resolution of the October 2020 AGM mentioned above. See section [3.3 'Dividends'](#).
- In June, the audit committee approved the internal audit covid-19 edition plan. It adds flexibility and rigour to oversight whilst recognizing the impact of covid-19 on group-wide internal audit.

Digital transformation

Given the impact of the new disruptive platforms on the transformation of many industries, Grupo Santander aims to become the best open financial services platform, acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities in a way that is Simple, Personal and Fair.

During 2020, we ramped up our digital strategy through the approval of One Santander, which provides a common, group-wide business and operational platform with an initial focus on Europe; and with PagoNxt, which combines our most disruptive payment businesses into a single, autonomous company.

Group and subsidiary board connectivity

Strengthening the links between the group board of directors and the subsidiaries is key to effective governance oversight and common values, ethics, controls and key business matters. In 2020, the global pandemic heightened the need for effective cross-border collaboration, which our proven Group Subsidiary Governance Model (GSGM) supports. This governance model is strengthened by the fact that a number of Group non-executive directors also sit on the boards of our principal units: Luis Isasi at Santander España, Álvaro Cardoso

at Banco Santander (Brasil), S.A. Homaira Akbari at Santander Consumer USA Holdings Inc. and Bruce Carnegie-Brown at Santander UK plc and Santander UK Group Holdings plc. See section [7. 'Group structure and internal governance'](#).

Furthermore, and as in the previous year, the audit committee chairman held two virtual conventions with fellow committee members and subsidiary audit committee chairs:

- On 15 July, the session covered group internal audit challenges, financial information process and internal Sarbanes-Oxley control, independent external audit challenges and reflections on 2021 priorities.
- On 19 November, the session covered the membership and profile of group audit committees, risk provisioning and emerging trends for group audit committees.

Similar meetings followed in previous years with subsidiary risk committee chairs in September 2018 and audit committee chairs in May 2019.

Feedback from participants has reinforced the value of the meetings, confirming that they foster the group's coordinated approach and cross-border collaboration on key issues. More meetings are planned for 2021 onwards.

Action plan 2020 following the board's assessment

The board undergoes a yearly performance review. Its 2019 assessment covered its composition and organization, dynamics and internal culture, and committees' performance, as well as each director's performance and contribution. The resulting action plan enhanced the board's performance in 2020 with:

- More expertise in finance, auditing, technology and coverage of Latin American markets in its composition.
- Balanced focus on regulatory compliance and strategy in an increasingly demanding and uncertain economic and geopolitical environment.
- The timeliness of circulating relevant documents submitted to the board for analysis on the board and the committees, facilitating effective challenge and debate.
- Training and upskilling programmes for directors to ensure the proper performance of their duties and give opportunities to interact with executives.
- Optimal contribution from each board committee.

The action plan which was completed in 2020 was supervised by the nomination committee. The board was regularly informed about its progress.

1.3 Alignment of executive compensation with the Group objectives and the covid-19 crisis

In 2020, the board of directors worked to ensure that the Group's financial position was secure, complying with the regulatory requirements for capital and risk, and at the same time directly supported the communities in which the Group is present. As regards compensation, the quantitative and qualitative metrics in our variable remuneration scorecard have allowed the Board of directors and the remuneration committee to fix variable remuneration that is aligned with the risks, capital, clients' base and ordinary results situation of the Group.

In addition, the Group has aligned its governance and practices in 2020 to ensure that compensation is managed in a conservative way. The board, upon recommendation from the remunerations committee, approved the voluntary 50% reduction of the chairman and CEO maximum remuneration (salary and bonus) for 2020 in relation to their remuneration in 2019 and the 20% reduction in board of directors' annual allotment and attendance fees for the balance of 2020, with effect from 1 April 2020, with the amounts saved being allocated to finance relief efforts to address the impact of covid-19. In addition, to ensure that remuneration aligns with the results delivered, budget targets and metrics were not adjusted for covid-19 conditions. This resulted in a 74% reduction of the executive chairman's variable remuneration and in a 79% reduction of the chief executive officer's variable remuneration, after the exceptional adjustment agreed by the board to comply with the reduction commitment mentioned above, and 32.6% reduction of bonus pools for the top two executive segments in the Group (c.250 employees).

1.4 Active shareholder engagement during the pandemic

Since the beginning of the health crisis we have put in place mechanisms to enable the full exercise by shareholders of their rights while at the same time protecting their health and maintaining engagement with them.

The pandemic struck hard in March, when we had already called our April 2020 AGM, forcing us to make exceptional decisions to adapt to the restrictions imposed by the authorities.

Our board's monitoring of the pandemic, and its speed in making the right call as restrictions on movement and meetings were imposed, was key to providing our shareholders with all necessary April 2020 AGM-related information.

The strength and flexibility of our corporate governance, which has allowed remote attendance at the annual general meetings since 2005 through our software application, made it possible to hold the April 2020 AGM exclusively remotely, avoiding the damage that would have been caused by cancelling it, as well as complying with all our corporate obligations without detriment to the rights of our shareholders. Thanks to this, shareholders were able to request clarifications, take the floor and put forward proposals for items not included on the agenda at the April 2020 AGM. See section [3.4 'April 2020 AGM'](#).

In October 2020, we held another general meeting to approve the application of the 2019 results. This item was removed from the April 2020 AGM agenda and deferred to a later general meeting on the recommendation of the ECB due to the health and economic crisis. See sections [3.3 'Dividends'](#) and [3.5 'October 2020 AGM'](#).

The October 2020 AGM was held in a context of restrictions on capacity, movement and non-essential activities in which authorities advised against moving around. Although some shareholders decided to attend in person, the option to do so remotely allowed them to participate remotely on this occasion as well with a real-time connection to the meeting location, as well as to exercise their rights as they saw fit. The protocol followed at the October 2020 AGM to deal with the covid-19 restrictions was certified by AENOR.

In addition, shareholders were also able to participate in the April 2020 AGM and October 2020 AGM (2020 AGMs) through our channels of proxy-granting and distance voting by electronic means, which include our digital platform, mobile application and telephone line, as well as a live broadcast on our website.

Our digital transformation and advances in IT over recent years in our remote assistance application and distance participation channels for the general meetings allowed us to react to the covid-19 crisis with maximum efficiency.

In addition, during the pandemic we increased our communication to shareholders through all our information disclosure channels. The Shareholder and Investor Relations team organized meetings, virtual events and specific campaigns with our shareholders to maintain direct communication with them and encourage their informed participation in the 2020 AGMs, but at the same time mitigating their exposure to the health risks of the pandemic. This allowed us to retain shareholder confidence, as reflected in the voting on the proposals submitted to the 2020 AGMs. See sections [3.4 'April 2020 AGM'](#) and [3.5 'October 2020 AGM'](#).

1.5 Achievement of our 2020 goals

The 2019 annual report disclosed our corporate governance goals and priorities for 2020. The following chart describes how we delivered on each priority.

2020 goals	How we have delivered
Santander share With a view to creating long-term value for shareholders, the board will supervise and support the managers in applying our strategy to make sure total shareholder returns properly reflect the Group's solvency, results, corporate culture and sustainable growth.	The uncertainty caused by covid-19 had a short-term impact on our share price. But we delivered solid results thanks to our scale, our focus on customers and our diversification, highlighting our good credit quality, strong capital generation capacity and our work to help customers and communities cope with the crisis. Amid the pandemic, Banco Santander's share price fell 29.0%, while the Stoxx Europe 600 Banks index fell 24.5%. Several vaccines announced since November brought a wave of optimism, causing investment capital to rotate towards more cyclical industries, particularly banking. In Q4, the Stoxx Europe 600 Banks index rose 30.9%, with Santander's share price rising 65.6%.
Strong succession plans In 2020, succession planning will continue to be a key priority in order to ensure a reliable pipeline of candidates at all times. We will proactively identify successors, implement any training plans needed to handle any succession event effectively. Performance indicators in our succession plans will continue to help us deliver intended outcomes and supervise risks implied in the succession of directors and other key roles constantly. Regular reporting to the board keeps it informed about the process, its risks and its results at all times.	Succession planning remained a priority in 2020. We reinforced the strength of the pipeline of candidates to ensure effective and robust succession planning through the assessment of them in core geographies, refreshing succession plans for senior managers. In 2020, key governance bodies held functional succession meetings, building a strong pipeline of candidates with 24% more women identified as successors than in 2019. Succession plans were set for 340 roles across the group, up from 335 in 2019. 89% of the positions covered have a strong succession pipeline (an increase from 84% in 2019). We have at least two successors who could be immediately ready, or one successor who could be immediately ready and two successors who could be ready in one to two years. A review conducted on board and executive succession planning by an independent third party confirmed their alignment with regulatory requirements and industry best practice.
Remuneration policies adapted to the new business environment The remuneration structures and schemes for our executives must consider environmental, social and governance-related performance indicators that are simple, transparent, measurable and aligned with our public responsible banking commitments. Remuneration policies that are effective and adapted to our culture and values as well as the expectations of investors and other stakeholders, are essential to our strategy for sustainable growth.	During 2020 we have maintained a strong governance of remuneration in light of covid-19 conditions (see section 1.3 'Alignment of executive compensation with the Group objectives and the covid-19 crisis'). In addition, the remuneration committee and the board of directors have taken into account responsible banking factors for setting the 2020 remuneration through the qualitative adjustments provided for in the remuneration policy. Likewise, we have simplified the executive compensation framework that will apply from 2021, by reducing the number of metrics used in the pool calculation from 7 to 4, combining simplicity with the acknowledgment of the most relevant aspects for clients, results, financial strength and the appropriate management of the risk of the entity.

2020 goals

How we have delivered

Communication with shareholders and investors as part of their engagement with the Group

Closer engagement and dialogue through the channels and engagement activities mentioned in our policy on communication and engagement with shareholders and investors will both encourage them to exercise their rights and give them the information they expect and provide them with new opportunities to be involved in our corporate governance in an effective and sustainable manner in the long term, in accordance with the laws transposing the EU directive on shareholders' rights and related implementing regulations.

If we maximise the disclosure and quality of the economic-financial information we publish in a transparent and effective manner, we can retain the long-term trust of our investors and society.

The pandemic stood out in our communication and engagement with shareholders and investors in 2020. In application of our internal policy (updated in February 2020), we implemented specific actions to meet our retail and institutional shareholders' expectations, facilitating their involvement in our corporate governance despite the circumstances. See section [1.4 'Active shareholder engagement during the pandemic'](#).

The nomination committee oversaw communication with shareholders and proxy advisors, as well as the results of votes at the 2020 AGMs, to further improve our corporate governance system. Our corporate communication framework, which establishes the key processes on communication of economic-financial, non-financial and corporate information throughout Group, helps maximize the disclosure and quality of the information we make available to the market. See section [3.1 'Shareholder engagement'](#).

Strategy to address climate-change risks and opportunities

We will supervise the fulfilment of our public climate change commitments, add environmental criteria to the group's governance and risk management, and report on our progress transparently.

Transition towards a green economy by financing sustainable projects, namely renewable energy projects, that promote a low-carbon economy and by supporting the development of sustainable and smart infrastructures will be very important in the board's agenda.

The responsible banking, sustainability and culture committee discussed climate change throughout 2020 to ensure we were upholding our climate commitments (see section ['Sustainable finance'](#) in the 'Responsible banking' chapter). This includes embedding climate change considerations in our risk management policies and processes, as well as in developing products and engaging with our customers to support their journey towards a low-carbon economy.

In particular, the responsible banking, sustainability and culture committee closely monitored how we were addressing our commitments regarding our own environmental footprint and green finance, and developing and implementing a strategy to fulfil the Collective Commitment to Climate Action to align our portfolios to the Paris Agreement on climate change.

The responsible banking, sustainability and culture committee also oversaw the definition and implementation of a road map to act on the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and supervisors and regulators' expectations and requirements.

See section [4.9 'Responsible banking, sustainability and culture committee activities in 2020'](#) and the ['Responsible banking'](#) chapter for more details.

At the forefront of the best national and international practices

In 2020, we will continue to heed recommendations from supervisors and guidelines of national and international organizations so that the operations and internal regulations of our governing bodies always follow best practice.

In particular, we will review any amendments to the Spanish Corporate Governance Code that may be approved. Its initial proposal is in line with our corporate governance framework in regard to communication and engagement with shareholders and investors, director diversity and suitability assessments, executive committee composition, board organization and sustainability.

We closely followed the recommendations from supervisors and guidelines of national and international organizations. In particular, we complied with all ECB recommendations on dividend distribution. See section [3.3 'Dividends'](#).

Likewise, we adapted our corporate governance framework to the revision of the Spanish Corporate Governance Code, made in June 2020. Among the salient actions we carried out were the revision of the Rules and regulations of the board, and modification of the composition of the responsible banking, sustainability and culture committee, now formed entirely by non-executive directors. See 'Rules and regulations of the board' in section [4.3](#). We also adapted our whistleblowing channel, now accessible from our website and to anyone related to Banco Santander.

These actions allowed us to fully comply with 60 of the 61 recommendations of the Spanish Corporate Governance Code that apply to us, and partial compliance with the remaining recommendation. See section [9.3 'Table on compliance with or explanations of recommendations on corporate governance'](#).

1.6 Priorities for 2021

Our board's priorities for 2021 are:

- **Long-term shareholder value**

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

- **Covid-19**

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

- **Strategic growth initiatives**

Working on the group's strategic growth priorities, which are critical to becoming the world's best open financial services platform. Our initiatives include: One Santander, which is a common operational and business model created to transform the way we serve our customers, providing a simpler and enhanced customer experience; PagoNxt, which is an autonomous global payment platform to combine our payments businesses and banks around the world, accelerating the deployment of payment solutions to our customers globally, and is critical to building One Santander; and the digital consumer bank, integrating our fast-growing consumer lending business, Santander Consumer Finance (SCF), with Openbank to transform our digital proposition.

- **Responsible Banking – embedding ESG in all we do**

Driving Santander's efforts to deliver profit with a clear purpose, to help people and businesses prosper in the years ahead, and to build a more responsible bank. It will also oversee the implementation of its decisions to support the Paris Agreement targets and focus on delivering the targets we set for ourselves; to raise and facilitate EUR 120 billion in green finance, and to financially empower 10 million people, by 2025.

- **High governance standards**

Maintaining high standards of governance to fulfil our strategy and ensure long-term success. This will help ensure our ongoing effectiveness and alignment with best practice. In particular, it will continue to instil strong governance disciplines as a key enabler to effective oversight and control across the group, making sure our corporate governance framework takes into account supervisory body recommendations as well as national and international guidelines.

2. Ownership structure

→ Broad and balanced shareholder base

→ A single class of shares

→ Authorised capital in line with best practices providing the necessary flexibility

2.1 Share capital

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

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

At 31 December 2020, Banco Santander had a share capital of EUR 8,670,320,651 represented by 17,340,641,302 shares.

The share capital was amended only once in 2020, through a capital increase on 3 December to allow for remuneration of EUR 0.10 per share in newly issued shares. This was announced by the board on 29 July after it had postponed in March the decision on the application of results for the 2019 financial year on the ECB's 27 March recommendation in light of the covid-19 pandemic. With this increase, which had been approved at the October 2020 AGM, Banco Santander issued a total of 722,526,720 new shares representing 4.35% of the share capital. These new shares began trading on 11 December. See section [3.5 'October 2020 AGM'](#).

We have a broad and balanced shareholder structure. At 31 December 2020, Banco Santander's had 4,018,817 shareholders, distributed by type of investor, geographic region and number of shares as follows:

Type of investor	% of share capital
Board ^A	1.05 %
Institutional	58.10 %
Retail	40.85 %
Total	100 %

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

Continent	% of share capital
Europe	76.03 %
Americas	22.32 %
Rest of the world	1.65 %
Total	100 %

Number of shares	% of share capital
1-3,000	8.76 %
3,001-30,000	17.71 %
30,001-400,000	12.55 %
Over 400,000	60.98 %
Total	100 %

2.2 Authority to increase capital

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

As of 31 December 2020, our board of directors had received authorisation from shareholders to approve or carry out the following capital increases:

- **Authorised capital to 2023:** at our April 2020 AGM, the board was authorised to increase share capital on one or more occasions by up to EUR 4,154,528,645.50 (50% of capital at the time of the April 2020 AGM or approximately 8.3 billion shares representing 47.92% of the share capital at 31 December 2020). The board was granted this authorisation for three years (until 3 April 2023).

Consequently, the board can issue shares for cash consideration with or without pre-emptive rights for shareholders, and for capital increases to back any convertible bonds or securities issued under its authority granted by the April 2020 AGM.

Shares without pre-emptive rights under this authority can be issued up to EUR 830,905,729 (10% of capital at the time of the April 2020 AGM or approximately 1,661 million shares representing 9.58% of the share capital at 31

December 2020). However, this limit on issuing shares without pre-emptive rights do not apply to capital increases to convert CCPS (which can only be converted into newly-issued shares when the CET1 ratio falls below a predetermined threshold). Thus far, the board has not used this authority up to date.

- **Capital increases approved for contingent conversion of CCPSs:** we issued contingent convertible preferred securities that qualify as regulatory Additional Tier 1 (AT1) instruments and would be converted into newly-issued shares if the CET1 ratio fell below a predetermined threshold. Each issue is therefore backed by a capital increase approved under the authorisation granted to the board by shareholders. The chart below shows the outstanding CCPSs at the time of this report, with details about the capital increase resolutions that back them. These capital increases are therefore contingent and have been delegated to the board of directors. The board of directors is authorised to issue additional CCPSs and other convertible securities and instruments in accordance with the annual

general meeting held on 12 April 2019 (2019 AGM) resolution that allows convertible instruments and securities to be issued for up to EUR 10 billion or an equivalent amount in another currency (of which EUR 1.5 bn were issued on 14 January 2020 as shown in the table below). Any capital increase to allow any such CCPS or other convertible instruments or securities to be converted would be approved under the authority mentioned in this section under 'Authorised capital to 2023' or under a future renewal of such authority.

- **Scrip dividend authority:** at our April 2020 AGM, shareholders approved a capital increase against reserves for a potential scrip issue (under the *Santander Dividendo Elección* scheme) as part of the shareholder remuneration against 2020 earnings, delegating the power to execute this increase to the board of directors within one year. As explained in section [3.3 'Dividends'](#) the remuneration against 2020 earnings will be in cash. Thus, the board of directors intention is not to use this authorization and let it expire on 3 April 2021.

Issues of contingent convertible preferred securities

Date of issuance	Nominal amount	Discretionary remuneration per annum	Conversion	Maximum number of shares in case of conversion ^A
11/09/2014	EUR 1,500 million	6.25% for the first seven years		299,401,197
25/04/2017	EUR 750 million	6.75% for the first five years		207,125,103
29/09/2017	EUR 1,000 million	5.25% for the first six years	If, at any time, the CET1 ratio of Banco Santander or the Group is less than 5.125%	263,852,242
19/03/2018	EUR 1,500 million	4.75% for the first seven years		416,666,666
08/02/2019	USD 1,200 million	7.50% for the first five years		388,349,514
14/01/2020	EUR 1,500 million	4.375% for the first six years		604,594,921

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

2.3 Significant shareholders

At 31 December 2020, no shareholder held more than 3% of Banco Santander's total share capital (which is the threshold generally provided under Spanish regulations for a significant holding in a listed company to be disclosed). Even though at 31 December 2020, certain custodians appeared in our shareholder registry as holding more than 3% of our share capital, we understand that those shares were held in custody on behalf of other investors, none of whom exceeded that threshold individually. These custodians were State Street Bank (13.54%), The Bank of New York Mellon Corporation (8.25%), Chase Nominees Limited (7.74%), EC Nominees Limited (3.55%), BNP Paribas (3.07%) and Caceis Bank (3.01%).

On 24 October 2019 BlackRock Inc., asset manager, reported to the CNMV its significant holding of voting rights in Banco Santander (5.426%). It also specified that it was holding shares on behalf of a number of funds or other investment entities, none of which exceeded 3% individually. No changes have been communicated since then. There may be some overlap in the holdings declared by the above mentioned custodians and asset manager.

At 31 December 2020, neither our shareholder registry nor the CNMV's registry showed any shareholder residing in a tax haven with a shareholding equal to, or greater than, 1% of our share capital (which is the other threshold applicable under Spanish regulations).

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

2.4 Shareholders' agreements

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

The main provisions of the agreement are:

- **Transfer restrictions:** except when the transferee is also a party to the agreement or the Fundación Botín, any transfer of Banco Santander shares expressly included in the

agreement requires prior authorisation from the syndicate meeting, which can freely authorise or reject it. These transfer restrictions apply to the shares they expressly cover under the agreement and to shares subscribed for, or acquired by, syndicate members in exercising any subscription, bonus share, grouping or division, replacement, exchange or conversion rights that pertain or are attributed to, or derive from, those syndicated shares.

- **Syndicated voting:** under the agreement, the parties will syndicate and pool the voting rights attached to all their shares in Banco Santander, so that syndicate members may exercise them and, in general, act towards Banco Santander in a concerted manner, in accordance with the instructions and indications and the voting criteria and orientation established by the syndicate. This covers the shares subject to the transfer restrictions mentioned above as well as any voting rights attached to any other Banco Santander shares held either directly or indirectly by the parties to the agreement, and any other voting rights assigned to them by virtue of usufruct, pledge or any other contractual title, for as long as they hold those shares or are assigned those rights. For this purpose, representation of the syndicated shares is attributed to the chair of the syndicate, who will be the chairman of the Fundación Botín (currently, Javier Botín, one of our directors and our Group executive chairman's brother).

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

At 31 December 2020, the parties to the shareholders' agreement held 100,025,942 shares in Banco Santander (0.58% of its capital), which were therefore subject to the voting syndicate. They include 80,355,819 shares (0.46% of its capital) that are also subject to the transfer restrictions. Subsection A.7 of section 9.2 'Statistical information on corporate governance required by the CNMV' contains the list of parties to the shareholders' agreement and the relevant information filed with CNMV.

2.5 Treasury shares

Shareholder approval

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

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

Treasury shares policy

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

- Provide liquidity or supply of securities in the market for Banco Santander shares, which gives this market depth and minimizes any temporary imbalances in supply and demand.
- Take advantage for the benefit of all shareholders of weakness in the share price in relation to its medium-term outlook.
- Meet our obligations to deliver shares to our employees and directors.
- Serve any other purpose authorized by the board within the limits set at the general meeting.

Among other things, the policy also provides for:

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

- **Disclosure to the markets** of treasury shares trading.

The policy applies to the discretionary trading of treasury shares. It does not apply to transactions in Banco Santander shares carried out to hedge market risks or provide brokerage or hedging for customers.

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

Activity in 2020

As of 31 December 2020, Banco Santander and its subsidiaries held 28,439,022 shares, which represented 0.164% of share capital (compared to 8,430,425 at 31 December 2019, then representing 0.051% of share capital).

The chart below summarizes the monthly average proportion of treasury shares to share capital throughout 2020 and 2019.

Monthly average of daily positions in treasury shares

% of Banco Santander's share capital at month end

	2020	2019
January	0.09%	0.07%
February	0.06%	0.02%
March	0.11%	0.01%
April	0.17%	0.01%
May	0.17%	0.02%
June	0.15%	0.02%
July	0.15%	0.02%
August	0.17%	0.03%
September	0.17%	0.04%
October	0.18%	0.04%
November	0.17%	0.05%
December	0.16%	0.05%

In 2020, the Group's treasury share trades consisted of the following values:

Acquisitions and transfers of treasury shares in 2020

EUR (except number of shares)	Acquisitions				Transfers				
	Number of shares	Total par value	Total cash amount	Average purchase price	Number of shares	Total par value	Total cash amount	Average purchase price	Profit (loss) net of taxes
Discretionary trading	51,678,265	25,839,133	143,415,000	2.83	31,669,373	15,834,687	104,550,000	3.30	1,193,000
Client induced trading ^A	250,301,349	125,150,675	614,843,000	2.46	250,301,349	125,150,675	614,843,000	2.46	0
Total	301,979,614	150,989,807	758,258,000	2.51	281,970,722	140,985,361	719,393,000	2.56	1,193,000

A. Transactions in Banco Santander shares carried out to hedge market risks or provide brokerage or hedging for customers.

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

Significant changes in treasury shares in 2020^A

Reported on	% of voting rights represented by shares		
	acquired since last notice	transferred since last notice	held at reference date of notice
25/03/2020 ^B	1.032%	0.89%	0.23%
11/11/2020	1.002%	1.048%	0.185%
21/12/2020	0.162%	0.184%	0.157%

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

B. This notice was corrected by disclosures dated 26 March 2020 and 11 November 2020. Data shown as corrected.

2.6 Stock market information

Markets

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

Share price performance

Government measures to contain the health crisis ensuing from the rapid spread of covid-19 had a very severe economic effect that caused GDP to plummet in the first half of the year like never before. Monetary policies quickly adopted by

central banks and the fiscal stimulus packages governments put in place countered the economic slowdown and reduced financial tensions.

Relaxation of lockdowns helped market confidence and economic activity recover in the third quarter. Still, activity was slower than expected owing to new outbreaks and fears of new lockdown measures, which dragged the stock markets down.

During the year, the main indices performed better than the banking sector, which was under the influence of recommendations the ECB, the Bank of England, the Federal Reserve and other central banks had issued at the start of the pandemic to limit dividend payouts and share buybacks.

In this context, the Ibex 35 in Spain declined 15.5%; the DJ Stoxx 50 in Europe, 8.7%; DJ Banks, 24.5% and the MSCI World Banks, 14.2%.

Market capitalisation and trading

By 31 December 2020, Santander's market capitalization of EUR 44,011 million was the second largest in the eurozone and 32nd largest in the world among the financial institutions.

19,080 million shares traded in the year for an effective value of EUR 45,034 million and a liquidity ratio of 115%.

The Banco Santander share

	2020	2019
Shares (million)	17,340.6	16,618.1
Price (EUR)		
Closing price ^A	2.538	3.575
Change in the price	-29.0%	-6.1%
Maximum for the period ^A	3.799	4.487
Date of maximum for the period	17/2/2020	17/4/2019
Minimum for the period ^A	1.439	3.244
Date of minimum for the period	24/9/2020	9/3/2019
Average for the period ^A	2.288	3.798
End-of-period market capitalisation (EUR million)	44,011	61,986
Trading		
Total volume of shares traded (million)	19,334	19,334
Average daily volume of shares traded (million)	74.2	75.8
Total cash traded (EUR million)	45,034	77,789
Average daily cash traded (EUR million)	175,2	305,1

A. Data adjusted to the December 2020 capital increase.

3. Shareholders. Engagement and general meeting

→ One share, one vote, one dividend

→ No takeover defences in our Bylaws

→ High participation and engagement of shareholders in our general meetings

3.1 Shareholder 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.

On 27 February 2020, the board of directors approved a review of the policy on communication and engagement with shareholders and investors. The policy also applies to relations with the agents shareholders and investors seek for advice, recommendations or orientation, such as financial, environmental, social and governance analysts, proxy advisors and rating agencies, because they are essential to engaging with shareholders and investors.

Banco Santander's policy dictates the following principles for engagement and communication with shareholders and investors:

- **Protection of rights and lawful interests of all shareholders.** We facilitate their rights to be exercised, provide them with information and give them opportunities to be involved in our corporate governance effectively.
- **Equal treatment and non-discrimination.** We treat investors equally in accordance with status.
- **Fair disclosure.** We make sure our disclosure of information in interactions with investors is transparent, truthful and symmetrical. Any inside or relevant information given to investors will have been previously disclosed except when applicable regulation provides otherwise.
- **Appropriate disclosure of information.** We report the right information to meet our investor's needs and expectations. We make sure to give investors clear, concise and reliable information in a way that is tailored to shareholders.
- **Compliance with our Bylaws and corporate governance rules,** as well as the principles of cooperation and transparency with the competent regulators and supervisors, in accordance with internal guidelines. We

adhere closely to the laws and regulations on insider and price-sensitive information in addition to our own Code of Conduct in Securities Markets, the General Code of Conduct and the Rules and regulations of the board of directors.

The policy further describes:

- The **roles and responsibilities** of Banco Santander's main bodies and functions involved in communication and engagement with shareholders and investors.
- The **channels for disclosing information** and communicating with shareholders and investors.
- The **ways Banco Santander engages** with shareholders and investors, which are covered below.

Our policy on communication and engagement with shareholders and investors can be found in our corporate website.

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

Engagement with shareholders in 2020

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

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

At the annual general meeting, the chairman reports on the year's most significant changes to the group's corporate governance, supplementing the corporate governance report. She also addresses any questions raised by shareholders about the matters included in the agenda.

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

Shareholders have the right to attend the annual general meeting in person or remotely. We broadcast our annual general meeting live on our corporate website. This allows shareholders not in attendance, investors and all stakeholders to be fully informed of debates and results.

The outstanding quorum and voting results in our April 2020 AGM show the importance we put on shareholder engagement through the annual general meetings. See section [3.4 'April 2020 AGM'](#).

In 2020 we held another annual general meeting. It also had a very high quorum and broad support for the proposed resolutions submitted for approval. See section [3.5 'October 2020 AGM'](#).

Banco Santander's management system for the 2020 AGMs received AENOR certification for sustainable events in compliance with the UNE-ISO 20121:2013.

- **Quarterly results presentations.** Every quarter we present our results on the same day we make them public. Our presentation can be followed live, via conference call or webcast. We release the related financial report and presentation material before market open. During the presentation, questions can be asked or emailed to: investor@gruposantander.com.
- Our most recent event was our 2020 Results Presentation on 3 January 2021. In 2020, we gave our first, second and third quarter results presentations on 28 April, 29 July and 27 October, respectively.
- **Investor and strategy days.** We also organise investor and strategy days, where senior managers explain our strategy for investors and stakeholders in a broader context than in results presentations. Investors can also directly interact with senior managers and some directors, which is increasingly important and attests to our strong governance. As recommended by the CNMV, we publish announcements about meetings with analysts and investors and related documentation in advance. We held our last Investor Day on 3 April 2019 in London. The information made available during the investor day is not incorporated by reference in this annual report nor considered part of it.
- **Meetings and conferences.** Our Shareholders and Investors Relations team discusses financial and other issues at meetings with investors at conferences organised by third parties.

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

- **Lead independent director engagement with key investors.** Our lead independent director, Bruce Carnegie-Brown, is regularly in contact with investors in Europe and

North America, particularly in the months prior to our annual general meeting. We gather their insights and form an opinion about their concerns, especially regarding our corporate governance. In 2020 and early 2021, he met with 43 investors, who accounted for 44.58% of share capital, in eight cities. In our annual board assessment, board members highly value Mr Carnegie-Brown's role in integrating new international best practices in corporate governance, fostering tailored relations with our institutional investors. The nomination committee considers the feedback received from investors.

- **Investor roadshows.** Our Shareholders and Investors Relations department is constantly in direct contact with institutional investors and analysts to promote all-round discussion on shareholder value, better governance and remuneration structures, and sustainability matters.

In 2020 Shareholder and Investor Relations had 1,137 interactions with 473 institutional investors in 139 locations, and 19 meetings focus in environmental, social and governance aspects. It engaged with 36.96% of share capital, which is over 65% of the capital held by institutional investors.

We issued over 1,300 communications in 2020 to increase dialogue and transparency with shareholders and investors about the group's performance, results and the Banco Santander share.

- **Interaction with retail shareholders.** We also offer other special means of communication for retail shareholders regardless of the size of their stake. In 2020 the Shareholders and Investors Relations team organized 210 events with retail shareholders.

The team also responded to 132,857 queries received via our shareholder and investor helplines, mailboxes, WhatsApp and bilateral meetings on the Virtual Customer Channel. Satisfaction surveys revealed 95% would recommend the attention service.

Lastly, we received 27,446 shareholder and investor opinions through quality surveys and studies.

Communication with proxy advisors and other analyst and influencers

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

In particular, the dialogue with proxy advisors is significantly more important because they are increasingly setting corporate governance standards. Therefore, we ensure they have an in-depth understanding of our corporate governance and remuneration practices and our markets.

In 2020, we had an appropriate communication and engagement with the main proxy advisors and took into account their opinions about corporate governance. We duly reported on and explained proposed resolutions submitted for the 2020 AGMs so they could make voting recommendations.

Corporate website

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

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

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

3.2 Shareholder rights

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

Banco Santander's Bylaws do not have any defensive mechanisms and fully conform to the notion of one share, one vote, and one dividend.

This section highlights certain key rights our shareholders have.

No restrictions on voting rights or the free transfer of shares in our Bylaws

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

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

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

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

Furthermore, our Bylaws do not include any neutralisation provisions as defined in the *Ley del Mercado de Valores* (Spanish Securities Market Act), which would apply in tender offers or takeover bids.

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

Legal and regulatory restrictions on the acquisition of significant holdings

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

The acquisition of significant ownership interests is regulated mainly by:

- Regulation (EU) 1024/2013 of the Council of 15 October 2013, conferring specific tasks on the ECB relating to the prudential supervision of credit institutions.
- Spanish Securities Market Act.
- Act 10/2014, of 26 June, on the organization, supervision and solvency of credit institutions (articles 16 to 23) and its implementing regulation, Spanish Royal Decree 84/2015, of 13 February.

The acquisition of a significant stake in Banco Santander may also require approval by (i) other domestic and foreign regulators with supervisory powers over Banco Santander or its subsidiaries' operations, shares listings or other actions concerning such regulators or subsidiaries and (ii) other authorities pursuant to foreign investment regulations (including those imposed due to covid-19) in Spain or other countries where we operate.

Shareholder participation at general meetings

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

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

Supplement to the annual general meeting notice

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

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

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

Right to receive information

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

Shareholders may also exercise their right to receive information at the meeting. Even if it cannot be asserted in the course of the meeting, or requests are made by shareholders attending remotely, they will be given the appropriate information in writing within seven days after the general meeting.

Quorum and majorities for passing resolutions at general meeting

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

On first call, shareholders representing at least 25% of subscribed share capital with voting rights must be in attendance (except for certain matters mentioned subsequently). If a sufficient quorum cannot be constituted, general meetings will be held on second call, which does not require a quorum.

In accordance with our Rules and regulations for general meeting, shareholders voting by mail or electronically before the meeting are counted as present in order to determine the general meeting quorum.

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

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

Our Bylaws do not require shareholder approval at general meetings for any decisions about acquiring core assets, selling them off or transferring them to another company or similar corporate transactions, unless it is required by law.

Rules for amending our Bylaws

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

The board or, where appropriate, the shareholders who have drafted a proposed amendment to the Bylaws must write it out completely, in addition to a report justifying it; and provide them to shareholders at the time the meeting to debate proposed amendment is announced.

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

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

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

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

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

3.3 Dividends

Remuneration against the 2019 results

- **Precovid.** In February 2019, the board of directors announced its plans for a mid-term payout ratio of 40-50% of underlying profit (up from 30-40%); an in-cash dividend rate not lower than in 2018; and two payments against the 2019 results (as announced at the 2018 annual general meeting).

Consequently, the board in September 2019 approved an interim cash dividend of EUR 0.10 per share against the 2019 results, paid on 1 November 2019. Furthermore, in February 2020, it decided to put to a vote at the April 2020 AGM a second payment against the 2019 results of 0.13 euros per share, with a final cash dividend of 0.10 euros per share (Final Cash Dividend) and a scrip dividend (under the *Santander Dividendo Elección* (SDE) scheme) that would pay

0.03 euros per share in cash to opting-in shareholders (see 'Scrip dividend authority' in section [2.2](#) and section [3.4 'April 2020 AGM'](#)).

If that proposal had been carried out, 46.3% of the 2019 underlying attributable ordinary profit would have been paid out to shareholders, and the cash dividend rate would have been 89.6%, assuming 20% of cash options in the SDE scheme, in line with the objectives announced at the start of 2019. The cash dividend would have increased by 3% year-on-year, in contrast to the one paid against the 2018 results (EUR 0.195 per share in 2018 versus EUR 0.20 per share in 2019), even without considering the cash payout under the SDE scheme.

- **Covid-19 and the first ECB recommendation.** On 27 March 2020 the ECB issued a recommendation for all European credit institutions under its supervision to refrain from paying out dividends against the 2019 and 2020 results until at least 1 October 2020 to preserve capital (ECB Recommendation I).

Considering the ECB Recommendation I and in view of Santander's mission to help people and businesses prosper, on 2 April 2020 the board of directors cancelled the payment of the 2019 final dividend and the dividend policy for 2020, removed the Final Cash Dividend and the SDE scheme proposals from the agenda for the already announced April 2020 AGM and deferred the decision on the application of the 2019 results to a meeting to be held no later than 31 October 2020.

- **Second ECB recommendation and October 2020 AGM.** On 27 July 2020, the ECB issued a second recommendation extending the term of ECB Recommendation I. It asked the European credit institutions under its supervision to refrain from paying out dividends against the 2019 and 2020 results or from making irrevocable commitments to pay them until 1 January 2021 (ECB Recommendation II).

In September 2020, the board of directors called the October 2020 AGM, proposing to the shareholders to (a) in accordance with ECB Recommendation II, allocate the entirety of Banco Santander's 2019 results to increasing the voluntary reserve, except for the portion already applied to pay the interim dividend (which had been paid out before ECB Recommendation I) and (b) increase capital with a charge to reserves to permit a final remuneration for 2019, in addition to the interim dividend, for the equivalent of 0.10 euro per share in the form of newly-issued shares and without a cash alternative.

Shareholders approved both proposals at the October 2020 AGM as indicated in section [3.5 'October 2020 AGM'](#). Thus, 50.6% of our underlying attributable profit in 2019 was paid out to shareholders, and the proportion of cash over the total dividend was 49.4%.

Remuneration against the 2020 results

- **Precovid.** The board of directors' originally set about for remuneration against the 2020 results to maintain the announced mid-term pay-out ratio target of 40-50% of underlying profit; make sure the in-cash dividend rate was no lower than in 2019; and to make two payments against the 2020 results. The board proposed to shareholders to, at

our April 2020 AGM, set shareholder remuneration with the same flexibility as 2019 by (a) retaining the option of using the SDE scheme (scrip dividend) (in view of its wide acceptance, especially among our retail shareholders) to take advantage of profitable growth opportunities in our markets and (b) renewing the authorization to acquire treasury shares with the option of running share buy-backs to reduce outstanding shares under favourable market conditions. See section [3.4 'April 2020 AGM'](#).

- **Covid-19 and ECB Recommendation I.** As mentioned above, ECB Recommendation I led the board of directors to cancel the dividend policy for 2020 on 2 April 2020.
- **ECB Recommendation II and October 2020 AGM.** Following ECB Recommendation II which extended the term of ECB Recommendation I to 1 January 2021, the board of directors proposed to shareholders at the October 2020 AGM a payment in 2021 of up to 0.10 euros per share against share premium as remuneration against 2020 results, contingent on the ECB's approval and recommendations, a CET1 ratio maintained within or above our target range of 11-12%, and the total distribution not exceeding 50% of our consolidated ordinary (underlying) profit.

The proposal aimed to apply a 100% cash dividend policy and to make a payment to shareholders with respect to 2020 in line with the one announced in early 2020 (40-50% of the group's consolidated ordinary (underlying) profit) as soon as market conditions normalized and subject to regulatory recommendations and approvals.

Shareholders approved the proposal at the October 2020 AGM, as indicated in section [3.5 'October 2020 AGM'](#).

- **Third ECB recommendation.** On 15 December 2020, the ECB recommended that all credit institutions under its supervision limit shareholder remuneration until 30 September 2021 to the lowest between 15% of the adjusted profit for 2020 (and 2019 but only for those entities that, as opposed to Banco Santander, did not make any dividend payments against the 2019 results) and the equivalent of 20 basis points of the CET1 ratio.

On 3 February 2021, Banco Santander made public its 2020 results and the board's intention to pay a cash dividend of €2.75 cents per share as shareholder remuneration for 2020, the maximum allowed in accordance with the limits set by the last ECB recommendation. This dividend will be paid under the resolution of the October 2020 AGM for the distribution of share premium mentioned above.

Remuneration against the 2021 results

The board aims to restore a payout ratio of 40-50% of underlying profit, in cash, in the medium term. With respect to the remuneration against the 2021 earnings, the intention is to resume payments once the ECB recommendations so allow. The ECB has said it intends to repeal the recommendation in September 2021 in the absence of materially adverse developments. In the meantime, and in line with the announcement of April 2020, the dividend policy will remain suspended.

3.4 April 2020 AGM

On 3 April 2020 we held our customary ordinary general shareholders' meeting which, due to covid-19, was the first shareholders' meeting of Banco Santander held exclusively by remote means (see section [1.4 'Active shareholder engagement during the pandemic'](#)). The pandemic and the recommendations issued by the ECB as a consequence also meant that the board of directors had to withdraw, once the meeting had been called, points 2 (application of results) and 7A (share capital increase to implement a *Santander Dividendo Elección* scheme) from the agenda (see section [3.3 'Dividends'](#)). The application of results for year 2019 was later submitted to the October 2020 AGM (see next section [3.5 'October 2020 AGM'](#))

Voting results and resolutions

All items on the agenda (as amended as indicated above) were approved. Votes in favour of the board's proposals averaged 98.2%. 99.68% of votes approved corporate management for 2019 and 93.77% of votes approved the

Quorum and attendance

The quorum (among shareholders present and represented) was 65.0% broken down as follows:

Quorum breakdown

In person and virtual attendance	0.091 %
By proxy	
Cast by post or direct delivery	49.410 %
By electronic means	13.193 %
Remote voting	
Cast by post or direct delivery	0.600 %
By electronic means	1.711 %
Total	65.005 %

2019 annual report on directors' remuneration. None of the agenda items listed in the notice convening the meeting received more than 6.93% of votes against.

The following chart summarizes the resolutions approved and voting results:

	VOTES ^A				Quorum ^D
	For ^B	Against ^B	Blank ^C	Abstention ^C	
1. Annual accounts and corporate management					
1A. Annual accounts and directors' reports for 2019	99.74	0.26	0.03	3.08	65.00
1B. Consolidated statement of non-financial information for 2019	99.75	0.25	0.04	2.86	65.00
1C. Corporate management 2019	99.68	0.32	0.04	3.14	65.00
2. Application of results^E	–	–	–	–	–
3. Appointment, re-election or ratification of directors					
3A. Setting of the number of directors	99.64	0.36	0.03	2.89	65.00
3B. Appointment of Luis Isasi Fernández de Bobadilla	99.38	0.62	0.04	2.92	65.00
3C. Appointment of Sergio Agapito Lires Rial	98.65	1.35	0.04	2.90	65.00
3D. Ratification of the appointment and re-election of Pamela Ann Walkden	99.63	0.37	0.04	2.89	65.00
3E. Re-election of Ana Patricia Botín-Sanz de Sautuola y O'Shea	98.31	1.69	0.03	2.86	65.00
3F. Re-election of Rodrigo Echenique Gordillo	96.38	3.62	0.04	2.90	65.00
3G. Re-election of Esther Giménez-Salinas i Colomer	99.40	0.60	0.03	2.89	65.00
3F. Re-election of Sol Daurella Comadrán	99.21	0.79	0.04	2.88	65.00
4. Re-election of the external auditor for Financial Year 2020	99.73	0.27	0.03	2.85	65.00
5. Authorization to acquire treasury shares	98.03	1.97	0.03	2.87	65.00
6. Authorization granted to the board to increase share capital	93.07	6.93	0.03	2.85	65.00
7A. Increase in share capital. Offer to acquire bonus share rights at a guaranteed price ^E	–	–	–	–	–
7B. Increase in share capital. Offer to acquire bonus share rights at a guaranteed price	99.41	0.59	0.03	2.84	65.00
8. Delegation to the board of the power to increase share capital to issue all kinds of fixed-income securities, preferred interests or similar, non-convertible similar debt instruments (including warrants)	99.49	0.51	0.03	2.85	65.00
9. Directors' remuneration policy	94.40	5.60	0.03	3.28	65.00
10. Maximum total annual remuneration of directors in their capacity as directors	95.87	4.13	0.03	3.31	65.00
11. Maximum ratio of fixed and variable components in executive directors' total remuneration	98.78	1.22	0.03	3.28	64.65
12. Remuneration plans that include that include the delivery of shares or share options:					
12A. Deferred multiyear objectives variable remuneration plan	96.13	3.87	0.03	3.28	65.00
12B. Deferred conditional variable remuneration plan	97.49	2.51	0.03	3.29	65.00
12C. Digital Transformation Award	99.40	0.60	0.03	3.29	65.00
12D. Group buy-out policy	98.89	1.11	0.04	3.32	65.00

	VOTES ^A				Quorum ^D
	For ^B	Against ^B	Blank ^C	Abstention ^C	
12E. Plan for employees of Santander UK Group Holdings and other companies of the Group in the UK	99.26	0.74	0.03	3.28	65.00
13. Authorisation to implement the resolutions approved	99.70	0.30	0.03	2.85	65.00
14. Annual directors' remuneration report	93.77	6.23	0.03	3.45	65.00
15. Corporate action to demand director liability ^F	0.00	100.00	0.00	0.13	62.69
16 to 30. Dismissal and removal of directors ^G	0.00	100.00	0.00	0.13	62.69

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 April 2020 AGM.

D. Percentage of Banco Santander's share capital on the date of the April 2020 AGM.

E. Item withdrawn from the agenda as indicated above.

F. Item not included on the agenda.

G. Items 16 to 30 (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 April 2020 AGM.

The full texts of the resolutions passed at the April 2020 AGM can be found on our corporate website and on the CNMV's website, as they were filed as other relevant information on 3 April 2020.

3.5 October 2020 AGM

Banco Santander held another ordinary general shareholders' meeting on 27 October 2020 to decide, among other matters, on the application of results obtained during financial year 2019 which had been deferred after the ECB Recommendation I (see section 3.3 'Dividends'). This meeting was hybrid, i.e. allowing attendance in person and by remote means (see section 1.4 'Active shareholder engagement during the pandemic').

Quorum and attendance

The quorum (among shareholders present and represented) was 60.34% broken down as follows:

Quorum breakdown	
In person and virtual attendance	0.167 %
By proxy	
Cast by post or direct delivery	7.441 %
By electronic means	35.845 %
Remote voting	
Cast by post or direct delivery	0.589 %
By electronic means	16.300 %
Total	60.342 %

Voting results and resolutions

All items on the agenda were approved. Votes in favour of the board's proposals averaged 99.15%. The following chart summarizes the resolutions approved and voting results:

	VOTES ^A				Quorum ^D
	For ^B	Against ^B	Blank ^C	Abstention ^C	
1. Application of results	99.52	0.48	0.06	3.26	60.34
2. Appointment, re-election or ratification of directors					
2A. Setting of the number of directors	98.96	1.04	0.09	3.42	60.34
2B. Appointment of R. Martín Chávez Márquez	98.58	1.42	0.10	3.42	60.34
3A. Examination and approval of the balance sheet as at 30 June 2020	99.57	0.43	0.08	3.37	60.34
3B. Increase in share capital with a charge to reserves	98.43	1.57	0.06	3.26	60.34
4. Conditional distribution of share premium reserve	99.41	0.59	0.03	3.18	60.34
5. Authorisation to implement the resolutions approved	99.58	0.42	0.08	3.29	60.34
6 to 20. Dismissal and removal of directors ^E	0.00	100.00	0.00	0.30	43.45

A Each Banco Santander share affords one vote.

B. Percentage of votes for and against.

C. Percentage of share capital present and attending by proxy at the October 2020 AGM.

D. Percentage of Banco Santander's share capital on the date of the October 2020 AGM.

E. Items 6 to 20 (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 October 2020 AGM.

The full text of the resolutions passed at the October 2020 AGM can be found on our corporate website and on the CNMV's website, as they were filed as other relevant information on 27 October 2020.

3.6 Our coming 2021 AGM

The board of directors agreed to call the 2021 AGM for 25 or 26 March on first and second call respectively, with the following proposed resolutions.

- **Annual accounts and corporate management.** For approval of:
 - The annual accounts and the directors' reports of Banco Santander and its consolidated Group for the financial year ended on 31 December 2020. For further information, see '[Consolidated Annual Accounts](#)'.
 - The consolidated non-financial statement for the financial year ended on 31 December 2020 is part of this consolidated directors' report. See the '[Responsible banking](#)' chapter.
 - The corporate management for the financial year 2020.
 - The application of results obtained during financial year 2020. See section [3.3 'Dividends'](#).
- **Appointment of directors.**
 - Setting the number of directors at 15, within the maximum and minimum limits set in the Bylaws.
 - Ratification of the appointment of Gina Díez as an independent director (see section [1.1 'Board skills and diversity'](#)) and re-electing Homaira Akbari, Álvaro Cardoso, Javier Botín, Ramiro Mato and Bruce Carnegie-Brown for a three-year period. See section [4.1 'Our directors'](#).
- **External auditor.** Re-electing the firm PricewaterhouseCoopers Auditores, S.L. as external auditor for financial year 2021. See 'External auditor' in section [4.5](#).
- **Bylaws.** Approve these main amendments:
 - To make the board of directors the competent body to issue non-convertible debt.
 - To make the board of directors the competent body to approve equity remuneration plans for employees, as permitted by the Spanish Companies Act since 2015.
 - To hold fully-virtual general meetings where permitted by law.
- **Rules and regulations of the general meeting.** Approve the amendment of certain articles to coordinate them with the proposed Bylaw amendments and to incorporate technical improvements.
- **Authority to issue non-convertible securities.** Delegating to the board of directors the authority to issue debentures, bonds, preferred interests and other similar debt instruments that cannot be converted into shares of Banco Santander.
- **Remuneration policy.** Approving the director remuneration policy for 2021, 2022 and 2023. For further information, see section [6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'](#).
- **Director remuneration.** Approving director's fixed annual remuneration. For further information, see section [6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'](#).
- **Variable remuneration.** Approving a maximum ratio of 200% of variable components to fixed components of total remuneration for executive directors and certain employees belonging to professional categories that have a material impact on the Group's risk profile. For further information, see section [6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'](#).
- **Remuneration plans.** Approving remuneration plans that involve the delivery of shares or share options or are share-value based. For further information, see section [6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'](#).
- **Annual directors' remuneration report.** Holding a non-binding vote on the annual directors' remuneration report. For further information, see section [6. 'Remuneration'](#).

The related documents and information will be available for consultation on our corporate website on the date the meeting notice is published. We will also broadcast our 2021 AGM live, as was done for the 2020 AGMs.

Since attendance at the 2021 AGM is not paid, a general policy in this regard is not necessary. However, Banco Santander offers attendees a commemorative courtesy gift, as has been tradition for decades.

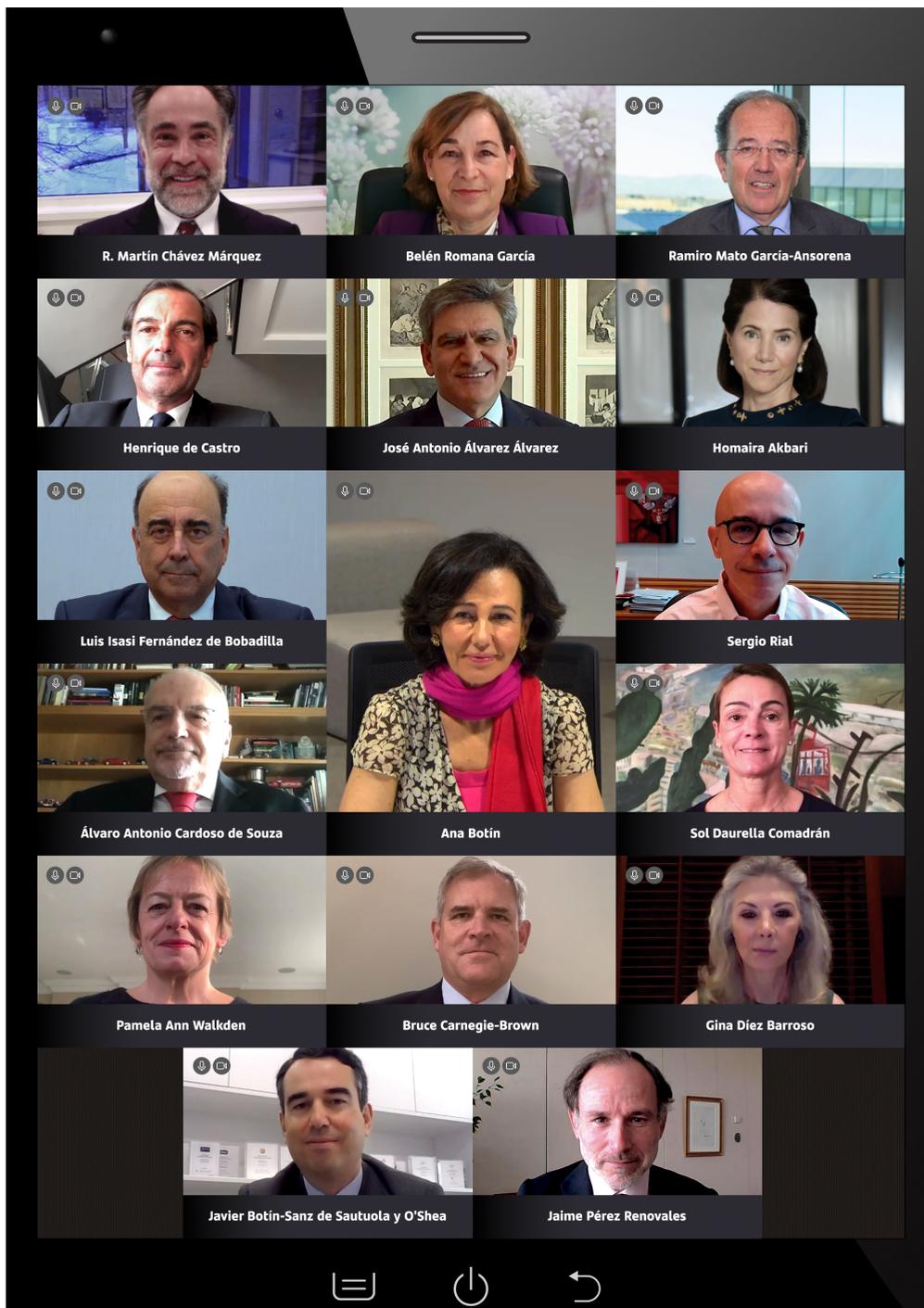
4. Board of directors

A balanced and diverse board

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

Effective governance

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



- 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 Chairman of the committee

<p>R. Martín Chávez Member Non-executive director (independent)</p> <p>■ ■ ▲ ▲ P</p>	<p>Belén Romana Member Non-executive director (independent)</p> <p>● ● ▲ ▲ *</p>	<p>Ramiro Mato Member Non-executive director (independent)</p> <p>● ● ▲ * P</p>
<p>Henrique de Castro Member Non-executive director (independent)</p> <p>● ■ ▲</p>	<p>José Antonio Álvarez Vice chairman and CEO Executive director</p> <p>● ▲</p>	<p>Homaira Akbari Member Non-executive director (independent)</p> <p>● ▲ *</p>
<p>Luis Isasi Member Non-executive director</p> <p>● ■ ▲</p>	<p>Ana Botín Executive chairman Executive director</p> <p>● P ▲</p>	<p>Sergio Rial Member Executive director</p>
<p>Álvaro Cardoso Member Non-executive director (independent)</p> <p>▲ P *</p>		<p>Sol Daurella Member Non-executive director (independent)</p> <p>■ ■ *</p>
<p>Pamela Walkden Member Non-executive director (independent)</p> <p>● P</p>	<p>Bruce Carnegie-Brown Vice chairman and lead independent director Non-executive director (independent)</p> <p>● ■ P ■ P ▲</p>	<p>Gina Díez Member Non-executive director (independent)</p>
<p>Javier Botín Member Non-executive director</p>		<p>Jaime Pérez Renovales General secretary and secretary of the board</p>

4.1 Our directors

Information is presented as at 31 December 2020.



Ana Botín-Sanz de Sautuola y O'Shea
GROUP EXECUTIVE CHAIRMAN
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 (Pennsylvania, United States).

Experience: Ms Botín joined Banco Santander, S.A. after working at JP Morgan (New York, 1980-1988). In 1992, she was appointed senior executive vice-president. Between 1992 and 1998, she led Santander's expansion into Latin America. In 2002, she was appointed executive chairman of Banco Español de Crédito, S.A. Between 2010 and 2014, she was chief executive officer of Santander UK. In 2014, she was appointed executive chairman of Santander.

Other positions of note: Ms Botín is a member of the board of directors of The Coca-Cola Company. She is also founder and chairman of the CyD Foundation (which supports higher education) and the Empieza por Educar Foundation (the Spanish subsidiary of the international NGO, Teach for All), and sits on the advisory board of the Massachusetts Institute of Technology (MIT). In February 2021, she was appointed president of the European Banking Federation.

Positions in other Group companies: Ms Botín is a non-executive director of Santander UK plc and Santander UK Group Holdings plc; a non-executive chairman of 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. and PagoNxt, S.L.

Membership of board committees: Executive committee (chairman), and innovation and technology committee.

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



José Antonio Álvarez Álvarez
VICE CHAIRMAN & CHIEF EXECUTIVE OFFICER
Executive director

Mr Álvarez joined the board in 2015.

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

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

Experience: José Antonio Álvarez joined Santander in 2002 and was appointed senior executive vice president of the Financial Management and Investor Relations division in 2004 (Group chief financial officer). He served as director at SAM Investments Holdings Limited, Santander Consumer Finance, S.A. and Santander Holdings US,

Inc. He also sat on the supervisory boards of Santander Consumer AG, Santander Consumer Bank GmbH and Santander Bank Polska, S.A. He was a board member of Bolsas y Mercados Españoles, S.A.

Other positions of note: None.

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

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

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



Bruce Carnegie-Brown
VICE CHAIRMAN & 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 chairman of Moneysupermarket.com Group plc (2014-2019), non-executive director of Jardine Lloyd Thompson Group plc (2016-2017) and non-executive chair of AON UK Ltd (2012-2015). He was the founder and managing partner of the quoted private equity division of 3i Group plc, and president and chief executive officer of Marsh Europe, S.A. He was also lead independent director

at Close Brothers Group plc (2006-2014) and Catlin Group Ltd (2010-2014). He previously worked at JP Morgan Chase for 18 years and Bank of America for four years.

Other positions of note: Mr Carnegie-Brown is the non-executive chairman of Lloyd's of London and Cuvva Limited.

Positions in other Group companies: Mr Carnegie-Brown is non-executive director of Santander UK plc and Santander UK Group Holdings plc.

Membership of board committees: Executive committee, nomination committee (chairman), remuneration committee (chairman), 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 Europe (UK), the Middle East and Asia. His top-management insight provides the board with know-how in regard to remuneration, appointments and risk. As lead independent director, he has also gained an excellent understanding of investors' expectations, as well as managing relations with them and financial entities.



Homaira Akbari
Non-executive director (independent)

Ms Akbari joined the board in 2016.

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

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

Experience: Homaira Akbari was non-executive director of Gemalto NV and Veolia Environment, S.A. She was chairman and CEO of SkyBitz, Inc., managing director of TruePosition Inc., non-executive director of Covisint

Corporation and US Pack Logistics LLC. She has also held various posts at Microsoft Corporation and Thales Group.

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

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

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

Skills and competencies: Ms Akbari brings significant executive experience from technology companies. Her knowledge about digital transformation challenges is an asset to the board. She also has extensive experience in various geographies and knowledge about water, energy and waste management and treatment, which are of particular value to the group.



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

Mr Botín joined the board in 2004.

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

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

Experience: Javier Botín founded JB Capital Markets, Sociedad de Valores, S.A.U in 2008 and has been its executive chairman 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 organisations. He has been chairman of the Botín Foundation since 2014 and is also a trustee of the Princess of Girona Foundation.

Positions in other Group companies: None.

Membership of board committees: None.

Skills and competencies: Mr Botín brings international and managerial expertise to the board, particularly in finance and banking. He also brings a deep understanding of Grupo Santander, its operations and its strategy from his tenure as a non-executive director.



**Álvaro
Cardoso de Souza**

*Non-executive director
(independent)*

Mr de Souza joined the board in 2018.

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

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

Experience: Álvaro Cardoso de Souza has held various roles in Citibank Group, including CEO of Citibank Brazil, as well as senior roles in the US relating to consumer finance, private banking and Latin America.

He was a board member at AMBEV, S.A., Gol Linhas Aéreas, S.A. and Duratex, S.A. He was chairman of WorldWildlife Group (WWF) Brazil, a board member at WWF International and chairman and member of the audit and asset management committees of FUNBIO (Fundo Brasileiro para a Biodiversidade).

Other positions of note: None.

Positions in other Group companies: Mr de Souza is the non-executive chairman of Banco Santander (Brasil), S.A.

Membership of board committees: Risk supervision, regulation and compliance committee (chairman), and responsible banking, sustainability and culture committee.

Skills and competencies: Mr de Souza possesses broad international experience in banking, particularly in Brazil. He has a solid understanding of strategy and risk management, which is key to his role as chairman of our risk supervision, regulation and compliance committee. In addition, his active involvement with several environmental foundations and NGOs brings with him very useful knowledge about sustainability.



**Sol
Daurella Comadrán**

*Non-executive director
(independent)*

Ms Daurella joined the board in 2015.

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

Education: Degree in Business and MBA from ESADE.

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

Other positions of note: Ms Daurella is chairman of

Coca-Cola European Partners plc and executive chairman of Olive Partners S.A. She also holds several roles at Cobega Group companies and is chairman of the board of trustees of the FERO Oncology Research Foundation.

Positions in other Group companies: None.

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

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



**Henrique
de Castro**

*Non-executive director
(independent)*

Joined the board in 2019.

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

Education: Degree in Business Administration from the Lisbon School of Economics & Management (Portugal) and MBA from the University of Lausanne (Switzerland).

Experience: Henrique de Castro was an independent director at First Data Corporation and chief operating officer at Yahoo.

Previously, he had been the manager of worldwide devices, media and platforms at Google, European sales and business development manager at Dell Inc. and a consultant at McKinsey & Company.

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

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

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

Skills and competencies: Due to his executive roles in the world's top technology companies, Mr de Castro brings valuable experience in technological and digital strategy from a wide range of geographies.



Gina Díez Barroso

Non-executive director (independent)

Ms Díez joined the board in 2020.

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

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

Experience: She has over 20 years' experience in the real estate and education sectors. Until April 2020, she was an independent director of Banco Santander México, S.A. and several Grupo Santander companies in Mexico. She has been member of the board of directors of Americas

Society/Council of the Americas, Laurel Strategies and Qualitas of Life Foundation.

Other positions of note: She is the founder and president of Grupo Diarq, S.A. de C.V. and Centro de Diseño y Comunicación, S.C. (Universidad Centro). In addition, she is a member of the board of Dalia Women, S.A.P.I de C.V. (Dalia Empower), member of Comité de 200 (C200) and represents Mexico at the W20, the G20 womens' initiative. She founded and is a trustee of the Pro-Educación Centro and Diarq foundations.

Positions in other Group companies: None.

Membership of board committees: None.

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



Luis Isasi Fernández de Bobadilla

Non-executive director

Mr Isasi joined the board in 2020.

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

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

Experience: With broad experience in the financial and securities market sectors, Mr Isasi began his career at Abengoa, before holding various executive positions at JP Morgan in New York and First National Bank of Chicago in London.

In 1987, he joined Morgan Stanley as managing director of investment banking for Europe and, from 1997 to February 2020, held the role of chairman 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).

Positions in other Group companies: None.

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, as well as a strong institutional network within Spain.



Ramiro Mato García-Ansorena

Non-executive director (independent)

Mr Mato joined the board in 2017.

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

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

Experience: Ramiro Mato held several roles in Banque BNP Paribas, including chairman of BNP Paribas Group in Spain. Previously, he had held several top roles in Argentaria. He was a member of the Spanish Banking Association (AEB),

Bolsas y Mercados Españoles, S.A. (BME) and the board of trustees of the Fundación Española de Banca para Estudios Financieros (FEBEF).

Other positions of note: Mr Mato is chairman of Ansorena, S.A. and vice-chairman of the board of trustees of Fundación Esperanza y Alegría.

Positions in other Group companies: None.

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

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



Ramón Martín Chávez Márquez

*Non-executive director
(independent)*

Mr Chávez joined the board in 2020.

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

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

Experience: Mr Chávez was Chief technology officer (CTO) and co-founder of Quorum Software Systems (1989-1993), global head of energy derivatives at Credit Suisse Financial Products (1997-2000) and CEO and co-founder of Kiodex (2000-2004). In 2005, he joined Goldman Sachs, where he was a partner from 2006 to 2019 and where he held various executive positions, including global co-head of the securities division, Chief information officer (CIO) and CFO. He was also member of the management committee from 2012 until 2019, when he left the firm.

Furthermore, he has been director of PNM Resources, Inc., the International Swaps and Derivatives Association (ISDA) and the Santa Fe Opera, and a member of the board of trustees of amfAR (the Foundation for AIDS Research).

Other positions of note: Mr Chávez is an independent director of Recursion Pharmaceuticals, Inc., Paige.AI, Inc. and Mount Sinai Genomics, Inc. DBA Sema4. He is also member of the Harvard University Board of Overseers, member of the board of trustees of the Institute for Advanced Study of Princeton (New Jersey) and of the Los Angeles Philharmonic, as well as a member of the Stanford University School of Medicine Board of Fellows.

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

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

Skills and competencies: Mr Chávez brings extensive experience in the global financial and IT sectors, which will enhance the board's digital capabilities.



Sergio Rial

Executive director

Mr Rial joined the board in 2020.

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

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

Experience: Mr Rial joined the Group as chairman of the board of Banco Santander (Brasil), S.A. in 2015, becoming its CEO and vice-chairman in 2016. He has been a director of Banco Santander International since 2018 and, since April 2019, regional head for South America. He held various executive positions at ABN Amro group between 1982 and 2004, including CEO for Asia and member of the global ExCo.

He also held various executive positions at Cargill Inc. between 2004 and 2012, including executive vice-chairman, member of the board of directors and global CFO. He has also been CEO at Seara Foods and Marfrig Global Foods and a director of Mosaic Fertilizers.

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

Positions in other Group companies: Mr Rial is a non-executive director of Banco Santander International (USA), SAM Investment Holding Limited, PagoNxt, S.L. and Santander Global Trade Platforms Solutions, S.L., and non-executive chairman of Uniersia Brasil, S.A.

Membership of board committees: None.

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



Belén Romana García

Non-executive director (independent)

Belén Romana joined the board in 2015.

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

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

Experience: Belén Romana was formerly senior executive vice-president of Economic Policy, director-general of the Treasury of the Spanish Ministry of Economy, and director at Banco de España and the CNMV. She was also a director at the Instituto de Crédito Oficial and other entities on behalf of the Spanish Ministry of Economy. She served as a non-executive director at Banco Español de Crédito, S.A. and as executive chairman of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).

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

Positions in other Group companies: None.

Membership of board committees: Executive committee, audit committee, risk supervision, regulation and compliance committee, 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 important positions in Spanish credit institutions and in the field of capital markets, she can also provide strategic insights into banking, financial regulations and government relations.



Pamela Walkden

Non-executive director (independent)

Mrs Walkden joined the board in 2019.

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

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

Experience: Pamela Walkden has had an extensive career in banking. She has served in a number of senior management positions at Standard Chartered Bank, including as Group Head of Human Resources, Chief Risk Officer, Group Treasurer,

Group Head of Asset and Liability Management and Regional Markets, Group Head of Internal Audit, Group Head of Corporate Affairs and Group Manager of Investor Relations. In addition, she served as an independent member of the UK Prudential Regulation Authority (PRA) Regulatory Reform Panel and as member of the European Banking Authority Stakeholder Group.

Other positions of note: Mrs Walkden is a lay member of the Welfare and Ethics Committee of the Royal Veterinary College.

Positions in other Group companies: None.

Membership of board committees: Audit committee (chairman).

Skills and competencies: Ms Walkden is a recognised financial expert in view of her broad, international experience in banking and auditing.



Jaime Pérez Renovales

General secretary and secretary of the board

Jaime Pérez Renovales joined the group in 2003.

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

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

Experience: Jaime Pérez Renovales was director of the office of the second deputy prime minister for Economic Affairs and Minister of Economy, deputy secretary to the Spanish Prime Minister, chairman of the Spanish State Official Gazette and the committee for Government Reform. Previously, he had been vice general counsel and vice-secretary of the board. He was also head of Grupo Santander's legal department, general counsel and secretary of the board at Banco Español de Crédito, S.A. and deputy director of legal services at the CNMV. He sits on the jury for the Princess of Asturias Awards for Social Sciences and is chairman of the ICADE Business Club.

Mr Pérez is the secretary of all board committees.

4.2 Board composition

Size

At 31 December 2020, the board of directors was made up of the 15 members whose profile and background are described in section 4.1 'Our directors'. The Bylaws allow it to have between 12 and 17 members.

Composition by type of director

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

Executive directors

- Ana Botín, Group executive chairman
- José Antonio Álvarez, Group vice-chairman and chief executive officer

Section 4.3 provides a more detailed description of their roles and duties under 'Group executive chairman and chief executive officer'.

- Sergio Rial

Independent directors

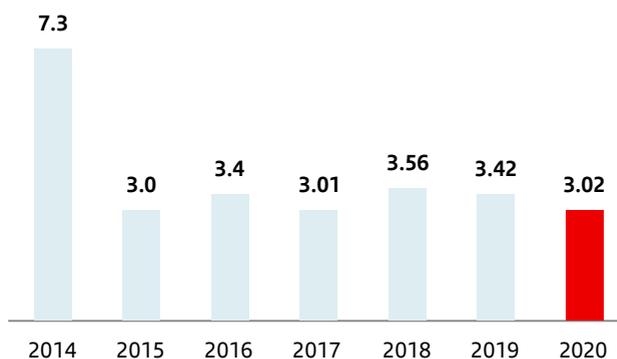
- Bruce Carnegie-Brown (lead independent director)
- Homaira Akbari
- Álvaro Cardoso
- R. Martín Chávez
- Sol Daurella
- Henrique de Castro
- Gina Díez
- Ramiro Mato
- Belén Romana
- Pamela Walkden

Every year, the nomination committee verifies and informs the board about the category of independent directors. It takes all the circumstances of each case into account, particularly any possible significant business relationships that could affect their independence. This analysis is described further in section 4.6 'Nomination committee activities in 2020'.

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

At the end of 2020, the average term of independent non-executive directors was 3.02 years.

Term of independent directors



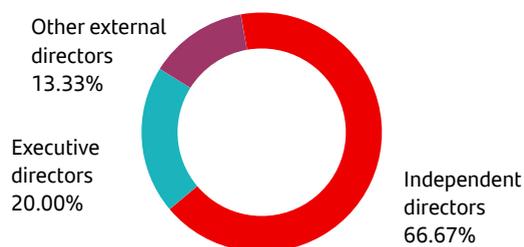
Other external directors

- Javier Botín
- Luis Isasi

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

- Mr Botín has been director for over 12 years.
- Although the nomination committee and the board believe that Mr Isasi meets the requirements to be classed as an independent director - in view of his remuneration as non-executive chair of Santander España, his entitlements as a director and the special nature of this body as supervisor of a business unit without its own corporate identity separate to Banco Santander - under prudent criteria it is considered preferable to classify him as an external director. This aligns to sub-sections 2 to 4 of article 529 *duodecies* of the Spanish Companies Act and to article 6.2 of the Rules and regulations of the board.

Our board composition



Tenure and equity ownership^A

Board of directors		Tenure			Banco Santander shareholding ^C				
		Date of first appointment	Date of last appointment	End date ^B	Direct	Indirect	Shares represented	Total	% of share capital
Executive chairman	Ana Botín	04/02/1989	03/04/2020	03/04/2023	1,138,675	28,612,074		29,750,749	0.172%
Vice chairman and chief executive officer	José Antonio Álvarez	25/11/2014	12/04/2019	12/04/2022	1,820,754			1,820,754	0.010%
Vice chairman	Bruce Carnegie-Brown	25/11/2014	12/04/2019	12/04/2022	59,940			59,940	0.000%
Members	Homaira Akbari	27/09/2016	23/03/2018	23/03/2021	67,826	45,913		113,739	0.001%
	Javier Botín	25/07/2004	12/04/2019	12/04/2022	5,502,083	19,466,853	123,904,169 ^D	148,873,105	0.858%
	Álvaro Cardoso	1/04/2018	01/04/2018	23/03/2021	0			0	0.000%
	R. Martín Chávez	27/10/2020	27/10/2020	27/10/2023	0			0	0.000%
	Sol Daurella	25/11/2014	03/04/2020	03/04/2023	149,483	476,837		626,320	0.004%
	Henrique de Castro	17/07/2019	17/07/2019	12/04/2022	2,982			2,982	0.000%
	Gina Díez	22/12/2020	22/12/2020	03/04/2023	0			0	0.000%
	Luis Isasi	19/05/2020	19/05/2020	03/04/2023	0			0	0.000%
	Ramiro Mato	28/11/2017	12/04/2019	12/04/2022	156,860			156,860	0.001%
	Sergio Rial	30/05/2020	30/05/2020	03/04/2023	171,913			171,913	0.001%
	Belén Romana	22/12/2015	12/04/2019	12/04/2022	208	4		212	0.000%
Pamela Walkden	29/10/2019	03/04/2020	03/04/2023	2,608			2,608	0.000%	
Total					9,073,332	48,601,681	123,904,169	181,579,182	1.047%
General secretary and secretary of the board	Jaime Pérez Renovales								

A. Figures from 31 December 2020.

B. 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 27.1 of the Bylaws.

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

D. Includes shares owned by Fundación Botín (chaired by Javier Botín) and syndicated shares. It does not include shares corresponding to Ana Botín and Javier Botín because they are already included within their direct or indirect shareholdings. In subsection A.3 of section 9.2 'Statistical information on corporate governance required by the CNMV', we adapted this information to the CNMV's format and, therefore, added all the syndicated shares as Javier Botín's shareholdings. See 2.4 'Shareholders' agreements'.

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

Diversity

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

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, without implicit bias that could lead to any form of discrimination based on gender, age, disability, race or ethnic origin. It was amended in July 2018 in line with European legislation on the disclosure of non-financial and diversity information and the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) joint guidelines on suitability assessments of board members and

key functions holders. In 2019, the new gender equality target of 40%-60% representation of either gender in the board by 2021, was included. It was later amended in December 2020, after the CNMV amended the Spanish Corporate Governance Code in June 2020 to include age diversity as a factor to take into account. Banco Santander applies this policy to select candidates for any vacancy on the board.

Our selection policy aims to diversify the board of directors in different terms. In particular, and without limiting the foregoing:

- **Country of origin or international education:** selection considers cultural diversity and international education, especially in the Group's main geographies.

- **Gender equality:** the nomination committee and the board of directors understand the importance of fostering equal opportunity between men and women as well as the need for women board members who possess the necessary skills, suitability and commitment to the role. They make a conscious effort to find women candidates with the required profile. Our policy fosters a selection of directors which maintains a balanced presence of women and men on the board.

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

The board's number of women members is well above the average for large listed companies in Spain and Europe. According to figures published by the CNMV in July 2020, based on the annual corporate governance reports for 2019, the percentage of female directors in IBEX 35 companies in Spain was on average 27.5%. Furthermore, according to data published by Eurostat (the European Commission's statistical office) in March 2019, the percentage of female directors in large listed companies was, on average, 27% for all European Union countries.

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

Section [1.1 'Board skills and diversity'](#) describes the result of these diversity standards in 2020.

Board skills and diversity matrix

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

We updated it in 2018 to make it simpler, more transparent and comprehensive. It contains more information for our investors and other stakeholders, who demand that certain skills be more visible on our board. We also took into account recommendations from the EBA and ESMA guidelines on the suitability assessment of board members and key functions holders, which came into effect in June 2018. It has been

further updated in October 2020 to disclose the board's diversity in terms of age, on the back of the CNMV's approval of the revised version of the Spanish Corporate Governance Code.

This year's matrix follows the structure introduced last year:

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

In line with last year, the skills matrix discloses the skills and competencies of each board member, showing our commitment to transparency in this matter. Section [4.1 'Our directors'](#) includes a paragraph on skills and competencies for each director, to more clearly identify the background to this matrix.

We also include an additional chart (entitled 'Committees skills and diversity matrix') that provides a clear view of the balance of skills, not only at board level as a whole, but for each board committee. This enables the overall effectiveness of the board committees to be evaluated by referring to the significant presence of skills relevant to the scope of each committee.

Board skills and diversity matrix

	Executive			Independent										Other external	
	Ana Botin (chairman)	José Antonio Álvarez (vice chairman - CEO)	Sergio Rial	Bruce Carnegie-Brown (vice chairman and lead independent director)	Homaira Akbari	R. Martín Chávez	Sol Daurella	Henrique de Castro	Álvaro Cardoso	Gina Díez Barroso	Ramiro Mato	Belén Romana	Pamela Walkden	Javier Botín	Luis Isasi
SKILLS AND EXPERIENCE															
THEMATIC SKILLS															
Banking (86.7%)	•	•	•	•		•	•		•	•	•	•	•	•	•
Other financial services (66.7%)	•	•	•	•	•					•	•	•		•	•
Accounting, auditing and financial literacy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Retail (80%)	•	•	•	•			•	•			•	•	•	•	•
Digital & information technology (53.4%)	•	•	•	•	•	•		•			•				
Risk management (86.7%)	•	•	•	•	•	•	•		•		•	•	•	•	•
Business strategy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Responsible business & sustainability (80%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Human resources, culture, talent & remuneration (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•		•
Legal and regulatory (13.3%)												•			
Governance and control (86.7%)	•	•	•	•	•	•	•	•	•		•	•	•	•	•
				Continental Europe (80%)	•	•	•	•	•		•	•		•	•
International experience				US/UK (93.3%)	•	•	•	•	•		•	•	•	•	•
				Latam (73.3%)	•	•	•	•	•	•	•	•	•	•	•
				Others (46.7%)			•	•	•		•		•		
HORIZONTAL SKILLS															
Top management (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Government, regulatory and public policy (6.7%)												•			
Academia and education (46.7%)	•			•	•	•	•			•	•				
Significant tenure (86.7%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
DIVERSITY															
Female (40%)	•				•		•	•		•		•	•		
				Continental Europe (60%)	•	•	•	•	•		•	•		•	•
Country of origin / international education				US/UK (80%)	•	•	•	•	•		•	•	•	•	•
				Latam (20%)			•			•	•				
				Others (6.7%)			•								
Age (years old)				Less than 55 (13.3%)				•							•
				From 55 to 65 (73.4%)	•	•	•	•	•	•	•	•	•	•	•
				More than 65 (13.3%)							•		•		
BOARD TENURE															
0 to 3 years (53.4%)			•			•		•	•	•	•		•		•
4 to 11 years (33.3%)		•		•	•		•					•			
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
SKILLS AND EXPERIENCE								
THEMATIC SKILLS								
Banking		100%	60%	100%	80%	100%	71.4%	80%
Other financial services		100%	60%	33.3%	40%	60%	71.4%	60%
Accounting, auditing and financial literacy		100%	100%	100%	100%	100%	100%	100%
Retail		100%	80%	66.7%	80%	80%	71.4%	80%
Digital and information technology		66.7%	60%	66.7%	60%	40%	85.7%	40%
Risk management		100%	80%	100%	80%	100%	85.7%	100%
Business strategy		100%	100%	100%	100%	100%	100%	100%
Responsible business and sustainability		83.3%	60%	100%	60%	80%	85.7%	100%
Human resources, culture, talent and remuneration		100%	100%	100%	100%	100%	100%	100%
Legal and regulatory		16.7%	20%	33.3%	20%	40%	28.6%	20%
Governance and control		100%	80%	100%	80%	100%	85.7%	100%
International experience	Continental Europe	100%	80%	100%	100%	80%	100%	80%
	US/UK	100%	100%	100%	100%	100%	100%	100%
	LatAm	66.7%	60%	33.3%	60%	80%	71.4%	60%
	Others	33.3%	60%	100%	80%	40%	42.9%	40%
HORIZONTAL SKILLS								
Top management		100%	100%	100%	100%	100%	100%	100%
Government, regulatory and public policy		16.7%	20%	-	-	20%	14.3%	20%
Academia and education		50%	40%	100%	60%	40%	57.1%	60%
Significant tenure		100%	80%	66.7%	80%	80%	85.7%	100%
DIVERSITY								
Female		33.3%	60%	33.3%	20%	20%	42.9%	60%
Country of origin / international education	Continental Europe	83.3%	60%	33.3%	60%	60%	57.1%	60%
	US/UK	100%	80%	66.7%	60%	100%	85.7%	80%
	Latam	-	-	-	-	20%	-	20%
	Others	-	20%	-	-	-	14.3%	20%
Age (years old)	Less than 55	-	-	33.3%	20%	-	-	20%
	From 55 to 65	83.3%	80%	66.7%	80%	60%	100%	40%
	More than 65	16.7%	20%	-	-	40%	-	40%
BOARD TENURE								
0 to 3 years		33.3%	60%	33.3%	60%	80%	28.6%	40%
4 to 11 years		50%	40%	66.7%	40%	20%	57.1%	60%
12 years or more		16.7%	-	-	-	-	14.3%	-

Election, renewal and succession of directors

Election of directors

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

Procedures for appointing, re-electing, evaluating and removing directors

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

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

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

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

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

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

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

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

Our directors shall cease to hold office when the term for which they were appointed ends (unless they are re-elected); when the general meeting so resolves; or when they resign. When a director ceases to hold office prior to the end of his or her term (i.e. by general meeting resolution or by resignation), the director shall sufficiently explain the reasons

for the resignation or, in the event of non-executive directors, their opinion on the reasons for their cessation in office by the general meeting in a letter to the other board members. In addition, when appropriate, Banco Santander will publicly disclose the cessation in office, including sufficient information on the director's reasons or circumstances provided by the director.

Directors must tender their resignation to the board and formally resign from their position if the board, on recommendation of the nomination committee, deems it appropriate to do so in cases that may adversely affect to the board's functioning or to Banco Santander's creditworthiness and reputation and, in particular, if they are find themselves in any of the circumstances of ineligibility or prohibition provided by law, irrespective of Royal Decree 84/2015, which implements Act 10/2014 on the organisation, supervision and solvency of credit institutions, on the honourability requirements for directors and the consequences of directors subsequently failing to meet such requirements.

Directors must notify the board, as soon as possible, of any circumstances affecting them, whether or not related to their performance in Banco Santander, that might damage its creditworthiness or reputation, especially when under criminal investigation, and the progress of any criminal trial. When the board is informed or becomes aware in another way of any of the mentioned situations, the board shall examine the case as soon as possible and, attending to the particular circumstances, decide, following a report from the nomination committee, whether or not to adopt any measures, such as opening an internal investigation, calling on the director to resign or proposing his or her cessation in office.

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

Finally, succession planning for the main board members is key to Banco Santander's good governance. It ensures that leadership transitions are orderly and the board remains stable. The nomination committee and the board prioritize member succession planning, with sound and appropriate plans in place that are regularly revisited.

4.3 Board functioning and effectiveness

The board is the highest decision-making body and focuses on supervision

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

The board's policy is to designate executive bodies and managers to run Group's day-to-day operations and apply its strategy. It focuses on general supervision and other

functions it cannot delegate by law, under the Bylaws and the Rules and regulations of the board, including:

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

Structure of the board

The board's governance structure ensures that it discharges its duties effectively. This section provides further details about this structure, which can be split into four dimensions:

- **Group executive chairman and chief executive officer**, who are the most senior executives in Group's strategic and ordinary management, which the board is responsible for overseeing, ensuring that their roles are clearly separated and complementary.
- **A lead independent director** who is responsible for coordinating non-executive directors effectively and making sure they serve as an appropriate counter-balance to executive directors.
- **A board committee structure**, which supports the board in:
 - Managing Group by exercising decision-making powers in the executive committee.
 - Formulating strategy for core areas in the responsible banking, sustainability and culture committee, and in the innovation and technology committee.

- In supervision and taking important decisions in the audit, nomination, remuneration and risk supervision, regulation and compliance committees.
- **A board secretary**, who supports the board, its committees and our chairman, and is also general secretary of the group.

Rules and regulations of the board

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

- **Bylaws**: dictate the basic rules that apply to the composition and operation of the board and its members' duties and are supplemented and implemented by the Rules and regulations of the board. They can be amended only by the general meeting. See 'Rules for amending our Bylaws' in section [3.2](#).
- **Rules and regulations of the board**: set the rules for running and internally organizing the board of directors and its committees through the development of applicable laws and Bylaws' provisions. They set out the principles governing the actions of the board and its committees and the rules of conduct its members must follow.

The board amended its Rules and regulations on 22 December 2020 to (i) adapt them to the Spanish Corporate Governance Code revised in June 2020, and to show our alignment with it; (ii) formally reflect specific Banco Santander's long-standing good practices; and (iii) include specific technical improvements and other minor changes. The main amendments were:

- Formally including the objective of gender equality in the board, agreed in 2019, as well as the promotion of age diversity in the qualitative composition of the board and in directors' selection procedures.
- Stipulating that the responsible banking, sustainability and culture committee must be composed of non-executive directors only.
- Amending the composition of the innovation and technology committee to allow non-executive directors to chair it.
- Specifying that the risk management skills to be taken into account in the appointment of audit committee members and its chair include both financial and non-financial risks.
- Regulating the coordination of the supervision of the whistleblowing channel by the audit committee and the risk supervision, regulation and compliance committee and extending its use to other persons linked to Banco Santander in addition to employees.
- Including collaboration between the responsible banking, sustainability and culture committee and the audit committee in the supervision and evaluation of the process of preparing and presenting non-financial

information and attributing expressly the supervision and evaluation of the environmental and social policies to the responsible banking, sustainability and culture committee.

- Expressly contemplating the board of director's power to set up advisory boards – composed by members external to the Group – other than the international advisory board.
- Amending the obligation for directors to notify the board of any criminal investigations which they are subject to, as well as their progress, and expressly contemplating its assessment by the board based on a report from the nomination committee and information, if any, in the annual corporate governance report.
- Adapting the provisions on shareholders and investor relations in the context of the general meeting to our internal policy on communication and engagement with shareholders and investors, updated in February 2020, and setting out the obligation for the board to analyse the voting results at the general meeting and any significant opposition to a specific resolution.

The Rules and regulations of the board adhere to all legal requirements as well as the principles set out in the Spanish Corporate Governance Code revised in June 2020; the Corporate Governance Principles for Banks of the Basel Committee on Banking Supervision of July 2015; and the guidelines established by the EBA in 'Guidelines on internal governance under Directive 2013/36/EU' that came into force on 30 June 2018.

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

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

Group executive chairman and chief executive officer

Our executive chairman is Ana Botín and our chief executive officer is José Antonio Álvarez.

The roles of our Group executive chairman and chief executive officer are clearly separated, as follows:

Roles of the executive chairman and the chief executive officer

Executive chairman	Chief executive officer
<ul style="list-style-type: none"> • The chairman is the highest-ranking officer in Grupo Santander and its main representative with regulators, authorities and other major stakeholders. • The chairman's direct reports are the chief executive officer and the senior managers in charge of long-term strategy of Grupo Santander (such as Corporate Development), the corporate functions (such as Communications and General secretariat) and control (including Risk and Internal Audit, without prejudice to their reporting to the audit and risk supervision, regulation and compliance committees) and those areas not directly related to the day-to-day management of the business. • The chairman also leads the appointment and succession planning of the senior management of Santander Group. 	<ul style="list-style-type: none"> • The chief executive officer is entrusted with the day-to-day management of the business. • Accordingly, the chief executive officer's direct reports are the senior managers in charge of the businesses (heads of the regional -Europe, North America and South America- and global businesses) and of the functions supporting the business (such as Finance, Financial control and IT & operations).

The duties of the group executive chairman, the chief executive officer, the board, and its committees are clearly separated. Various checks and balances properly balance Grupo Santander's corporate governance structure. In particular:

- The board and its committees supervise both the group executive chairman and the chief executive officer.
- The board of directors has delegated all its powers to the executive chairman 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 for the group executive chairman's appointment, succession planning and assessment, and plays a key role in our corporate governance, as detailed below.
- The audit committee is chaired by an independent director who is considered a 'financial expert' as defined in Regulation S-K of the Securities and Exchange Commission (SEC).
- The group executive chairman may not simultaneously act as Banco Santander's chief executive officer.
- The corporate risk, compliance and internal audit functions report as independent units to a committee or a member of the board of directors, and have direct, unfettered access to the board.

Lead independent director

The role of the lead independent director is key to our governance. The lead independent director coordinates non-executive directors and makes sure they serve as an appropriate counter-balance to the executive directors.

The following chart illustrates the functions of the lead independent director:

Duties of the lead independent director and activities during 2020

Duties	Activities in 2020
Facilitate discussion and open dialogue among independent directors, even by coordinating meetings of non-executive directors; and engage with them to consider their views.	Held three meetings with non-executive directors without executive directors present, where they were able to voice concerns and opinions. The meetings were also a valuable opportunity to discuss other matters such as board training topics, executive director performance and the operation of board committees.
Direct the regular assessment of the chairman of the board of directors and coordinate her succession plan.	Leadership in the annual assessment of the chairman in order to determine her variable pay.
Engagement with shareholders and other investors with the purpose of gathering information on their concerns, in particular, with regard to Banco Santander's corporate governance.	See section 3.1 'Shareholder engagement' .
Replace the chairman in the event of absence with key rights such as the ability to call board meetings under the terms set down in the Rules and regulations of the board.	Although lead independent director did not replace the chair of the board in any meetings he was fully committed with its proper functioning.
Request that a meeting of the board of directors be called or that new items be added to the agenda for a meeting of the board.	Whilst no such meetings were called by the lead independent director, he remained fully informed on board meeting content.

Structure of board committees

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

	Mandatory committees (required by Law, under Bylaws or under the Rules and regulations of the board)		Voluntary committees (permitted under Bylaws)
	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	Responsible banking, sustainability and culture committee
		Risk supervision, regulation and compliance 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 chairman and ensures the formal and substantial legality of all the board's actions. He also makes sure good governance recommendations and procedures are observed and regularly reviewed.

The board's secretary is also general secretary of Banco Santander. He acts as the secretary of all board committees and thus facilitates a fluid and effective relationship between the committees and the different units of the Group that must collaborate with them. It is not necessary to be a director to be secretary.

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

The board also has a deputy secretary of the board, Óscar García Maceiras. He acts as the deputy secretary on all board committees. He also assists the secretary and substitutes him in the event of his absence, inability to act or illness.

Board meetings

The board of directors held 20 meetings in 2020, including 11 ordinary meetings and nine extraordinary meetings. The Rules and regulations of the board dictate that it must hold at least nine annual ordinary meetings and one quarterly meeting.

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

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

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

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

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

The lead independent director is also authorised to request a board meeting or that new items be added to the agenda for a meeting that has already been called.

Directors must attend meetings in person and make sure to limit absences to cases of absolute necessity. The nomination committee checks that no less than 75% of directors attend board and committee meetings. For further information, see 'Board and committee attendance' in this section [4.3](#).

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

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

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

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

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

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

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

Some committees hold joint meetings throughout the year. Although they cannot vote, any director can attend and participate in meetings of committees on which they do not serve if invited by the board chairman of the board and the chairman of the respective committee, after having asked the chairman 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 chairman.

During the year, directors that are not members of the executive committee attended 11 of the total of 46 meetings held.

Comparison of number of meetings held^A

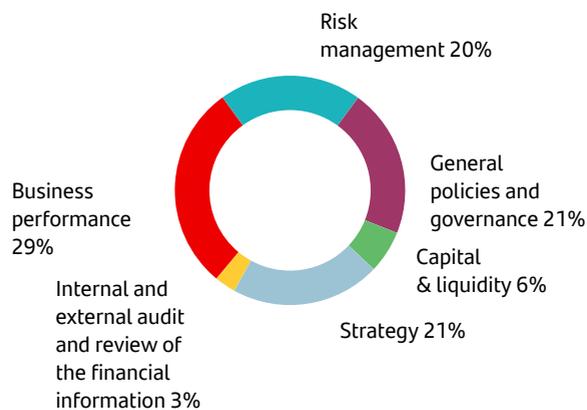
	Santander	Average Spain	US average	UK average
Board	20	11.0	7.9	7.7
Executive committee	46	10.1	—	—
Audit committee	15	8.5	8.2	5.7
Nomination committee	13	6.7	4.5	4.1
Remuneration committee	13	6.7	5.9	5.1
Risk supervision, regulation and compliance committee	13	13.8	NA	5.6

Source: Spencer Stuart Board Index 2020 (Spain, United States and United Kingdom).

NA: Not available.

The following chart shows the board's approximate time allocation to each function in 2020.

Approximate allocation of the board's time in 2020



Committee meetings

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

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

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

Committees have the authority to summon executives, who will appear at meetings at the invitation and under the terms dictated by the chairman. Furthermore, committees also may address a request to the general secretary, for the hiring of legal, accounting or financial advisers or other experts at Banco Santander's expense for assistance with their duties. The other committees may also do so with the board's approval.

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 chairmen report on committees' meetings and activities at all board meetings. Furthermore, all board members are given a copy of committees' meeting minutes and all documents provided for meetings.

Board and committee attendance

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

Attendance to the board and committee meetings in 2020

Directors	Committees							
	Board	Executive	Audit	Nomination	Remuneration	Risk supervision, regulation and compliance	Innovation and technology	Responsible banking, sustainability and culture
Average attendance	98%	94%	97%	100%	100%	97%	93%	97%
Individual attendance								
Ana Botín	20/20	44/46	-	-	-	-	4/4	4/4
José Antonio Álvarez	20/20	46/46	-	-	-	-	4/4	-
Bruce Carnegie-Brown	20/20	42/46	-	13/13	13/13	-	4/4	-
Homaira Akbari	20/20	-	15/15	-	-	-	4/4	4/4
Ignacio Benjumea ^A	10/10	20/20	-	-	6/6	5/5	2/2	2/2
Javier Botín	20/20	-	-	-	-	-	-	-
Álvaro Cardoso	18/20	-	-	-	-	12/13	-	3/4
R. Martín Chávez ^B	3/3	-	-	-	3/3	3/3	1/1	-
Sol Daurella	20/20	-	-	13/13	13/13	-	-	4/4
Henrique de Castro	20/20	-	14/15	-	13/13	-	2/4	-
Guillermo de la Dehesa ^C	7/7	13/13	-	3/3	3/3	-	1/1	-
Gina Díez ^D	1/1	-	-	-	-	-	-	-
Rodrigo Echenique	20/20	-	-	13/13	-	-	-	-
Esther Giménez-Salinas ^E	17/17	-	-	10/10	-	10/10	-	4/4
Luis Isasi ^F	10/10	27/27	-	-	8/8	9/9	-	-
Ramiro Mato	18/20	43/46	14/15	-	-	14/14	-	4/4
Sergio Rial ^G	10/10	-	-	-	-	-	-	-
Belén Romana	20/20	39/46	15/15	-	-	12/13	4/4	4/4
Pamela Walkden	20/20	-	15/15	-	-	-	-	-

Note: The table details the attendance of directors whenever the latter have personally attended meetings of the board or its committees. For this purpose, absent directors who are represented are not counted as having attended.

A. Left the board and all the committees where he was a member on 30 May 2020.

B. Member of the board and member of the remuneration, risk supervision, regulation and compliance and innovation and technology committee since 27 October 2020. Member of the nomination committee since 22 December 2020.

C. Left the board and all the committees where he was a member on 3 April 2020.

D. Member of the board since 22 December 2020.

E. Left the board and all the committees where she was a member on 27 October 2020.

F. Member of the board and member of the executive committee, remuneration committee and risk supervision, regulation and compliance committee since 19 May 2020.

G. Member of the board since 30 May 2020.

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

Average dedication of directors to the board and committees

	Meetings per year	hours per member ^A	hours per chair ^B
Board	20	132B	264B
Executive committee	46	230	460
Audit committee	15	150	300
Remuneration committee	13	52	104
Risk supervision, regulation and compliance committee	13	52	104
Innovation and technology committee	13	130	260
Responsible banking, sustainability and culture committee	4	20	40
Responsible banking, sustainability and culture committee	4	16	32

A. Includes hours of meeting preparation and attendance.

B. Of the 11 ordinary meetings held.

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

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

The annual suitability reassessment our nomination committee conducts every year (see in section [4.6 'Nomination committee activities in 2020'](#)) allows us to keep all information on the estimated time dedicated by directors to other roles and/or professional activities up to date and confirm their capacity to exercise good governance as directors of Banco Santander.

Overall, Banco Santander is able to verify compliance with the maximum number of company boards on which the law allows our directors to serve at once (i.e., up to one executive and two non-executive roles, or four non-executive roles; roles in the same group are considered a single role and roles in not-for-profit or non-commercial organisations are not included).

Training of directors and induction programmes for new directors

The board promotes its directors' continued development through an annual board training programme with contents the board chooses based on its performance reviews as well as economic, geopolitical and regulatory issues.

In 2020, these workshops, which typically follow board meetings, were run for all directors:

- Application Programming Interface development and use within Santander.
- Machine Learning and its potential for Santander.
- Cyber risk review covering core disciplines and new developments.
- Financial crime regulatory requirements and best practice guidance for senior management including anti money laundering and sanctions.
- Climate change and Santander's response.
- Risk Appetite Statement annual review covering material risks, calibration of limits and cascade across the Group and future enhancements proposed for 2021 Risk Appetite Statement development.

In addition, the board has robust induction and development programmes so new directors can better understand the Grupo Santander's business and governance rules. They typically run between six to twelve months, from time a director is formally appointed by the board with regulatory approval. Key group managers provide detailed information on their areas of responsibility, addressing special needs found in director suitability assessments.

In 2020, these directors completed induction programmes with additional areas of focus:

- Pamela Walkden, who received additional deep-dive sessions with the audit committee chairs of certain subsidiaries and other key Grupo Santander positions given her transition to audit committee chair.
- Luis Isasi, who received additional deep-dive sessions covering Santander España after being appointed non-executive chairman.
- R. Martín Chávez and Gina Díez, who commenced their induction after being formally appointed and are expected to finish in 2021.

These programmes had been tailored to their experience and particular induction needs found when their suitability was being assessed.

Board assessment in 2020

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

In 2020, the assessment was conducted by an external independent expert.

External consultant independence

A robust selection process was undertaken to identify an external independent consultant to conduct the board assessment with a fresh perspective. A high degree of focus was placed on consultants with an in-depth understanding of Spanish and banking markets, and of the effectiveness of the boards of directors.

On 29 September, the board appointed Egon Zehnder to conduct the board assessment, following a favourable report of the nomination committee, which assessed and verified the consultant's independence.

Egon Zehnder, as a reference leader in its field, advised the Group in 2020 —occasionally and never exclusively— on processes related to the identification, selection and review of skills and potential of managers. The amounts paid to Egon Zehnder in 2020 for these services were:

Country	Total amount in local currency	Total amount in EUR ^A
United Kingdom	GBP 52,500	58,029
Argentina	ARS 5,602,905	54,246
Brazil	BRL 228,125	35,703
Chile	CLP 48,871,337	55,751
Spain ^B	EUR 1,137,781	1,137,781
Total		EUR 1,341,510

A. The amounts in EUR have been calculated based on exchange rates as at 31 December 2020.

B. Excluding the amounts received for the Banco Santander board of directors' 2020 review.

The nomination committee does not consider the referred amounts material in the context of the overall budget for such services, nor that they represent a significant proportion of Egon Zehnder's total fees.

For more details, see [4.6 'Nomination committee activities in 2020'](#).

Process, methodology and scope of the assessment

The lead independent director and the executive chairman organized and coordinated the assessment alongside the nomination committee.

The assessment methodology agreed with Egon Zehnder and endorsed by the nomination committee comprised:

- An anonymous questionnaire completed by all board members.

- Structured, detailed and confidential interviews with individual board members and select members of the executive team, covering their qualitative and quantitative assessment of key areas.
- Board and committee meeting observations to assess the quality of debate, dynamics and culture.

The process focused on board and committee structure, composition, processes and behaviours, including:

- The quality and efficiency of their functioning.
- Their size, composition and diversity.
- The performance of each director, general secretary and committee chairmen.
- The frequency and duration of meetings; content of the agenda and time dedicated to each item; quality of the information received; and decision making.

The objective of the exercise was to identify areas of continuous improvement therefore optimizing board impact in the future.

Findings and action plan

On 15 February 2021, Egon Zehnder shared the findings with the board, which included, among others, that:

- The board is appropriately composed, engages in healthy debate and makes decisions effectively.
- The committee structure, composition and operation is fit for purpose taking into account Banco Santander's scale and complexity.
- The executive chairman, CEO, lead independent director and general secretary performed positively and effectively.
- The board's governance and logistics are well covered.
- A review of meeting frequency and agenda contents can help boost efficiency, striking a further balance between productivity and fulfilling regulatory expectations.

The board discussed the assessment and associated findings at its meeting held on 15 February 2021, and concluded that it was satisfied with its and its committees' performance and effectiveness.

Taking into account the Egon Zehnder findings, the board will develop and execute an action plan to address the identified areas of improvement, applicable to both the board and its committees. The action plan will specifically focus on improving efficiency of operation at both a board and committee level, at all times meeting regulatory and good governance expectations. In addition, committees will each be engaged on specific actions relevant to their ongoing effective and efficient operation.

The agreed action plan will be executed during 2021 under the supervision of the nomination committee, with regular progress reports to the board.

4.4 Executive committee activities in 2020

Composition

Position		Category	Appointed on
Chairman	Ana Botín	Executive	11/12/1989
	José Antonio Álvarez	Executive	3/01/2015
	Bruce Carnegie-Brown	Independent	12/02/2015
Members	Luis Isasi	Other external	20/05/2020
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	01/07/2018
Secretary	Jaime Pérez Renobales		

A. Committee chair 10 September 2014.

In 2020, Ignacio Benjumea and Guillermo de la Dehesa stepped down from the committee, with Luis Isasi appointed on 20 May.

Functions

The executive committee is a key governance body of the Group and is delegated to exercise all the board's powers except those that cannot be delegated by law or under the Bylaws and the board's rules and regulations. The executive committee meets every week to ensure that key decisions can be made timely and efficiently, allowing the board to focus on general supervision. The executive committee regularly reports to the board on its core matters, providing all directors with the minutes from its meetings and related documents.

Committee performance

The board of directors, supported by its nomination committee, sets the executive committee's size and qualitative composition based on efficiency standards and guidelines for board composition. However, because the committee's size must allow it to perform its functions expeditiously with all executive directors present, the executive committee does not have the same qualitative composition as the board of directors. It has a majority of external directors, including three independent directors. This composition ensures a balance of opinions, as well as internal and external perspectives. It also complies with Recommendation 37 of the Spanish Corporate Governance Code, which stipulates that there must be at least two non-executive directors, one of whom should be independent. The secretary of the board is also the secretary of the executive committee.

The executive committee can meet as many times as its chairman (or, in her absence, vice-chairman) convenes it. However, it generally meets once a week.

'Committee meetings' in section 4.3 further describes the general rules that apply to these sessions.

Main activities in 2020

The executive committee handled several matters relating to the business of Santander, its main subsidiaries, risks and corporate transactions, in addition to the core issues it subsequently elevates to the full board of directors:

- **Earnings:** the committee was kept up to date on group earnings and investors and analysts' reactions to them.
- **Business performance:** the committee received reports on management and specific subjects related to the performance of Santander's business areas.
- **Information from the chairman:** the board's chairman presides over the executive committee and regularly reported on group management, strategy and institutional issues.
- **Information reported by the chief executive officer:** the Group chief executive officer reported key aspects relating to Group performance, budget and strategic business plans.
- **Corporate transactions:** the committee analysed and, where applicable, approved some corporate transactions (investments and divestments, joint ventures, capital transactions, etc.).
- **Covid-19:** the committee was kept up to date on pandemic-related developments, actively participating in decision-making aimed at mitigating its impact on the Group, as well as on the global economy and health of employees, customers and the general public.
- **Risks:** the committee was regularly informed about the Group's risks. Under the risk governance model, it took decisions about transactions that it had to approve owing to their amount or significance. Due to covid-19, risk presentations specifically focused on providing updated information on health indicators, as well as on the estimation and close monitoring of the impacts of the pandemic on liquidity, provisions, risks, etc.
- **Subsidiaries:** the committee received reports on the performance of the various units and business lines, with a specific focus on the impact of the pandemic on their credit portfolios. As per internal procedures, it authorised transactions and appointments of directors and key managers at subsidiaries.
- **Capital and liquidity:** from time to time, the committee received reports on capital ratios and the measures taken to optimize them. It also revised regulatory plans.
- **Supervisors and regulators:** the committee was frequently informed of regulatory developments, as well as projects to follow recommendations and new regulations.
- **Governance models:** the committee discussed and, where relevant, approved new governance model proposals for initiatives such as PagoNxt, as well as more established units such as Santander Corporate and Investment Banking (SCIB) and Wealth Management and Insurance (WM&I).
- **Issues under board delegation:** under the delegation conferred by the April 2020 AGM, and the subsequent sub-delegation of the board of directors' powers in its favour, the committee resolved to issue certain securities non-convertible in shares.

The executive committee held 46 meetings in 2020. 'Board and committee attendance' in section 4.3 provides information on executive committee members' attendance at meetings as well as the estimated average time each committee member spent on preparing for, and participating in, meetings.

4.5 Audit committee activities in 2020

'In a volatile and uncertain environment, it has been key for us, as a board audit committee, to continue doing the basics extremely well and to maintain our vigilance on new priorities. The covid-19 crisis has had a high impact on our 2020 agenda, but we have also remained focused on our fundamental responsibilities, including the oversight of the integrity of financial reporting and controls, the effectiveness of our internal audit function and the relationship with the external auditors.'

The committee has maintained the focus on transparency, particularly around the difficult decisions we had to make during the year. We have also reflected and acknowledged how critical it is, in the current circumstances, to enhance cross-country collaboration and work in partnership with the executives and the external auditor.

Finally, I would like to thank Belén Romana for her service over the last four years as chair of the committee (of which she remains a member) until I took over in April'.

Pamela Walkden
Chairman of the audit committee



This section is the report the audit committee prepared on its activities on 19 February 2021. The board of directors approved it on 22 February 2021.

Composition

Position		Category	Appointed on
Chairman	Pamela Walkden	Independent	29/10/2019 ^A
	Homaira Akbari	Independent	26/06/2017
Members	Henrique de Castro	Independent	21/10/2019
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	22/12/2015
Secretary	Jaime Pérez Renovales		

A. Committee chair since 26 April 2020.

The board of directors appointed the committee's members based on how their expertise, skills and experience fit within its purview.

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

Pamela Walkden was appointed chairman of the committee with effects from 26 April 2020 replacing Belén Romana, who

stepped down at the end of the maximum period permitted under Spanish law.

According to SEC Regulation S-K, new committee's chairman, Pamela Walkden, is considered a financial expert based on her training and experience in accounting, auditing and risk management, as well as the various leadership positions she held at entities where knowledge of accounting and risk management was essential, not to mention her international experience - focussed on the UK and Asia.

External auditor

Our external auditor is PricewaterhouseCoopers Auditores, S.L. (PwC). Its registered office is at paseo de la Castellana, no. 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 Spanish Ministry of the Economy under number S0242.

The lead partner is Alejandro Esnal, who has more than 25 years' experience in audits in the Spanish banking sector. He has also led a large number of projects in Spain, London and New York, both in connection with auditing and with internal control activities at financial institutions. Mr Alejandro Esnal participates actively in the committees and working groups of the audit sector and collaborates with regulators in matters relating to the improvement of the practices and regulations of financial institutions.

Since the previous incumbent has reached the end of the maximum legal term of five years, Julián González will be the lead audit partner in 2021. Mr González has experience as a global group audit partner (mainly in Spain and the UK) and a strong track record 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 confirmed the independence of the external auditor on 19 February 2021, before the 2020 auditor's report on the financial statements was issued, in accordance with section 4.f) of article 529 *quaterdecies* of the Spanish Companies Act, and article 17.4.c) (iii) of the Rules and regulations of the board. It found no objective reasons to doubt the independence of the external auditor.

The committee assessed the auditor's independence based on their personal situation and the financial relationship that the auditor or persons performing the audit have with the Group, analysing possible threats and establishing the appropriate safeguarding measures.

The committee also used the information found under the 'Duties and activities in 2020' section on the auditor's remuneration for audit and other services as well as considering written confirmation from the external auditor regarding its independence from Banco Santander in accordance with European and Spanish law, SEC rules and the rules of the Public Company Accounting Oversight Board (PCAOB).

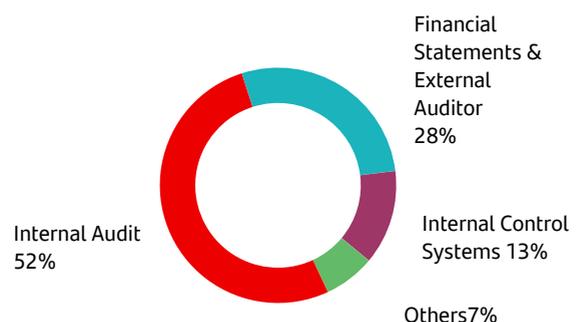
Proposed re-election of the external auditor for 2021

As indicated in section 3.6 'Our coming 2021 AGM', the board of directors proposed re-electing PwC as external auditor for 2021 at the 2021 AGM on the recommendation of the audit committee.

Time allocation

In 2020, the audit committee held 15 meetings. 'Board and committee attendance' in section 4.3 provides information on committee members' attendance and the estimated average time they spent on preparing for, and participating in, meetings.

The chart below shows the committee's approximate time allocation to each function in 2020.



Duties and activities in 2020

This section summarises the audit committee's activities in 2020.

Duties	Actions taken
Financial statements and other financial and non-financial information	
Review the financial statements and other financial and non-financial information	<ul style="list-style-type: none"> Reviewed the individual and consolidated financial statements and directors' reports for 2020 and endorsed their content, prior to their authorization for issue by the board. Ensured compliance with legal requirements and the proper application of generally accepted accounting principles and that the external auditor issued the corresponding report with regard to the effectiveness of the group's system of internal control over financial reporting (ICFR). Endorsed the quarterly financial statements dated 31 December 2019, 31 March, 30 June and 30 September 2020, respectively, before they were approved by the board and released to the markets and supervisors. Analysed and endorsed other financial information such as the annual corporate governance report; shares registration document filed with the CNMV; Form 20-F filed with the SEC with 2019 financial information; the half-yearly financial information filed with the CNMV and in Form 6-K with the SEC; and Santander's specific interim consolidated financial statements for Brazil. Reviewed the balance sheet on the basis of the proposal of a capital increase to distribute of new shares equivalent to EUR 0.10 per share, as a complementary payment for 2019. Analysed the goodwill attributed to Santander UK plc, Santander Bank Polska, S.A. and Santander Bank, N.A. and determined the need for an asset impairment in accordance with the applicable accounting rules. The committee acknowledged the effects of the pandemic, the uncertainty in the macroeconomic situation, expected returns and market premiums, amongst others. Analysed the proposed EUR 1.6 billion overlay provisions based on the expected deterioration of the macroeconomic conditions due to the covid-19 health crisis. Oversaw and assessed the preparation and reporting of non-financial information in accordance with applicable regulations and international benchmarks. In particular, reviewed the annual 'Green Bond Report' about the use of proceeds of each Green Bond issuance that was approved by the board.
Report to the board about applied tax policies	<ul style="list-style-type: none"> Received information from the group's tax advisory unit about applied tax policies in compliance with the Code of Good Tax Practices and submitted it to the board of directors, expressly stating that, as part of the cooperative relationship encouraged by this code, the Agencia Estatal de Administración Tributaria (AEAT) Tax transparency report for the financial year 2019 was submitted.
Relationship with the external auditor	
Receive information on the audit plan	<ul style="list-style-type: none"> Obtained confirmation from the external auditor that it had full access to all information to conduct the audit. Discussed improvements in financial reporting based on new accounting standards and best international practices. Analysed detailed information on the planning, progress and execution of the audit plan. Analysed the auditor's reports about the annual financial statements before the external auditor submitted them to the board of directors.
Relations with the external auditor	<ul style="list-style-type: none"> The external auditor attended all committee meetings in 2020, allowing the audit committee to act as a communication channel between the external auditor and the board. The committee met twice in private session with the external auditor without Grupo Santander executives present.
Assessment of the auditor's performance	<ul style="list-style-type: none"> Evaluated the external auditor and its contribution to the integrity of financial reporting on account of its work and opinions from units and the chairpersons of audit committees of different group's companies. During this assessment, the auditor informed the committee of the findings of regulators' inspections of PwC and the committee analysed those, as well as the information about any investigations involving PwC.

Duties

Actions taken

Independence**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

	2020	2019	2018
Audit	95.8	102.4	93.9
Audit-related services	6.0	7.8	6.8
Tax advisory services	0.8	0.7	0.9
Other services	1.2	2.3	3.4
Total	103.8	113.2	105.0

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

Tax advisory services provided by PwC (mainly on tax and compliance) totalled EUR 40,000 for Spain and EUR 780,000 for other group subsidiaries.

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

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

	Company	Group companies	Total
Amount of non-audit work (thousands of EUR)	487	1,513	2,000
Amount of non-audit work as a % amount of audit work	0.5%	1.4%	1.9%

In 2020, Santander arranged for services provided by audit firms other than PwC. EUR 172.4 million (EUR 227.6 and 173.9 million in 2019 and 2018, respectively).

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

- Reviewed services rendered by PwC and confirmed its independence. For those purposes:
 - Confirmed that all services rendered by Grupo Santander's auditor (audit and audit-related services, tax advisory and other services detailed in the section above) met regulatory independence requirements.
 - Confirmed the ratio of fees received during the year for non-audit and audit-related services to total fees received by the auditor for all services provided to the group, which for 2020 stood at 1.9%.
 - Average non-audit and audit-related fees paid to auditors in 2020 amount to 11% of total audit fees according to available information on the leading listed companies in Spain.
 - Confirmed the ratio of fees paid for all items relating to the services provided to the group to total fees charged by PwC in 2020. This ratio is less than 0.3% of PwC's total revenue worldwide.
 - Reviewed financial relations with companies related to PwC and persons who participate in audit works, concluding that financial relations could compromise PwC's independence.
 - Since the publication of the (EU) Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, Banco Santander meets the requirement that for a period of three or more consecutive years, total fees received for non-audit services do not exceed 70% of the average fees paid in the last three consecutive years for the audit of Group entities.

External auditor independence report

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

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

- Submitted proposal to the board (for subsequent submission to the 2021 AGM to re-elect of PwC as the external auditor of Banco Santander and its consolidated group in 2021).

Duties	Actions taken
Internal audit function	
Assess the performance of internal audit function	<ul style="list-style-type: none"> Regularly supervised the impact of covid-19 on core activities on a regular basis, closely monitoring the changes to the original 2020 internal audit plan. Received reports on progress with the internal audit plan, allowing the committee to exert strict controls over internal audit recommendations and ratings of units and corporate divisions. The chief audit executives (CAE) of core units and corporate divisions reported to the committee at least once in 2020. The CAE and representatives of the Internal Audit division attended all the audit committee meetings in 2020; one meeting was with the CAE without other executives or the external auditor present. Proposed the 2020 internal audit budget, making sure the function had the necessary material and human resources. In particular, the committee was kept informed of the creation of audit hubs and their associated schedule, as well as on digital initiatives related to the Internal Audit division. Reviewed the annual audit plan for 2020-2023 based on a comprehensive risk assessment and submitted it to the board for approval. Received regular information about internal audit activities in 2020. The overall distribution of audit ratings improved owing in part to continued efforts to build a stronger control environment. All issued audit reports were subject to additional scrutiny by the committee and certain business areas were required to present their action plans to it. Reviewed the application of the measures in the 2020-2023 strategic internal audit plan. Assessed the internal audit function's success in fulfilling its purpose and the CAE's performance in 2020, and reported its findings to the remuneration committee to set his variable pay.
Internal control systems	
Monitor internal control systems	<ul style="list-style-type: none"> Received information on the evaluation of the group's 2019 Internal Control Model (ICM) and analysed its effectiveness according to regulations from the CNMV (ICFR) and the SEC (SOX). To fulfil its main objective of reducing risks associated with risk control, it put specific remediation plans in place and regularly updated the committee. Reviewed the effectiveness of Grupo Santander's internal controls over the preparation of the financial statements filed in the US with Form 20-F for 2019 pursuant to the SOX. In its opinion, Grupo Santander's internal controls over said financial information were effective in all significant aspects.
Whistleblowing channel	<ul style="list-style-type: none"> Received information from the Compliance and Conduct division about the whistleblowing channel (<i>Canal Abierto</i>), particularly regarding questionable financial and accounting practices, financial reporting, auditing and internal controls. It confirmed that no claim regarding these issues had been filed through this channel. The committee was informed about the changes made to the whistleblowing channel that enable communications from employees and from other people not related to Banco Santander, such as shareholders, customers, suppliers and other third parties guaranteeing their confidentiality and allowing anonymous communications. See section 8.1.
Coordination with Risk	<ul style="list-style-type: none"> Took action to make sure the internal audit plan is properly coordinated with the oversight of significant group risks and attended joint meetings with board's risk supervision, regulation and compliance committee to report on model risk, group's risk management, complaints submitted to <i>Canal Abierto</i>, vendor risk management, legal risk, internal auditing in the Risk and Compliance division, and other matters.
Other activities	<ul style="list-style-type: none"> Took part in the appointment of new CAE for the subsidiaries in accordance with the group's internal regulations upholding the correct supervision and control of such appointments in conjunction with the nomination committee was ensured.
Related-party and corporate transactions	
Creation of special-purpose vehicles or entities based in countries considered tax havens	<ul style="list-style-type: none"> The head of Tax informed the committee about the group's offshore entities in accordance with Spanish regulations. See note 3.c in the 'Notes to the consolidated annual accounts'.
Approval of related party transactions	<ul style="list-style-type: none"> Confirmed if related-party transactions required or not the approval from the governing bodies according to the law and the board's rules and regulations. No board member direct or indirectly carried out any transactions with Banco Santander that were deemed significant or under unusual market conditions. The committee examined the related-party transactions disclosed in the financial statements. See section 4.12 'Related-party transactions and conflicts of interest'.
Transactions involving structural or corporate changes	<ul style="list-style-type: none"> Reviewed the transactions involving structural or corporate modifications planned by the group during 2020 prior to the submission to the board of directors, analysing their economic conditions and the accounting and internal audit impact.
Information for general meetings and corporate documentation	
Reporting to shareholders	<ul style="list-style-type: none"> At our April 2020 AGM, Belén Romana, as committee chairman, reported to shareholders on the matters and activities within the committee's scope.
Corporate documents for 2020	<ul style="list-style-type: none"> Drafted this committee report for 2020, which includes a section dedicated to the activities carried out during the year, an analysis and assessment of the fulfilment of the functions entrusted to it, and the priorities for 2021 identified following the assessment carried out by the board and its committees.

Annual assessment of the committee and its achievement of 2020 objectives

The committee's effectiveness review for 2020 was part of an external independent consultant's review of the board. It covered the committee's structure, composition, processes and behaviours, concluding that it is fit for purpose and effective. For more details about the findings resulting from the assessment see 'Board assessment in 2020' in section 4.3.

The committee addressed all the priorities that were identified for 2020. Among the salient actions, it:

- Appointed a new committee chair in line with robust succession planning, ensuring a smooth transition and continued focus on committee effectiveness.
- Strengthened the coordination and sharing of information with the main units and divisions through committee chair participation in country audit committee meetings, reciprocated by country reporting and attendance of country audit committee chairs at the group audit committee, as well as holding two audit committee conventions to facilitate coordination, raise awareness of global initiatives and expectations, and to discuss relevant topics.
- Remained focused on, and debated, critical areas such as internal control, risk assessment, digital transformation and relationships with suppliers.

2021 priorities

The committee identified these priorities for 2021:

- Continue to evolve the communication between Group audit committees to ensure there is effective sharing of knowledge and concerns.
- Monitor the execution of the internal audit plan, taking into consideration planned adjustments as well as tracking risks caused by covid-19 and reviewing management's of those risks.
- Continue to promote the involvement of the first line of defence and review internal audit recommendations.
- Support the further improvement of the internal risk assessment and controls, with particularly focus on the Group's key strategic projects.
- Ensure proper coordination with other board committees, especially the risk supervision, regulation and compliance committee.
- Ensure the effectiveness of the committee, taking into account any areas of continuous improvement and allowing sufficient time for quality debate on key topics and internal audit issues.

4.6 Nomination committee activities in 2020

'The committee has continued its work on overseeing the process on key appointments to the board and senior management roles, supported by its work on robust succession planning. Focus has remained on the collective skills and experience of the board and ensuring that gender and broader diversity remain front of mind in our succession planning. In addition, we have continued our work on improving our overall effectiveness through commissioning an external evaluation of the board and its committees.

Corporate and internal governance of the subsidiary governance has been a key feature in the year, driving continuous improvement across the Group and ensuring adequate oversight and control of subsidiary operations. The committee has tracked governance developments (trends, regulation, and best practices) and the implications for the Group, and kept these under continuous review.

There have been four changes to the membership of the committee during the year: Guillermo de la Dehesa, Esther Giménez-Salinas and Rodrigo Echenique left the committee upon their resignation from the board and R. Martín Chávez became a member in December 2020. I would like to take this opportunity to thank Guillermo, Esther and Rodrigo, on behalf of the committee, for their hard work and commitment to our discussions and to welcome Marty who brings relevant skills and experience to the committee, including technology and digital expertise'.

Bruce Carnegie-Brown
Chairman of the nomination committee



This section is the report the nomination committee prepared on its activities on 19 February 2021. The board of directors approved it on 22 February 2021.

Composition

Position		Category	Appointed on
Chairman	Bruce Carnegie-Brown	Independent	12/02/2015 ^A
Members	R. Martín Chávez	Independent	2/12/2020
	Sol Daurella	Independent	23/02/2015
Secretary	Jaime Pérez Renovales		

A. Committee chair since 12 February 2015.

The board of directors appointed the committee's members based on how their expertise, skills and experience fit within its purview.

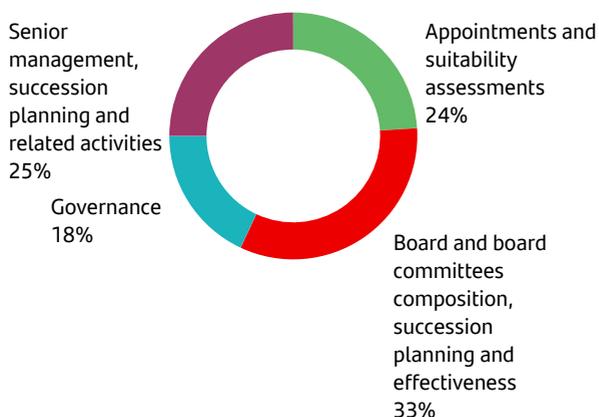
Further information can be found in section [4.1 'Our directors'](#) and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section [4.2](#).

In 2020, Guillermo de la Dehesa, Esther Giménez-Salinas and Rodrigo Echenique stepped down from the committee, with R. Martín Chávez appointed in 22 December.

Time allocation

In 2020, the nomination committee held 13 meetings. 'Board and committee attendance' in section [4.3](#) provides information on committee members' attendance and the estimated average time they spent on preparing for, and participating in, meetings.

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



Duties and activities in 2020

This section summarizes the nomination committee's activities in 2020.

Duties	Actions taken
Composition of the board and its committees	
Selection, suitability assessment and succession policy and renewal of the board and its committees	<ul style="list-style-type: none"> Reviewed the selection, suitability and succession practices with an external consultant and implemented findings through the updated selection, suitability assessment and succession of directors policy. The review concluded that these activities were conducted in line with industry best practices. Ensured that board member selection guaranteed the individual and collective suitability of directors, fostered diversity of gender, experience and expertise, and assessed the skills, time and dedication needed for the role. Continued to oversee the appointment of board and committee members and top executives, and planning their succession. Assessed board committee composition to balance members' skills and experience appropriately. Checked board members' general skills and competence to cover Santander's strategic markets in addition to their experience and expertise in technology, digital strategy, banking, finance, regulations and other areas. Oversaw appointments to key roles and regularly reviewed succession plans from a strategy perspective. Made sure that nominations, interviews and appointments of directors consider diversity.
Appointment, re-election, confirmation and removal of directors and committee members	<ul style="list-style-type: none"> Checked that the overall composition and skills of the board and its committees were appropriate, and identified necessary areas of expertise and experience based on the skills matrix in order to select members. Assessed candidates, as well as their credentials, and evaluated their skills and suitability for the position, in accordance with the procedure outlined in the selection, suitability assessment and succession of directors policy. Recommended to the board, for subsequent submission to the general meeting the appointment of Luis Isasi, Sergio Rial, R. Martín Chávez and Gina Díez as new board members (these appointments would make the board more diverse in terms of skills and background) and the re-election as directors of the directors whose term of office expired. Recommended to the board changing the composition of committees to further enhance their performance and support to the board in their respective areas, in accordance with best international practices and the board's rules and regulations. Acknowledged the resignation of Guillermo de la Dehesa, Esther Giménez-Salinas and Rodrigo Echenique before the end of their tenure, and the reasons given in a letter to the board, namely personal issues related to the length of time they had been directors and to board renewal. Submitted a proposal to the board, upon completion of one year of their term of office and in accordance with the Bylaws, the re-election of the members of the international advisory board. See section 4.11 'International advisory board'.
Succession planning	
Succession planning for executive directors and senior managers	<ul style="list-style-type: none"> Received and analyzed information on succession planning for executive directors, senior management and key positions throughout the Group. Ensured plans are in place for the orderly succession of senior managers and that there is a structured, rigorous and transparent procedure based on merit and objective criteria, promoting diversity in its broadest sense. Reviewed an external expert's report on this topic, which concluded that Santander's overall succession arrangements and framework for the executive directors, senior management and key positions throughout the Group meet regulatory requirements and align with best industry practices. Analyzed proposals to update the selection, suitability assessment and succession policy for directors approved by the board on 27 February 2020 and 22 December 2020.

Duties	Actions taken
Director status verification	
Annual director status confirmation	<ul style="list-style-type: none"> Confirmed each director's status (as executive, independent and other external) and submitted its recommendation to the board of directors in order to confirm or revise it in the annual corporate governance report and at the annual general meeting. See section 4.2 'Board composition'. Evaluated directors' independence and confirmed that the Group had no significant business relations with companies where they are or were significant shareholders or directors, particularly in terms of financing extended to them by the Group. Ultimately, the committee found no significant relations because (i) financing transactions (a) did not make these companies financially dependent since they could substitute it with funding from other banks and entities, and (b) are aligned with Grupo Santander's share of the relevant market, and (ii) relations did not reach comparable price-sensitive thresholds used in other jurisdictions as a reference (e.g. NYSE, Nasdaq and the Canadian Bank Act).
Regular assessment	
Annual suitability assessment of directors and key roles	<ul style="list-style-type: none"> Assessed the suitability of board members and senior managers, as well as holders of internal control functions and key roles in the Group, and confirmed their business and professional integrity, suitable skills and experience to perform their duties, and ability to make decisions independently for the Group's benefit. Furthermore, the committee found that directors are suitable to exercise good governance at Banco Santander. It noted that, on average, directors attend approximately 98.65% of the meetings of the board and committees on which they serve, and that the committee has not been compelled to take any action regarding attendance because no director's attendance is below the 75% minimum. In 2020, the committee was not informed by any director of Banco Santander, and had no awareness to the best of its knowledge, of any circumstance or situation that could harm the Group creditworthiness and reputation, whether or not related to their performance in Santander, or criminal cases in which they are investigated, that should be assessed by the committee for its report to the board.
Conflicts of interest and other directors' professional activities	<ul style="list-style-type: none"> Examined the information provided by the directors regarding other professional activities or positions to which they had been proposed and the time to be dedicated to them, concluding that such obligations did not interfere with the dedication required as directors and that there was no conflict of interest that could affect the performance of their duties.
Board self-assessment	<ul style="list-style-type: none"> In coordination with the executive chairman and the lead independent director, the committee tracked the execution of the action plan defined in the 2019 self-assessment, which was performed internally. Led by the executive chairman and the lead independent director, the committee monitored the 2020 board evaluation review, conducted by an independent external consultant, whose independence was verified by the committee upon analyzing its business relations with the Group and, in particular, the services rendered and the amounts received. The scope of the assessment included the board and all its committees, as well as its members and the general secretary. See 'Assessment of the board' in section 4.3. Updated the board skills and diversity matrix and submitted it to the board for approval. See section 'Board skills and diversity matrix' in section 4.2.
Senior Management	
Appointment of key positions	<ul style="list-style-type: none"> Issued favourable opinions on the following appointees, approved by the board: <ul style="list-style-type: none"> António Simões as new regional head of Europe. Alexandra Brandão as the new global head of Human Resources, replacing Jaime Pérez Renovales, who continues as general and board secretary, and Roberto di Bernardini, who was appointed chief talent officer. Also issued favourable opinions on director and senior manager appointments within the core subsidiaries of Grupo Santander.
Talent and director training	<ul style="list-style-type: none"> Received information about the global knowledge and talent strategy, aimed at transforming our workforce to ensure it is ready for digital transformation, and conducted activities on the Group's cultural transformation. Reviewed the director induction, information, training, development and knowledge refreshment programmes in line with the Rules and regulations of the board, EBA Guidelines, Spanish Corporate Governance Code and supervisory body requests, making sure that these programmes take into account each director's circumstances and needs.
Corporate governance and Internal governance	
Corporate governance	<ul style="list-style-type: none"> Supervised the internal governance system, evaluated the corporate governance system to ensure that it fulfils its mission of promoting the corporate interest and takes into account the legitimate interests of the other stakeholders, and verified the information on corporate governance that was made public. Analyzed new governance regulations, emerging trends and best governance practices and analyzed their implications for the Group, and reported on the adaptation of the Rules and regulations of the board and other internal regulations to the Spanish Corporate Governance Code revised in June by the CNMV. Supervised the strategy on communication and engagement with shareholders and investors and other stakeholders, receiving information on the meetings held between them and the lead director and Shareholders and Investors Relations team, as well as on their opinion of Banco Santander and its group's corporate governance. Received an overview of the highlights and outcomes of the 2020 AGMs, focusing on their format as virtual (April 2020 AGM) and hybrid (in-person and virtual, October 2020 AGM) meetings due to covid-19 measures and restrictions, ensuring shareholders' rights at all stages: delegation, voting, attendance, information, participate and proposed resolutions.

Duties	Actions taken
Internal governance oversight	<ul style="list-style-type: none"> Assessed the suitability for certain appointments and re-elections at subsidiaries subject to Grupo Santander's appointments and suitability procedure, and checked that the composition of subsidiaries' boards of directors was appropriate. Checked subsidiaries' application of the GSGM in regard to the structuring of their boards and board committees, as well as the alignment of their functions with best practices. Issued favourable opinions on the appointment of subsidiary board members that properly represent Banco Santander with a full understanding of their functions and duties.
Information for the general meeting and corporate documentation	
Reporting to shareholders	<ul style="list-style-type: none"> At our April 2020 AGM, Bruce Carnegie-Brown, as committee chairman, reported to shareholders on the matters and activities within the committee's scope.
Corporate documents for 2020	<ul style="list-style-type: none"> Drafted this report on the committee's activities in 2020, which includes an analysis of its performance and the priorities identified for 2021 following the effectiveness assessment of the board and its committees. Revised the annual corporate governance report.

Annual assessment of the committee and its achievement of 2020 objectives

The committee's effectiveness review for 2020 was part of an external independent consultant's review of the board. It covered the committee's structure, composition, processes and behaviours, concluding that it is fit for purpose and effective. For more details about the findings resulting from the assessment see 'Board assessment in 2020' in section [4.3](#).

The committee addressed all the priorities that were identified for 2020. Among the salient actions, it:

- Remained focused on driving continuous corporate governance improvement across the Group, facilitated through the appointment of Luis Isasi, Sergio Rial, Gina Díez and R. Martín Chávez to the board, bolstering its skills and experience. Those appointments also enabled the refreshment of certain committees and increased the number of female board members to 40%.
- Received regular updates on how the units within the group are meeting governance expectations, as well as overseeing key governance matters applicable to the entire Group. This included the review of subsidiary board composition and the adaptation to regulatory developments.
- Continued its focus on effective succession planning (board members and senior managers). This included a refresh of the senior manager succession policy and a review of the succession planning methodology with an external advisor, which concluded that these activities were conducted in line with industry best practices.
- Played an active role in commissioning the annual board and committee's effectiveness review, led by an external firm.
- Received information about the global knowledge and talent strategy, focused on leading the workforce transformation of Santander to ensure it is ready for the challenges of digitalization.

2021 priorities

The committee identified the following priorities for 2021:

- Continued review of succession plans, having regard to the current and future strategy of the Group and potential challenges the business may face when identifying future leadership needs and the development of internal succession.
- Continue to ensure that gender and broader diversity remains a key priority in our succession planning and appointments, acknowledging that building a more diverse and inclusive workforce is a critical component to developing a sustainable and successful business.
- Continue to monitor board members' skills and experience, in particular training needs and ongoing training and development for the whole board.
- Ensure that the review findings, suggested actions and the lessons learned from the external board effectiveness review are embedded and closely monitor progress against the action plan.
- Keep the corporate governance framework under constant review and monitor compliance, ensuring that the interests of all stakeholders are considered. For this purpose, the committee will closely monitor the engagement with shareholders and, together with the lead independent director, will receive and embed their feedback and insights.

4.7 Remuneration committee activities in 2020

'During 2020, we have maintained oversight of the application and implementation of remuneration policies and frameworks for the group and have been focused on simplifying executive remuneration within the regulatory parameters that apply. This has included shaping compensation schemes consistent with the Group's values of Simple, Personal and Fair. In addition, and in the light of the pandemic, we supported a reduction to executive and non-executive directors' compensation to help finance contributions to a fund created to provide medical equipment and supplies to help limit the spread of the virus in the countries in which the Group operates.

There have been several changes to the membership of the Committee during the year: Guillermo de la Dehesa and Ignacio Benjumea left the Committee upon their resignation from the board and Luis Isasi and R. Martín Chávez became members in May and October 2020, respectively. I would like to take this opportunity to thank Guillermo and Ignacio, on behalf of the committee, for their hard work and commitment to our discussions and to welcome Luis and Marty.'

Bruce Carnegie-Brown
Chairman of the remuneration committee



This section is the report the remuneration committee prepared on its activities on 19 February 2021. The board of directors approved it on 22 February 2021.

Composition

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

A. Committee chair since 12 February 2015.

The board of directors appointed the committee's members based on their skills and expertise pertaining to matters within its purview.

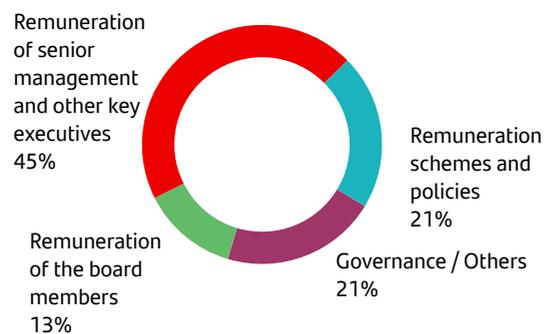
For more details, see [4.1 'Our directors'](#) as well as the 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section [4.2](#).

Ignacio Benjumea and Guillermo de la Dehesa stepped down from the committee in 2020. Furthermore, Luis Isasi and R. Martín Chávez were appointed to the committee on 19 May and 27 October 2020, respectively.

Time allocation

In 2020, the remuneration committee held 13 meetings. 'Board and committee attendance' in section [4.3](#) provides information on committee members' attendance and the estimated average time they spent on preparing for, and participating in, meetings.

The chart below shows the committee's approximate time allocation to each function in 2020.



Duties and activities in 2020

This section summarises the remuneration committee's activities in 2020.

Duties	Action taken
Remuneration of directors and senior management	
Individual remuneration of directors in their capacity as such	<ul style="list-style-type: none"> Analyzed the individual remuneration of directors in their capacity as such, based on the positions they held on the collective decision-making body, their membership on, and attendance at, the various committees, and any other objective circumstances evaluated by the board. Submitted a proposal to the board to reduce the board's 20% annual allotment and attendance fees cut for the balance of 2020, with effect from 1 April 2020, with a view to contributing to the financing of the fund set up to provide medical equipment and supplies to help limit the spread of the covid-19.
Individual remuneration for executive directors	<ul style="list-style-type: none"> Proposed to the board the individual remuneration for executive directors, based on the proposal of the 50% reduction of the chairman and chief executive officer's salary and bonus. The committee has also applied the same prudence approach in the current situation to propose that the fixed components of the remuneration be maintained for the following year.
Individual variable remuneration for executive directors	<ul style="list-style-type: none"> Proposed to the board immediately payable and deferred amounts of variable remuneration of the preceding year. A portion of deferred variable pay is capped and contingent on executive directors' long-term objectives. In light of customer, risk, capital and earnings metrics set by the board, the proposed variable remuneration was less than in the previous year. Its value also decreased further on account of the executive chairman and chief executive officer's waiver of half of their fixed pay and bonus for the year. Submitted a proposal, as part of the directors' remuneration policy for the annual performance indicators and targets used to calculate the annual variable remuneration for 2021, subject to board approval. In addition, it also proposed the achievement scales for annual and multi-year performance targets and their associated weightings. Informed favourably the board and submitted a proposal regarding the executive chairman and the chief executive officer's contracts which have been updated to ensure they are aligned with the recommended limitations, payments arising from the termination of its contracts (including the unconsolidated amounts of long-term savings systems and those received for non-compete commitments). This was to fully comply with new recommendation 64 of the revised Spanish Corporate Governance Code. By virtue of these amendments, pre-retirement in these contracts will disappear.
Share plans	<ul style="list-style-type: none"> Submitted a proposal to the board, for subsequent vote at the April 2020 AGM regarding the approval of the application of remuneration plans involving the delivery of shares or share options (deferred multiyear targets variable remuneration plan, deferred and conditional variable remuneration plan, application of the Group's buy-out policy; a plan for employees of Santander UK Group Holdings plc and other Group companies in the UK). Analyzed and submitted to the board a proposal for the Digital Transformation Award, which was designed and implemented to provide the Group with a tool to attract and retain key talent to drive long-term share value creation through the achievement of key digital milestones. Authorised to increase the mandatory share holding period for executive directors from one to three years to fully comply with new recommendation 62 of the revised Spanish Corporate Governance Code, while this retention period only applies as long as they do not hold shares equivalent to two years of fixed salary, this is imperative in accordance with Group's policy. This new period will be included in the 2020 directors' remuneration annual report and also included in the Group's new Policy on directors' remuneration in 2021, 2022 and 2023 submitted to shareholders for a binding vote.
Propose the annual directors' remuneration report to the board	<ul style="list-style-type: none"> Drafted and proposed to the board the annual directors' remuneration report for it to be put to a non-binding vote at the April 2020 AGM. Assisted the board of directors in monitoring compliance with the director remuneration policy. Received information from the lead independent director about contact with key shareholders and proxy advisers on executive director remuneration issues. Held a joint session with the risk supervision, regulation and compliance committee to verify that remuneration schemes factor in risk, capital and liquidity, and do not offer incentives to assume risk that exceeds the level tolerated by Banco Santander, therefore promoting and being compatible with adequate and effective risk management.

Remuneration policy for senior management and other key executives	<ul style="list-style-type: none"> • Encouraged on simplify the executive remuneration by configuring compensation plans in line with our values of Simple, Personal and Fair. • Submitted to the board for approval proposals for the determination or modification of fixed and variable annual remuneration of certain members of senior management, in accordance with Group policies and applicable regulations. • Determined the global annual variable remuneration for 2019 -payable immediately- and the deferred remuneration of the main executive segments, in line with the achievement of the quantitative and qualitative targets set, for this purpose, a joint meeting was held with the risk supervision, regulation and compliance committee to ensure that the management of the various risks is adequately considered. In addition, proposed to the board the remuneration of senior management, based on their individual achievement of the annual performance targets and their weightings outlined by the board and, in particular, determined the variable remuneration of (i) the CAE, once the audit committee assessed its performance and communicated its conclusions to that effect to it; and (ii) the chief risk officer (CRO) and the chief compliance officer (CCO), after assessing their performance at the joint meeting with the risk supervision, regulation and compliance committee. • Analysed and discussed the Group's general remuneration policy, including that of senior manager, presented by the Compensation function on the basis of applicable legal or regulatory requirements, recommendations from regulators and the inputs received from stakeholders, providing their comments on the matter for consideration when it is updated. • Proposed to the board the annual performance indicators used for the calculation of variable remuneration for 2021 to be approved by the board, with the aim of simplifying to the extent possible the bonus pool scorecard. • Established, for submission to the board, the achievement scales for the annual and multi-year performance targets and weightings.
Remuneration of other executives whose activities may have a significant impact on the Group's risk profile (Identified Staff)	
Remuneration for other executives who are Identified Staff but not senior management	<ul style="list-style-type: none"> • Reviewed the fixed and variable remuneration ratios for control functions to ensure alignment with regulation and overall consistency with their control objectives. • Set key remuneration elements for Identified Staff. • Reviewed and updated the composition of Identified Staff to recognize employees who qualify for inclusion in this category. • Submitted a proposal to the board, for subsequent submission to the 2020 AGM, regarding the approval for maximum variable remuneration of up to 200% of the fixed component for group employees whose activities have a material impact on the Banco Santander or Group's risk profile, this includes executive directors. • Reviewed certain compensation schemes to support the attraction and retention of key talent to help drive digitalization, as well as the application of different incentives implemented across the Group, and the level of achievement of the long term metrics associated with past deferred remuneration.
Assist the board of directors in supervising compliance with remuneration policies	<ul style="list-style-type: none"> • Reviewed director remuneration programmes to align with the Group's results, culture and risk appetite; and that no incentives are offered to assume risk above the tolerated level by the Banco Santander, therefore promoting effective risk management. • Reported to the board on an external adviser's remuneration policy assessment in view of Act 10/2014, which dictates that a credit institution's remuneration policy will be subject, at least once a year, to an independent internal review to confirm compliance with remuneration guidelines and procedures adopted by the board of directors.
Gender pay	
<ul style="list-style-type: none"> • Continued the implementation of the diversity and inclusion strategy on remuneration, including progress against gender targets to support reducing the gender pay gap. Reviewed gender and equal pay data within the Group, comparing year-on-year data and against the set targets, promoting measures to improve them. The gender pay gap (average pay comparison between men and women) and the equal pay gap (comparison of pay for the same job, level, and/or area: 'equal pay for equal work'), remain key areas of focus within the Group's strategy. See section 'A talented and engaged team' in the 'Responsible banking' chapter, for additional information. 	
Internal governance	
Governance	<ul style="list-style-type: none"> • Supervised the alignment of the Group's companies with Banco Santander's commitment during the covid-19 in remuneration practises and in remuneration on local boards reduction. • Assessed the impact of compensation regulation changes, in particular, the definition, impact and expected timeline of the European Union agreement to revise executive remuneration rules (compensation chapter of Capital Requirement Directive "CRD V", updating "CRD IV").
Information for the general shareholders' meeting and corporate documentation	
Reporting to shareholders	<ul style="list-style-type: none"> • At our April 2020 AGM, Bruce Carnegie-Brown acting as the committee's chair, reported to the shareholders on the matters and activities within the purview of the committee during 2019.
Corporate documents for 2020	<ul style="list-style-type: none"> • Drafted this report on the committee's activities in 2020, which includes an analysis of its performance and the priorities identified for 2021 following the effectiveness assessment of the board and its committees.

Annual assessment of the committee and its achievement of 2020 objectives

The committee's effectiveness review for 2020 was part of an external independent consultant's review of the board. It covered the committee's structure, composition, processes and behaviours, concluding that it is fit for purpose and effective. For more details about the findings resulting from the assessment see 'Board assessment in 2020' in section [4.3](#).

The committee addressed all the priorities that were identified for 2020. Among the salient actions, it:

- Remained focused on leading remuneration practices and how these were applied across the Group. This included compensation schemes that support the attraction and retention of critical skillsets needed to drive Santander's strategy, as well as simplifying executive remuneration to ensure that structures were Simple, Personal and Fair, and consider ESG factors. Insights provided by the lead independent director about his contact with key shareholders and proxy advisors on remuneration aided the committee's work in this regard.
- Supported executive and non-executive director pay cuts to contribute to the fight against the covid-19. This also led to certain subsidiaries reducing board fees in light of Banco Santander's commitment during the pandemic.
- Addressed the importance of the gender pay gap and equal pay by overseeing the implementation of the diversity and inclusion strategy on remuneration, including progress against gender targets.

The director remuneration policy report

Pursuant to section 2 of article 529 *novodecies* of the Spanish Companies Act, the remuneration committee issues this report in respect of the proposed director remuneration policy for 2021, 2022 and 2023. It will be submitted by the board of directors at the next 2021 AGM as a separate item on the agenda and is an integral part of this report. See section [6.4](#) 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.

This remuneration policy is prepared by the Compensation function of Banco Santander with the input received during the year from the remunerations committee and the board of directors on the matters covered by it. Each January a first draft of this policy is submitted to the remuneration committee for analysis and discussion. This meeting considers the inputs received, through its chairman and lead director, from shareholders and other stakeholders in the dialogue held with them during the year, in order to obtain their opinion on our corporate governance and, in particular, our remuneration structures.

Regulatory recommendations and legal or regulatory requirements that may have been established since the last time the director remuneration policy was submitted for approval by the annual general meeting are also taken into account. In addition, the committee oversees that the policy is aligned with the Group's culture and values in accordance with our Simple, Personal and Fair values. After that, the Compensation function prepares the final draft policy for its final report by the remuneration committee and approval by the board of directors in February.

Based on its analysis and supervision of the remuneration policy, the remuneration committee believes that the director remuneration policy for 2021, 2022 and 2023 (found in section [6.4](#) below) conforms to the principles of Banco Santander's remuneration policy and the remuneration system set out in the Bylaws.

This policy now considers, among others, the simplification of the executive framework, by reducing the number of metrics used in the pool calculation from 7 to 4 (NPS, CET1, ROTE and Cost of Credit), combining simplicity with the acknowledgment of the most relevant aspects for clients, results, financial strength and the appropriate management of the risk of the entity, as well as compliance with ESG goals.

2021 priorities

The committee identified the following priorities for 2021:

- Keep incentive measures under continuous review to ensure they continue to align with our strategic aims and drive the right culture and behaviours; balancing the needs of our people, customers, communities, shareholders and regulators.
- Continue to enhance our employee value proposition with a view to attracting and retaining key talent for the Group.
- Ongoing constant coordination with the remuneration committees of the Group subsidiaries: monitoring the implementation and application of the corporate policies regarding remuneration to ensure a consistent approach in this respect.
- Manage and improve pay equality across the Group.

4.8 Risk supervision, regulation and compliance committee activities in 2020

'During 2020, the committee has supported and advised the board of directors in defining and assessing risk policies affecting the Group and in determining the current and future risk appetite and the strategy and culture in this area, the identification of the various types of financial and non-financial risk, and the measures planned to mitigate the impact of identified risks in the event that they materialise.

This year, the committee has been deeply involved in the monitoring of the actions and risks derived from the covid-19 situation and has received updates in this regard. The committee has continued discharging its core role as set out in the Rules and regulations of the board, focused not only on the day to day risks, but also on the more strategic non-traditional risks whilst doing so in full coordination with the board and its committees. In this regard, the committee held a strategic session in October 2020, fully focused on strategic risks, supported by external speakers. This approach will continue in 2021.

There have been two changes to the membership of the committee during the year: Luis Isasi and R. Martín Chávez joined the committee in May 2020 and October 2020 respectively, acknowledging the fact that Ignacio Benjumea and Esther Giménez-Salinas left the committee upon their resignation from the board. I would like to take this opportunity to thank Ignacio and Esther, on behalf of the committee, for their hard work and contribution and to welcome Luis and R. Martín, who bring a diverse range of skills and experience to the committee.'

Álvaro Cardoso de Souza

Chairman of the risk supervision, regulation and compliance committee



This section is the report on the activities of the risk supervision, regulation and compliance committee. It was prepared by the committee on 19 February 2021 and approved by the board of directors on 22 February 2021.

Composition

Position		Category	Appointed on
Chairman	Álvaro Cardoso	Independent	23/04/2018 ^A
	R. Martín Chávez	Independent	27/10/2020
Members	Luis Isasi	Other external	19/05/2020
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	28/10/2016
Secretary	Jaime Pérez Renovales		

A. Committee chair since 1 October 2020.

The board of directors appointed the committee's members based on their skills and expertise pertaining to matters within its purview.

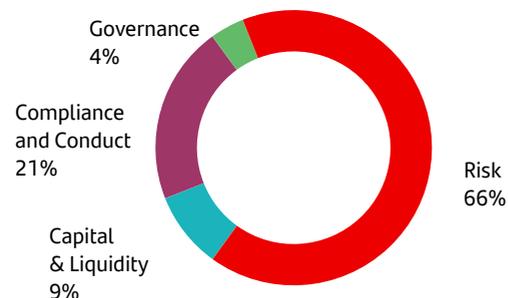
Further information can be found in section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section 4.2.

In 2020 Ignacio Benjumea and Esther Giménez-Salinas stepped down from the committee. Luis Isasi and R. Martín Chávez became members on May and October 2020, respectively, to fill their vacancies.

Time allocation

In 2020, the committee held 13 meetings. 'Board and committee attendance' in section 4.3 provides information on committee members' attendance and the estimated average time they spent on preparing and participating in meetings.

The chart below shows the committee's approximate time allocation to each function in 2020A.



A. All topics about regulatory and supervisory relations discussed in 2020 are included in each task provided in the chart.

Duties and activities in 2020

This section summarizes the risk supervision, regulation and compliance committee's activities in 2020.

Duties	Actions taken
Risk	
Assist the board in (i) defining the Group's risk policies, (ii) determining the risk appetite strategy and culture and (iii) supervising their alignment with the Group's corporate values	<ul style="list-style-type: none"> Carried out an overview of the Group's risks, conducted specific analyses by unit and risk type and assessed proposals, issues and projects relating to risk management and control. The Group's main subsidiaries and businesses presented an update on their risks to this committee. Submitted to the board the approval of the risk appetite statement, including proposals for new metrics. Carried out quarterly reviews on compliance with the risk appetite limits. Coordinated with the responsible banking, sustainability and culture committee the supervision and evaluation of the alignment of risk appetite and limits with corporate culture and values. Received information on the proper management and control of risks within the Santander Group, particularly the risk profile assessment (RPA) and the risk control self-assessment (RCSA), two of the main tools for controlling these risks. As part of the overall risk strategy, the RPA continued to evolve with a focus on the control environment component, mainly in non-financial risks. The RCSA discussion provided an overview of the main risks identified for the Group and reported on the progress and next steps of the integration between RCSA, control certification and other risk assessments. Oversaw the update of our social and environmental policies (in coordination with the responsible banking, sustainability and culture committee), which set out the financing criteria and prohibited actions in specific sectors such as energy, mining and soft commodities. Monitored, in full coordination with the innovation and technology committee, risks stemming from technological obsolescence and cybersecurity, including data leakage, incident and vulnerability detection, patch management, network security and access control, amongst others. Received reports on major IT developments and projects. Supervised the risks associated with the main corporate transformation programs analysed by Banco Santander and the measures proposed to mitigate them. In particular, it monitored the risks associated with PagoNxt (the new payments platform of Banco Santander), One FCC (the strategic project to address FCC risk) and our enhanced internal model risk management. Reviewed the 2020 recovery plan, assessed the group's resilience in severe stress scenarios and submitted it to the board of directors for approval. Reviewed the risks associated with the 5-year strategic plan, S25 (until 2025) and the 3-year strategic financial plan, P-23 (from 2021 to 2023), which analyses the Group's priorities and projects and quantifies a financial plan for the next three years. It also reviewed the alignment of these plans with the Group's risk appetite.
Covid-19	<ul style="list-style-type: none"> Reviewed the macroeconomic landscape and the impact on 2020 provisions due to covid-19. Received regular updates on the most affected portfolios and those under moratoria programmes and holiday payments across the different subsidiaries. Oversaw the monitoring carried out to proactively identify customers with credit issues in the areas of recoveries and collections, ensuring that prudent practices were in place to mitigate compliance and conduct and reputational risks associated to recoveries whilst providing support to our clients.
Risk management and control	<ul style="list-style-type: none"> Received regular updates on the top risks being managed and the adequacy of mitigating controls. Analysed the emerging risks and how they affect to the different geographies and risk areas. Held a strategic session attended by the chair of the responsible banking, sustainability and culture committee to discuss Banco Santander' top emerging risks with deep dives into climate change and demographics. Received, along with other board members, a specific training session on climate change which contributed to the committee's work in this regard in full coordination with the responsible banking, sustainability and culture committee. Supported the board in conducting stress tests of Banco Santander. It assessed the scenarios and assumptions to be used in such test, analyzing the results and the measures proposed by the Risk function. Ensured that Banco Santander' stress test programme aligned with EBA Guidelines 2018/04. Special focus continued on non-performing loans and non-performing assets. Received periodic information about market and structural risk of Banco Santander and reviewed counterparty risk. Monitored non-financial risks, including legal, vendor and climate-related risks, which remained key areas of focus. Continuously examined the Brexit situation, including its impact on risk to Santander UK and the Group and our preparedness to reduce and mitigate such risks.
Supervise the Risk function	<ul style="list-style-type: none"> Ensured the independence and effectiveness of the Risk function and that sufficient human resources were duly provided. Assessed the Risk function and the performance of the CRO in joint session with the remuneration committee, to inform the board in order to establish his variable pay. Reviewed new appointments to key positions in the Santander Group' Risk function.

Duties

Actions taken

Collaboration to establish rational remuneration policies and practices

- Held a joint session with the remuneration committee to confirm that remuneration schemes factor in risk, capital, and liquidity and that offered no incentives to assume risks above the level tolerated by Banco Santander in line with adequate and effective risk management.
- Analyzed with the remuneration committee the factors used to determine the ex-ante risk adjustment of total variable pay assigned to the units based on how previously assessed risks materialised.
- Revised the 2020 bonus pool and results of the annual exercise to identify employees whose work had a material impact on the group's risk profile.

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

- Reviewed the internal capital adequacy assessment process (ICAAP) prepared by the finance department and reviewed by the risk function, in accordance with industry best practices and supervisory guidelines, and submitted it to the board for approval. Moreover, reviewed a capital plan based on the scenarios envisaged over a three-year period.
- Endorsed the Pillar III disclosures report, which was submitted to, and finally approved by, the board. The report describes various aspects of the Group's capital and risk management and provides an overview of the function, base capital and prescribed capital requirements, policies for managing the risks undertaken by Banco Santander from a capital consumption standpoint, the composition of the Group's portfolio and its credit quality, measured in terms of capital, and the roll-out of advanced internal models.
- Reviewed the internal liquidity adequacy assessment process (ILAAP) and assessed the liquidity plan in view of the Group's business model, and submitted it to the board for approval.
- Continuously monitored capital levels and capital management, including the 2020 securitizations plan.

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

- Reviewed and approved the 2020 Compliance program (Group and local units) and new SCIB Compliance and Conduct operating model.
- Acknowledged, challenged and endorsed the new Compliance and Conduct strategy (*One Compliance*).
- Endorsed the appointment of the Group's new CCOs (among others, the new CCO of the project *One Santander in Europe*) prior to its final submission to and approval by the nomination committee.
- Received monthly reports on conduct and compliance matters as part of the risk and compliance monthly report, covering regulatory issues, product governance and consumer protection, reputational risk, internal and external events, notifications and inspections by supervisors, covid-19 updates, among others.
- Assessed the Compliance and Conduct function (including its staffing and resourcing suitability) as well as the Group chief compliance officer's performance in a joint session with the remuneration committee, with the purpose of informing the board to set her variable pay.

Regulatory compliance

- Monitored compliance with regulatory requirements regarding:
 - The Dodd Frank Title VII update.
 - Adaptation to the Volcker Rule compliance programme in line with recent amendments, continuing the oversight of this regulation in 2020.

Regulatory compliance - Supervise the whistleblower channel (Canal Abierto)

- Received an annual update on the *Canal Abierto* (the model of whistleblowing channel in Grupo Santander) and was informed of its changes, aimed at permitting the communication of irregularities not only by employees but also by other persons related to Banco Santander, such as directors, shareholders, suppliers, contractors and subcontractors, guaranteeing confidentiality and allowing for anonymous communications.
- Helped to ensure that the Group's culture is embedded through increasing awareness on the importance of Speaking Up.
- Reviewed the measures taken in the different countries on the back of incidents reported through whistleblowing channels, in particular in relation to breaches of regulatory requirements, codes of conduct and implementing regulations as well as breaches of corporate values and irregularities of potential significance of any nature, other than whose power is attributed to the audit committee.

Financial crime compliance (FCC)

- Oversaw the Group's observance with FCC regulations as well as the activities carried out by the function. In particular:
 - Received an overview of its strategy, including the Group' priorities and associated peer benchmarking.
 - Received monthly updates on the most relevant FCC risks and other matters relevant to its four main pillars of the function (Governance, Know Your Customer, Transaction Monitoring and Sanctions).
 - Obtained monthly quantitative information on risk appetite metrics and other indicators considered critical to its performance, being aware of the indicators that were in excess of the proposed thresholds and the corresponding action plans.
 - Received the recommendations and observations stemming from the annual independent expert report about Banco Santander in accordance with the Spanish Law 10/2010 and Royal Decree 304/2014 (on anti-money laundering and terrorism financing).
 - Held on a bi-annual basis specific sessions on the status of the FCC function.

Product governance and consumer protection

- Received an update on the status of customer complaints in 24 countries and 9 SCIB branches, as well as on the associated action plans to address deficiencies and mitigate detriment to customers.
- In a joint session with the remuneration committee, learned about the progress of the local action plans regarding internal sales force remuneration and received an overview of the assessment on the external sales force regarding its potential conduct risk impact.
- Received information on the main risks identified, concerns, priorities, actions taken by the product governance and consumer protection unit to mitigate conduct risks with retail customers, including product governance activity and monitoring.

Duties	Actions taken
Governance	
Corporate governance and internal governance	<ul style="list-style-type: none"> • Received quarterly updates from the chairman of the responsible banking, sustainability and culture committee on the matters discussed by such committee. • Worked alongside the audit committee, with which it held a joint meeting to share information on common issues, including the Group's risk management, risk model, complaints submitted to <i>Canal Abierto</i>, vendor risk management, legal risk, and internal auditing in the Risk and Compliance division.
Regulators and supervisors	
Regulatory and supervisory relations	<ul style="list-style-type: none"> • Received regular updates on regulatory and supervisory relations and maintained focus on the most relevant developments related to the SSM, the Single Resolution Board (SRB), the supervisors of all the Group's subsidiaries and the Supervisory Review and Evaluation Process (SREP).
Information for the general shareholders' meeting and corporate documentation	
Corporate documents for 2020	<ul style="list-style-type: none"> • Drafted the report on its activities in 2020, which includes an analysis of its performance and the priorities identified for 2021 following the assessment of the board and its committees.

Annual assessment of the committee and its achievement of 2020 objectives

The committee's effectiveness review for 2020 was part of an external independent consultant's review of the board. It covered the committee's structure, composition, processes and behaviours, concluding that it is fit for purpose and effective. For more details about the findings resulting from the assessment see 'Board assessment in 2020' in section 4.3.

In 2020, the committee addressed all the priorities that were identified for 2020. Among the salient actions, it:

- Monitored the Group's risks and risk indicators, especially relevant to monitor the impacts of the pandemic, and ensured that risk profiles remained within the risk appetite limits set by the board. In particular, it devoted additional efforts to the analysis of the potential risks derived from the macro-economic situation in the different geographies where the Group operates, backed up by regular country reporting on key risks relevant to their jurisdiction.
- Focused on the analysis of Banco Santander's emerging risks and held a strategic session (attended by external speakers) to review top strategic risks.
- Coordinated with other board committees, to ensure full alignment and to share matters of mutual interest.
- Ensured that the Risk and Compliance and conduct functions remained effective and appropriately resourced.

2021 Priorities

The committee has identified the following priorities for 2021:

- Continuing focus on Group's top risks, early warning indicators, impacts and mitigation actions in order to assure that risks are appropriately managed with risks profiles remaining within the risk appetite limits approved by the board.
- Remaining alert to emerging and non-traditional risks to enable key strategic changes in the business environment to be anticipated. These risks will be discussed at at least one strategic meeting of the committee in 2021.
- Proactively support economic recovery after the covid-19 crisis, in particular by overseeing the Group's credit-related policies to help our customers and foster their economic resilience during the crisis, while maintaining the strength of Banco Santander's capital and liquidity.
- Ongoing focus on the main business units, geographies and new businesses (including new digital platforms), with an additional focus on emerging business strategically relevant for the Group.
- Continuing close coordination with other board committees to ensure they are all aware of and leverage areas of mutual interest.
- Continuing working on the committee's effectiveness to make sure that its role is discharged in the most tangible and effective manner, following the recommendations of the institutional effectiveness assessment.

4.9 Responsible banking, sustainability and culture committee activities in 2020

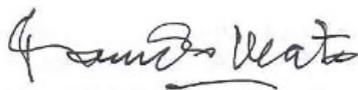
'During 2020, the committee has continued assisting the board of directors in fulfilling its oversight responsibilities with respect to the responsible business strategy and sustainability issues. The committee has had a special focus this year on the sustainable finance and green agenda across the main regions and businesses of the Group, climate change strategy, culture (maintaining our commitment on our Simple, Personal and Fair way of doing business), proactively being part of the solution and monitoring responsible business practices in relation to the covid-19 pandemic (including, among others, the interaction with customers, monitoring the practices associated with the government programs and recoveries and collection activities, as well as with other different stakeholders, such as investors, vendors, shareholders, employees, and the public opinion in general).

The committee has continued its coordination activities, not only with the board of directors, but also with the main committees such as the risk supervision, regulation and compliance committee, remuneration committee, audit committee and nomination committee.

During 2020, Ignacio Benjumea and Esther Giménez-Salinas left the committee upon their resignation from the board. I would like to take this opportunity to thank Ignacio and Esther, on behalf of the committee, for their contributions. Finally, the executive chairman has left the membership of the committee due to the adaptation of the Rules and regulations of the board to fully comply with the revised Spanish Corporate Governance Code, which recommends that the committee shall be composed solely of non-executive directors. I would like to take this opportunity to also thank Ana Botín for her invaluable contribution as a member of this committee'.

Ramiro Mato

Chairman of the responsible banking, sustainability and culture committee



This section is the report on the activities of the responsible banking, sustainability and culture committee. It was prepared by the committee on 16 February 2021 and approved by the board on 22 February 2021.

Composition

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

A. Committee chair since 1 July 2018.

The board of directors appointed the committee's members based on their skills and expertise pertaining to matters within its purview.

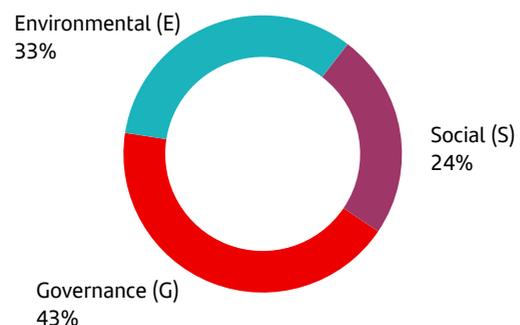
Further information can be found in section [4.1 'Our directors'](#) and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section [4.2](#).

Ignacio Benjumea and Esther Giménez-Salinas stepped down from the committee in 2020. Furthermore, Ana Botín stepped down from the committee in December 2020, in line with best corporate governance practices, which recommend that the committee is made up solely of non-executive directors.

Time allocation

In 2020, the responsible banking, sustainability and culture committee held four meetings. 'Board and committee attendance' in section [4.3](#) provides information on committee members' attendance and the estimated average time they spent on preparing for, and participating in, meetings.

The chart below shows the committee's approximate time allocation to each ESG criteria in 2020.



Duties and activities in 2020

This section summarizes the responsible banking, sustainability and culture committee's activities in 2020 based on ESG criteria.

Duties	Actions taken
Environmental (E)	
Sustainable banking	
Environmental and climate change	<ul style="list-style-type: none"> Engaged on the group's climate change strategy, as well as on the plan and associated actions, in line with our external commitments, and provided feedback to members of the senior management and the board of directors. Reviewed climate-related risks and opportunities and analyzed new climate change regulations Reviewed and discussed the materiality assessment identifying sector exposures to potential climate transition and physical risks and reviewed roadmap to embed climate in banking processes. The chair engaged in the annual strategy session of the risk supervision, regulation and compliance committee on, among other issues, climate change in which the latest developments of the industry, regulators and in the Group were discussed. Received, along with other board members, a training session on climate change covering the latest industry developments and our group's strategy, climate-related business risks and opportunities, commitments related to climate change, next steps to fulfil the United Nations Collective Commitment to Climate Action supporting the transition to a net zero economy.
Sustainable finance	<ul style="list-style-type: none"> Reviewed sustainable finance, which refers to that of activities that have a positive impact on the environment including climate finance which includes that of assets or technologies that entail a reduction in CO₂ emissions (e.g. renewable energy, refurbishment to increase energy efficiency, clean technologies and CO₂ capture and storage). Reviewed Banco Santander's current sustainable finance proposal and the opportunities identified to present a vision across the Group, after working with countries, global businesses and corporate areas. Reviewed the proposal of the new global sustainable framework to issue green, social and sustainable bonds, the rationale for issuing them and the key features of the same.
Santander environmental footprint	<ul style="list-style-type: none"> Reviewed and discussed (i) the direct environmental impact of the group's operations and the implementation status of its new energy efficiency and sustainability plan to reduce the carbon footprint; and (ii) the proposed new initiatives. Reviewed the 2020 emissions' offsetting corporate plan, which will allow the Group to fulfil the goal of becoming a carbon-neutral organization, in regards to its own operations.
Social (S)	
Inclusive banking	
Sustainable finance and financial inclusion	<ul style="list-style-type: none"> Reviewed strategies and plans on responsible banking with a focus on sustainable finance (including financial inclusion) for the regions of North and South America, and the global businesses of SCF, WM&I and SCIB.
Support for higher education	<ul style="list-style-type: none"> Reviewed the current and future contribution to the group's responsible banking strategy of Santander Universidades, which is one of its key strategic components along with sustainable finance and financial inclusion.
Governance (G)	
Responsible banking strategy	
Policies	<ul style="list-style-type: none"> Monitored, supervised and evaluated the policies on responsible business and sustainability and, in particular, on environmental and social matters with the purpose of fulfilling their mission of promoting corporate interest and taking into account, as appropriate, the legitimate interests of the other stakeholders. Participated, together with the risk supervision, regulation and compliance committee in the update of the environmental and social risk management policy, evaluating and making proposals to the board as to advisable changes. This policy establishes how the environmental and social risks are identified in the oil and gas, energy, mining and metals and in soft commodities sectors.
Governance	<ul style="list-style-type: none"> Coordinated with the other committees on issues relating to culture and values, responsible banking practices and sustainability in order to ensure that adequate and effective control processes were in place and that risks and opportunities relating to sustainability and responsibility were identified and managed in accordance with the responsible banking principles approved by the board. Received regular updates from corporate functions, global businesses and regional units of the different initiatives to drive the responsible banking agenda, enhancing communication and sharing best practices and concerns. The chair maintained close communication with the chair of the risk supervision, regulation and compliance committee and the members of both committees had access to the materials presented to each, as well as to regular reports of both committees to the board of directors to obtain a global overview of key risks and opportunities relating to responsible banking matters. An example of this collaboration has been the participation of committee members and the representatives of the responsible banking function in the annual strategy session of the risk supervision, regulation and compliance committee, to review the potential risks and opportunities of climate change.

Duties	Actions taken
Responsible banking initiatives and challenges	<ul style="list-style-type: none"> Reviewed the responsible banking approach in response to key stakeholders (customers, suppliers and communities) in the context of covid-19 and challenges ahead and discussed the alignment of Banco Santander's activities and priorities with the expectations of society and how Banco Santander can help rebuild a more resilient and inclusive economy moving forward. Received reports from the compliance and conduct function regarding its oversight of potential reputational impacts arising from environmental and social matters. In particular, the status of the emerging conduct and reputational risks due to covid-19 were considered, as well as the level of implementation of corporate recommendations related to conduct with customers and other initiatives impacting the perception of other stakeholders (shareholders, regulators, employees and communities). Received reports on initiatives for facing the challenges relating to the new banking environment and inclusive and sustainable growth. Reviewed metrics and targets, the progress made on priorities, the agenda and proposed commitments relating to responsible banking and the disclosure of such information to the public. Assisted the board in making sure responsible banking targets, metrics and commitments were embedded across the Group and measured effectively. Received reports on the progress made on the implementation plans relating to responsible banking priorities approved for 2020 and the priorities defined with local units for 2020 to 2022. Discussed and validated the scorecard to be proposed to the remuneration committee and the board with specific metrics of responsible banking, which have been taken into account to make specific qualitative adjustments on the quantitative variables of the 2020 bonus pool.
Commitment to sustainability goals	<ul style="list-style-type: none"> Monitored public commitments relating to sustainability goals, including climate change objectives for 2021-2025, in order to adapt to the new business environment and support inclusive and sustainable growth.
Culture and values	
Culture	<ul style="list-style-type: none"> Coordinated with the remuneration committee in its review of the alignment of remuneration schemes with corporate culture and values. Coordinated, through its chairman and other committee members, with the risk supervision, regulation and compliance committee in the supervision and evaluation of (i) the alignment of risk appetite and limits with corporate culture and values; and (ii) the non-financial risks. Reviewed The Santander Way, which is our global culture approved by the board in January 2015, aligned with the group's strategy and complementing Santander's ambition to build a more responsible banking. Since 2015, a common language and behaviour has resulted in our values Simple, Personal and Fair (Simple, Personal and Fair (SPF) permeating all units. Our corporate policy is an important factor in developing coherent initiatives and enabling us to measure our values SPF progress and impact through a strengthened group culture governance, centralized culture coordination within the responsible banking unit and improved measurement. Significant progress continues both globally and locally, resulting in positive tangible results for our people, customers, shareholders and communities. Assisted the board in promoting and embedding corporate culture and values across the Group, monitoring its level of adherence and ensuring that the corporate culture is aligned with the purpose and values of the Group.
SPF with employees	<ul style="list-style-type: none"> Engaged on the global 2020 diversity and inclusion strategy and the actions proposed to drive continued improvement in this regard; and drove actions associated with the inclusion of individuals with disabilities in order to progress towards 2025 targets. Diversity and inclusion are key elements of the entire corporate strategy that affects Santander's relationship with all its stakeholders. Updated on The Santander Way, which contained Santander's public commitments to build a more responsible bank. Our activities and investments help us address a number of the United Nations' Sustainable Development Goals and support the Paris Agreement's objective of combatting climate change and adapting to its effects. Reviewed and discussed the evolution of the former whistleblowing channel to the <i>Canal Abierto</i> model as a means of boosting the group's cultural transformation, promoting an environment in which our employees feel free to speak up without fear. The <i>Canal Abierto</i> was launched in 2019 within the Top 10 subsidiaries of the group and there are currently anonymous channels available in most of the group's units.
SPF with customers	<ul style="list-style-type: none"> Engaged on the group's ten consumer protection principles for promoting our values SPF with customers, as well as the methodology used to measure them and standards for engaging vulnerable customers. Reviewed responsible business practices towards customers, which was a priority of the responsible banking agenda for 2020. The aim of contributing to an increased in customer satisfaction and support loyalty was discussed in connection with two key levers: (i) increasing standards of remuneration practices and awareness across first and second lines of defence; and (ii) training our sales force. The committee reviewed the implementation status of the action plans associated with these two levers. Reviewed the status of the reputational risks due to covid-19.
SPF with suppliers	<ul style="list-style-type: none"> Reviewed details of a pilot program during 2020 to introduce further ESG criteria within our processes of supplier certification and offer review and contracting. The results of the pilot program will be used to assess the risk appetite in connection with introducing greater ESG criteria within our supply chain management in the future.
SPF with general society	<ul style="list-style-type: none"> Reviewed progress of responsible banking and non-financial information communications and marketing.

Duties	Actions taken
Stakeholders engagement	
Non-financial information	<ul style="list-style-type: none"> Coordinated with the audit committee in its supervision and evaluation of the process of preparing and presenting the non-financial information, in accordance with the applicable regulations and leading international standards. Reviewed the 2020 Group's statement of non-financial information, including the independent expert's report, which are set out in the 'Responsible banking' chapter of this annual report.
Indexes and ratings	<ul style="list-style-type: none"> Analyzed global and national awards, rankings and indexes relating to sustainability. Reviewed the reports of the relevant ESG analysts and its ratings and indexes, our position within them compared to our peers, and discussed our action plan to maintain our position in selected ESG ratings and indexes. Reviewed key metrics.
Shareholders and other stakeholders	<ul style="list-style-type: none"> Supervised and monitored corporate reputation and engagement with stakeholders, and helped measure related initiatives. Worked with the nomination committee in the supervision and evaluation of the communication and engagement with shareholders and other stakeholders, ensuring the dissemination and the quality of the information available to them.
Information for the general shareholders' meeting and corporate documentation	
Corporate documents for 2020	<ul style="list-style-type: none"> Drafted this report on the committee's activities in 2020, which includes an analysis of its performance and the priorities identified for 2021 following the effectiveness assessment of the board and its committees.

Annual assessment of the committee and its achievement of 2020 objectives

The committee's effectiveness review for 2020 was part of an external independent consultant's review of the board. It covered the committee's structure, composition, processes and behaviours, concluding that it is fit for purpose and effective. For more details about the findings resulting from the assessment see 'Board assessment in 2020' in section [4.3](#).

The committee addressed all the priorities that were identified for 2020. Among the salient actions, it:

- Continued to focus on embedding the responsible banking agenda throughout the Group, with emphasis on sustainable financing and inclusive banking; monitored the risks and opportunities of climate change, further integrating them into Banco Santander's strategy and governance through feedback to senior managers and the board; and collaborated on the review of Banco Santander's commitments regarding coal power generation.
- Closely followed issues related to Banco Santander's reputation through the risk, compliance and conduct and communication functions. In particular, the potential impacts of the pandemic on vulnerable customers, together with how Banco Santander committed to be part of the solution as a responsible bank, attracted the attention of the committee.
- Continued to coordinate with other committees, such as the remuneration committee on the alignment of remuneration schemes with our corporate culture and values.

2021 Priorities

The committee identified the following priorities for 2021:

- Assisting the board in setting our climate change strategy, managing the risks this entails and harnessing opportunities and developing sustainable finance proposals towards a lower carbon economy.
- Monitoring responses to the covid-19 crisis, including the status of payment holidays upon expiry, vulnerable customers and the recovery and collection functions, to ensure responsible banking practices are embedded in our customer-centric strategy.
- Monitoring proposed initiatives, targets and metrics to achieve the commitments on diversity and inclusion, financial inclusion, talent management and ethical behaviour.
- Promoting diversity and inclusion and overseeing how our culture, including SPF values, are embedded in the Group.
- Promoting the communication of progress and achievements of the Group to further develop Santander's reputation as one of the world's most sustainable banks.

4.10 Innovation and technology committee activities in 2020

'Through 2020, the committee has reviewed the IT strategy (based on the pillars of agile, cloud, core system evolution, deep technology skills –e.g. API and artificial intelligence– and data) and its execution progress towards the ambition of becoming the leading global financial services open platform. Additionally, the committee received periodic progress updates on group digital priorities and cybersecurity. Given the additional risks of the pandemic, those reviews acquired additional relevance in 2020.

There have been some changes to the membership of the committee during the year: Guillermo de la Dehesa and Ignacio Benjumea left the committee upon their resignation from the board and I became board member and the chair of this committee in October and December, respectively, replacing Ana Botín who remains a member of this committee. I would like to take this opportunity to thank Ignacio, Guillermo and Ana, on behalf of the committee, for their contributions'.

R. Martín Chávez
Chairman of the innovation and technology committee



This section is the report on the activities of the innovation and technology committee. It was prepared by the committee on 27 January 2021 and approved by the board of directors on 22 February 2021.

Composition

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

A. Committee chair since 22 December 2020.

The board of directors appointed the committee's members based on their skills and expertise pertaining to matters within its purview.

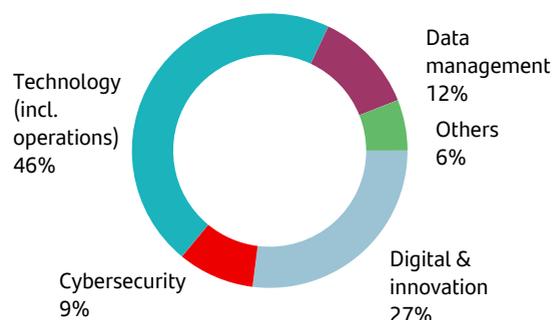
Further information can be found in section 4.1 'Our directors' and 'Board skills and diversity matrix' and 'Committees skills and diversity matrix' in section 4.2.

Ignacio Benjumea and Guillermo de la Dehesa stepped down from the committee in 2020. R. Martín Chávez became a member of the committee on 27 October 2020, and chairs the committee since 22 December 2020.

Time allocation

In 2020, the innovation and technology committee held four meetings. 'Board and committee attendance' in section 4.3 provides information on committee members' attendance and the estimated average time they spent on preparing for, and participating in, meetings.

The chart below shows the committee's approximate time allocation to each function in 2020.



Duties and activities in 2020

This section summarizes the innovation and technology committee's activities in 2020.

Duties	Actions taken
Innovation	
Innovation	<ul style="list-style-type: none"> Oversaw the implementation of the group's innovation agenda, reported to the board on plans and activities relating to innovation and identified major challenges and capabilities relating to innovation. Identified opportunities to accelerate innovation and increase the rate of success of new business models, technologies, systems and platforms in the Group, for which the strategy for the creation of PagoNxt was reviewed. Identified other group initiatives to accelerate digital transformation, such as coaching programs, greater links with start-ups, innovation labs and the creation of a testing environment for new projects (sandbox).
Cybersecurity	
Cybersecurity	<ul style="list-style-type: none"> Built up mechanisms to combat increasing threats, such as controls and automated security. Analyzed the main data loss incidents in other major entities. Supervised the group's cybersecurity threat level and global cybersecurity transformation plan for 2020. Monitored together with the board of directors and the risk supervision, regulation and compliance committee the group's cybersecurity risks (internal data leakage and potential external threats, e.g. ransomware and third party management of customer data), IT strategy (the evolution of the core banking system) and the situation of the compliance systems for financial crime prevention. Reviewed the implementation of the Group's global cybersecurity plan, in addition to major risks and controls to mitigate them. Received updates on employee's cybersecurity training and awareness and identified key areas for future plans.
Digital	
Digital	<ul style="list-style-type: none"> Received an update on the digital strategy (Santander Digital and PagoNxt), forward-looking commitments for 2021 and its execution plans. Checked on the collaboration between local units and business units to undertake digital initiatives, monitoring its execution. Monitored metrics for the digital transformation in terms of return on investments, evolution of the unit cost per product/service/data storage, time-to-market and customer attraction. Reviewed primary digital strategies for transforming and accelerating the growth of new businesses.
Technology and operations	
Technology and operations	<ul style="list-style-type: none"> Reviewed the global technology strategy plan, and its implementation, and reported to the board on plans and activities relating to technology and operations. Informed on the group's main strategic technological priorities, particularly in regard to the implementation of agile, cloud, core system evolution, deep technology skills (e.g. API and AI) and data, partnering global businesses, support functions and retail and small and medium enterprises (SMEs) units (local and regional) while, at the same time, improving cost efficiency and reducing IT risk. Made sure the technology and operations strategy properly addressed relevant issues and the group's priorities. Received reports about the international advisory board's deliberations about technology and innovation.
Data management	
Data management	<ul style="list-style-type: none"> Received updates on the new model and data unit, which resulted from combining Santander Analytics (models) and the former data unit teams in order to have a single point of contact and leverage all existing talent with an end-to-end and cross-functional view of the models and the data value chain. Ensured that the data function's resources were sufficient, validating the adequacy and readiness of the same.
Information for the general shareholders' meeting and corporate documentation	
Corporate documents for 2020	<ul style="list-style-type: none"> Drafted this report on its activities in 2020, which includes an analysis of its performance and the priorities identified for 2021 following the effectiveness assessment of the board and its committees.

Annual assessment of the committee and its achievement of 2020 objectives

The committee's effectiveness review for 2020 was part of an external independent consultant's review of the board. It covered the committee's structure, composition, processes and behaviours, concluding that it is fit for purpose and effective. For more details about the findings resulting from the assessment see 'Board assessment in 2020' in section [4.3](#).

The committee addressed all the priorities that were identified for 2020. Among the salient actions, it:

- Refreshed its composition, which includes the addition of R. Martín Chávez initially as a member and, with effect from 22 December 2020, as committee chair.
- Contributed to highlight the importance of the group's IT strategy and its execution, acknowledging the ambition to become the leading open global financial services platform.
- Supervised the implementation of the policies and actions to mitigate the cybersecurity risks, data management and analytical capabilities of the Group's businesses, taking into account the recommendations and opinions of the international advisory board.

2021 Priorities

The committee identified the following priorities for 2021:

- Supporting the board on the group's innovation strategy, monitoring and responding to trends resulting from new business models, technologies, currencies and products.
- Focusing on the execution of the technology and operations transformation model, implementing a business-led evolution, and cybersecurity monitoring.
- Prioritizing digital strategy and monitoring its delivery, as well as providing recommendations on cross-sectional projects for the Group.
- Supervising that data management is effective and that the new model and data unit run smoothly and has appropriate resources.
- Optimizing the committee's role, functioning and scope in view of the work carried out by the international advisory board.

4.11 International advisory board

Members

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

Composition	Positions
Chairman	Larry Summers Former Secretary of the US Treasury and president emeritus of Harvard University
	Sheila C. Bair Former chairman of the Federal Deposit Insurance Corporation. Former president of Washington College
	Mike Rhodin Board member of TomTom, Syncsort and HzO. Former IBM senior Vice President
	Marjorie Scardino Former CEO of Pearson and director of Twitter
Members	Francisco D'Souza CEO of Cognizant and director of General Electric
	James Whitehurst Chairman and CEO of Red Hat
	George Kurtz CEO and co-founder of CrowdStrike
	Blythe Masters Former CEO of Digital Asset Holdings
	Nadia Schadlow Former deputy National Security Advisor for Strategy and Assistant to the President of the United States
Secretary	Jaime Pérez Renavales

Functions

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

Its members are prominent and respected leaders who possess extensive experience with strategic challenges and opportunities, particularly in terms of innovation, digital transformation and the US market.

Meetings

The international advisory board meets at least twice a year. In 2020, it met in the spring and autumn.

Rationale

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

4.12 Related-party transactions and conflicts of interest

Related-party transactions

Directors, senior managers and significant shareholders

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

As per the Rules and regulations of the board, the board of directors must analyze transactions between Banco Santander or Group companies and directors; shareholders holding a significant individual interest or with others, including shareholders represented as board members in Banco Santander or other Group companies; or people related to them.

Related-party transactions are subject to a favourable opinion issued by the audit committee and approval by the board, except in cases where the law requires that they should be approved at a general meeting. In cases of emergency, they may be authorised exceptionally by the executive committee and subsequently confirmed by the board.

Related-party transactions are to be assessed for its authorization according to the principle of equal treatment and market conditions.

Nonetheless, the board is not required to authorize transactions that simultaneously meet the following three conditions:

- Are carried out under agreements with basic standard terms that usually apply to customers contracting the product or service in question.
- Are entered into prices or rates set by the party acting as supplier of the goods or service in question, or arm's length terms and conditions for commercial relations with similar customers, where the goods or services are not subject to set rates that already exist.
- Equal an amount that does not exceed 1% of Banco Santander's annual income.

In 2020, following due enquiry, no board member, person represented by a director or shareholders that own, whether individually or together with others, a significant interest, or persons related to them carried out transactions with Banco Santander that were considered significant or under non-market conditions.

The audit committee confirmed that all related-party transactions completed during the year fully complied with the abovementioned conditions so as not to require approval from the governing bodies as mentioned in the audit committee activities report under section [4.5 'Audit committee activities in 2020'](#).

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

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

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

Note [5.f](#) of the 'consolidated financial statements' lists the Santander Group's direct risks in the form of loans, credits and guarantees extended to directors and senior managers in the ordinary course of business as of 31 December 2020. The terms and conditions of these transactions are the same as those performed under market conditions or applied to other employees, and the corresponding benefits in kind are imputed to them, where applicable.

Intra-group transactions

Intra-group transactions are performed under the same rules, approvals and procedures as transactions with customers in addition to mechanisms to ensure they are subject to market prices and conditions

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

Conflicts of interest

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

Directors and senior managers

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

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

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

In 2020, no director reported having any conflict of interest with the Group, despite abstaining on 43 occasions from deliberations and votes on matters at board and committee meetings. On 20 occasions, directors abstained owing to proposals to appoint, re-elect or remove directors, or appoint them to board committees or to the boards of Grupo Santander companies. On 10 occasions, the matter under consideration related to remuneration, loans or credits and on 1 occasion, the matter was a risk transaction between Banco Santander and a company related to a director. Lastly, on 12 occasions, directors abstained in respect of the annual verification of their status and suitability.

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

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

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

Group companies

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

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

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

5. Management team

The table below shows the profiles (Senior Executive Vice President —SEVP—) of the Banco Santander's senior managers (other than the executive directors described in section [4.1 'Our directors'](#)) as of 31 December 2020.

Rami Aboukhair	COUNTRY HEAD – SANTANDER SPAIN	Born in 1967, Rami Aboukhair joined Grupo Santander in 2008 as a director of Santander Insurance and head of Products and Marketing. He had also served as managing director of products, marketing and customers at Banco Español de Crédito, S.A. (Banesto) and managing director and head of Retail Banking at Santander UK. In 2015, Mr Aboukhair was appointed country head of Santander España. In 2017, he was named chief executive officer of Banco Popular Español, S.A. until it merged with Banco Santander, S.A. He is currently country head of Santander España.
Lindsey Argalas	HEAD OF SANTANDER DIGITAL	Born in 1974, Lindsey Argalas joined the group in 2017 as senior executive vice-president and group head of Santander Digital. Previously, she had served as principal of The Boston Consulting Group (BCG) (1998-2008) and as senior vice-president and chief of staff to the CEO of Intuit Inc. (2008-2017).
Alexandra Brandão	GLOBAL HEAD OF HUMAN RESOURCES (*)	Born in 1978, Alexandra Brandão joined Grupo Santander in 2003 as head of Products and Services for Individuals at Santander Totta. From 2012 to 2016, she was global head of Knowledge and Development at the Grupo Santander Corporate Centre; head of Human Resources from 2016 to 2018; and head of Commercial Management and Segments at Santander Portugal from 2019 to 2020. Ms Brandão is member of the board of directors of Banco Santander Uruguay.
Juan Manuel Cendoya	GROUP HEAD OF COMMUNICATIONS, CORPORATE MARKETING AND RESEARCH	Born in 1967, Juan Manuel Cendoya joined Banco Santander in July 2001 as group senior executive vice-president and head of the Communications, Corporate Marketing and Research division. In 2016, Mr Cendoya was appointed vice-chairman of the board of directors and head of Institutional and Media Relations of Santander España. He is also a member of the board of directors of Universia España Red de Universidades, S.A. Previously, he had been head of the legal and tax department of Bankinter, S.A. He is a government lawyer and a non-executive director at Arena Communications Network, S.L.
José Doncel	GROUP HEAD OF ACCOUNTING AND FINANCIAL CONTROL	Born in 1961, José Doncel joined Grupo Santander in 1989 as head of Accounting. Previously, he had served as head of accounting and financial management at Banco Español de Crédito, S.A. (Banesto) (1994-2013). Mr Doncel was appointed senior executive vice-president and head of the Internal Audit division in 2013 and group head of Accounting and Financial Control in 2014. He currently serves as the Group's chief accounting officer.
Keiran Foad	GROUP CHIEF RISK OFFICER	Born in 1968, Keiran Foad joined Grupo Santander in 2012 as deputy chief risk officer at Santander UK. Previously, he held risk and corporate leadership roles at Barclays Bank plc (1985-2011) and served as chief risk officer at Northern Rock plc. In 2016, he was appointed senior executive vice-president and deputy chief risk officer of Banco Santander, before being appointed the group chief risk officer in 2018.

José Antonio García Cantera	GROUP CHIEF FINANCIAL OFFICER	Born in 1966, José Antonio García joined Grupo Santander in 2003 as senior executive vice-president of Global Wholesale Banking of Banco Español de Crédito, S.A. (Banesto). In 2006, he was appointed chief executive officer of Banesto. Previously, Mr García had served on the executive committee of Citigroup EMEA, as well as the board of directors of Citigroup Capital Markets Int, Ltd. and Citigroup Capital Markets UK. In 2012, he was appointed senior executive vice-president of Global Corporate Banking. He currently serves as the group chief financial officer.
Juan Guitard	GROUP CHIEF AUDIT EXECUTIVE	Born in 1960, Juan Guitard joined Grupo Santander in 1997 as head of Human Resources at Santander Investment, S.A. Previously, he had been general counsel and secretary of the board of Santander Investment, S.A. and Banco Santander de Negocios, S.A. In 2013, Mr Guitard was head of Banco Santander's Risk division. In November 2014, he was appointed head of the Internal Audit division. Currently, he serves as the group chief audit executive. He is also a state attorney.
José María Linares	GLOBAL HEAD OF CORPORATE & INVESTMENT BANKING	Born in 1971, José María Linares joined Grupo Santander in 2017 as senior executive vice-president and global head of Corporate and Investment Banking. Previously, he served as an equity analyst at Morgan Stanley & Co. New York (1993-1994). He worked as senior vice-president and senior Latin America telecom equity analyst at Oppenheimer & Co. New York (1994-1997), as well as senior director Latin America TMT equity analyst at Société Générale, New York & São Paolo (1997-1999). Mr Linares joined JP Morgan in 1999 and was subsequently appointed managing director and head of global corporate banking at J.P. Morgan Chase & Co. (2011-2017). In 2017, he was appointed senior executive vice-president of Grupo Santander and global head of Corporate and Investment Banking.
Mónica López-Monís	GROUP HEAD OF SUPERVISORY AND REGULATORY RELATIONS	Born in 1969, Mónica López-Monís joined Grupo Santander in 2009 as general counsel and secretary of the board of Banco Español de Crédito, S.A. (Banesto). Previously, she had been general counsel at Aldeasa, S.A. and Bankinter, S.A., as well as independent director at Abertis Infraestructuras, S.A. In 2015, Ms López-Monís was appointed senior executive vice-president of Santander and group chief compliance officer. She has been the group's head of Supervisory and Regulatory Relations since September 2019 and is a state attorney.
Javier Maldonado	GROUP HEAD OF COSTS	Born in 1962, Javier Maldonado joined Grupo Santander in 1995 as head of the International Legal division of Banco Santander de Negocios, S.A. Mr Maldonado held several roles at Santander UK and in 2014 was appointed senior executive vice-president of Santander and head of Coordination and Control of Regulatory Projects. He currently serves as group senior executive vice-president and head of Costs.
Dirk Marzluf	GROUP HEAD OF TECHNOLOGY AND OPERATIONS	Born in 1970, Dirk Marzluf joined Grupo Santander in 2018 as senior executive vice-president and head of IT and Operations. Previously, he had served as CIO at AXA Group since 2013, leading the insurance group's technology and information security transformation and co-sponsoring its digital strategy. Mr Marzluf also held global roles at Accenture, Daimler Chrysler and Winterthur Group.
Victor Matarranz	GLOBAL HEAD OF WEALTH MANAGEMENT & INSURANCE	Born in 1976, Víctor Matarranz joined Grupo Santander in 2012 as head of Strategy and Innovation at Santander UK. In 2014, he was appointed senior executive vice-president and head of the Executive Chairman's Office and Strategy. Previously, Mr Matarranz had held several roles at McKinsey & Company, where he had become partner. He currently serves as global head of Wealth Management & Insurance.

José Luis de Mora	GROUP HEAD OF STRATEGY AND CORPORATE DEVELOPMENT AND OF CONSUMER FINANCE (SANTANDER CONSUMER FINANCE)	Born in 1966, José Luis de Mora joined Grupo Santander in 2003. Since then, he has been in charge of the group's Strategic Plan Development and Acquisitions. In 2015, he was appointed group senior executive vice-president and group head of Financial Planning and Corporate Development. He was appointed head of Santander Consumer Finance on 1 January 2020 and CEO of the same entity on 17 December 2020.
Jaime Pérez Renovales	GROUP HEAD OF GENERAL SECRETARIAT AND HUMAN RESOURCES (*)	See profile in section 4.1 'Our directors' .
Javier San Félix	HEAD OF SANTANDER GLOBAL PAYMENTS	Born in 1967, Javier San Félix joined Grupo Santander in 2004 as head of strategic planning in the Consumer Finance division. He was appointed director and executive vice-president of Santander Consumer Finance in Spain in 2005 and chief operating officer of the Santander Consumer Finance division in 2006. From 2012 to 2013, he was the chief executive officer of Banco Español de Crédito, S.A. (Banesto). In 2013, he was appointed senior executive vice-president of Banco Santander, S.A. and head of the Commercial Banking division. From 2016 to 2018, he served as senior executive vice-president and head of retail and commercial banking at Santander UK. He currently serves as head of Santander Global Payments.
António Simões	REGIONAL HEAD OF EUROPE	Born in 1975, António Simões joined Grupo Santander in 2020 as regional head of Europe. He was previously at HSBC, where he held roles including chief executive officer of global private banking, member of the group management board and group executive committee, and chief executive of HSBC Bank plc and chief executive of Europe, encompassing all UK and European operations for HSBC Group.
Marjolein van Hellemond-Gerdingh	GROUP CHIEF COMPLIANCE OFFICER	Born in 1964, Marjolein van Hellemond-Gerdingh joined Santander Group in 2019 as senior executive vice-president and chief compliance officer. Previously, she had been chief compliance officer of several banking and financial entities such as NN Group, Zurich Insurance Company and De Lage Landen International B.V.

(*) Jaime Pérez Renovales continued as head of Human Resources supporting Alexandra Brandão until February 2021, when he leaved the Human Resources function.

6. Remuneration

Sections [6.1](#), [6.2](#), [6.3](#), [6.4](#), [6.5](#), [6.7](#), [9.4](#) and [9.5](#) comprise the annual report on directors' remuneration that must be prepared and submitted to the consultative vote of the general shareholders' meeting.

In addition, section [6.4](#) sets out the directors' remuneration policy for 2021, 2022 and 2023, which is to be put to a vote at the general shareholders' meeting.

The annual report on directors' remuneration and the directors' remuneration policy for 2021, 2022 and 2023 were approved by our board of directors on 22 February 2021, without any votes against or abstentions.

The current remuneration policy for directors is available on our corporate website.

6.1 Principles of the remuneration policy

Director remuneration in their capacity as such

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

Remuneration of directors for executive duties

Banco Santander's remuneration policy for executive duties 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 avert conflicts of interest and discrimination.

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

- Compare relevant data with that on markets and comparable entities on account of the group's size, characteristics and operations.
- 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 2020

A. Composition and limits

According to our Bylaws, the remuneration of directors in their condition as such 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 2020 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 share-linked compensation, subject to prior approval at the general shareholders' 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 the duties of an executive director or otherwise in addition to their oversight and collective decision-making as board members.

Lastly, 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 included in the chart below for 2019 and 2020.

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

Accordingly, the applicable amounts in 2020 and 2019 were:

Amount per director in euros	2020		2019
	1 Apr to 31 Dec	1 Jan to 31 Mar	
Members of the board of directors	49,500	22,500	90,000
Members of the executive committee	93,500	42,500	170,000
Members of the audit committee	22,000	10,000	40,000
Members of the appointments committee	13,750	6,250	25,000
Members of the remuneration committee	13,750	6,250	25,000
Members of the risk supervision, regulation and compliance committee	22,000	10,000	40,000
Members of the responsible banking, sustainability and culture committee	8,250	3,750	15,000
Chairman of the audit committee	38,500	17,500	70,000
Chairman of the appointments committee	27,500	12,500	50,000
Chairman of the remuneration committee	27,500	12,500	50,000
Chairman of the risk supervision, regulation and compliance committee	38,500	17,500	70,000
Chairman of the responsible banking, sustainability and culture committee	27,500	12,500	50,000
Lead director	60,500	27,500	110,000
Non-executive vice chairmen	16,500	7,500	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 services to the board and its committees, particularly as chairman of the appointments and remuneration committees and lead independent director; and for the required time and dedication to perform these roles. However, in line with the board of directors' decision to reduce their allotments and fees with effects from 1 April 2020 explained above, which is shared by Mr. Bruce Carnegie-Brown, the same reduction shall be applied to this amount. Accordingly, the amount assigned for 2020 will be EUR 595,000.

C. Attendance fees

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

The amounts applied until 31 March 2020 were the same as in 2019. On 5 May 2020, as a gesture of responsibility in view of the situation created by the health emergency, the board of directors agreed to reduce their attendance fees by 20% for the balance of 2020, with effect from 1 April 2020, and propose that the amounts saved thereby be used to finance the initiatives of Banco Santander to fight against the covid-19 pandemic.

Attendance fees per director per meeting in euros	2020		2019
	1 Apr to 31 Dec	1 Jan to 31 Mar	
Board of directors	2,080	2,600	2,600
Audit committee and risk supervision, regulation and compliance committee	1,360	1,700	1,700
Other committees (excluding executive committee)	1,200	1,500	1,500

D. Breakdown of bylaw-stipulated emoluments

Total director bylaw-stipulated emoluments and attendance fees received in 2020 amounted to EUR 4.1 million (EUR 4.9 million in 2019). This is 31% less than the amount approved at the general meeting. Each director earned the following amounts for these items:

Directors	Exec utive	Non- executi ve	Amount in euros										Board and committee attendance fees	emoluments and attendance fees	2019
			2020								Total				
			Annual allotment												
Board ^N	EC	AC	ASC	RC	RSRCC	RBSCC									
Ms Ana Botín-Sanz de Sautuola y O'Shea		—	76,500	144,500	—	—	—	—	—	12,750	233,750	55,220	288,970	333,800	
Mr José Antonio Álvarez Álvarez		—	76,500	144,500	—	—	—	—	—	—	221,000	48,620	269,620	312,800	
Mr Bruce Carnegie-Brown		I	326,380	144,500	—	21,250	21,250	—	—	—	513,380	81,620	595,000	700,000	
Ms Homaira Akbari		I	76,500	—	34,000	—	—	—	—	12,750	123,250	79,040	202,290	225,900	
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea ^A		N	76,500	—	—	—	—	—	—	—	76,500	44,720	121,220	136,800	
Mr Álvaro Antonio Cardoso de Souza		I	136,000	—	—	—	—	34,000	12,750	—	182,750	60,420	243,170	275,500	
Mr Ramón Martí Chávez Márquez		I	8,086	—	—	548	5,269	8,430	—	—	22,333	15,120	37,453	—	
Ms Sol Daurella Comadrán		I	76,500	—	—	21,250	21,250	—	—	12,750	131,750	81,920	213,670	239,700	
Manuel Drummond Borges Cirne de		I	76,500	—	34,000	—	21,250	—	—	—	131,750	85,040	216,790	86,746	
Ms Gina Diez Barroso ^E		I	1,973	—	—	—	—	—	—	—	1,973	2,080	4,053	—	
Mr Luis Isasi Fernández de Bobadilla		N	44,389	83,847	—	—	12,361	19,790	—	—	160,387	42,640	203,027	—	
Mr Ramiro Mato García-Ansorena		I	119,000	144,500	34,000	—	—	34,000	12,750	—	344,250	86,160	430,410	500,300	
Mr Sergio Rial ^G		—	42,000	—	—	—	—	—	—	—	42,000	20,800	62,800	—	
Ms Belén Romana García		I	98,044	144,500	34,000	—	—	34,000	12,750	—	323,294	93,980	417,274	524,600	
Mrs Pamela Ann Walkden ^H		I	114,454	—	34,000	—	—	—	—	—	148,454	66,140	214,594	33,915	
Mr Rodrigo Echenique Gordillo		N	74,724	—	—	20,757	—	—	—	—	95,481	60,020	155,501	219,134	
Mr Ignacio Benjuméa Cabeza de Vaca		N	34,500	65,167	—	—	9,583	15,333	5,750	—	130,333	43,140	173,473	432,700	
Mr Guillermo de la Dehesa Romero ^I		N	23,100	43,633	—	6,417	6,417	—	—	—	79,567	28,180	107,747	398,800	
Ms Esther Giménez-Salinas i Colomer ^J		I	63,532	—	—	17,648	—	28,236	10,589	—	120,005	71,400	191,405	228,768	
Mr Carlos Fernández González ^M		I	—	—	—	—	—	—	—	—	—	—	—	213,249	
Total			1,545,182	915,147	170,000	87,870	97,380	173,789	92,839	3,082,207	1,066,260	4,148,467	4,862,712		

A. All amounts received were reimbursed to Fundación Botín.

B. Director since 1 April 2018.

C. Director since 27 October 2020.

D. Director since 17 July 2019.

E. Director since 22 December 2020.

F. Director since 19 May 2020

G. Executive director since 30 May 2020

H. Director since 29 October 2019.

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

J. Stepped down as director on 5 May 2020.

K. Stepped down as director on 3 April 2020.

L. Stepped down as director on 27 October 2020

M. Stepped down as director on 28 October 2019

N Includes emoluments for chairing committees and other roles.

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

EC: Executive committee AC: Audit committee ASC: Appointments committee RC: Remuneration committee

RSRCC: Risk supervision, regulation and compliance committee. RBSCC: Responsible Banking, sustainability and culture committee.

6.3 Remuneration of directors for executive duties

The policy on directors' remuneration for executive duties in 2020 was approved by the board of directors and put to a binding vote at the general shareholders' meeting on 3 April 2020, with 94,40% of the votes in favour. The table below summarises the policy and its implementation for Ana Botín and José Antonio Álvarez.

In the case of Sergio Rial, who was appointed director on April 2020, he has not received any remuneration for executive duties in Banco Santander, S.A. during 2020, but he qualifies as an executive director pursuant to section 529 *duodecies* of the Spanish Companies Act (Ley de Sociedades de Capital), because of his role as CEO and vice-president of Banco Santander (Brasil) S.A. (Santander Brasil).

Component	Type	Policy	Implementation in 2020
Gross annual salary	Fixed	<ul style="list-style-type: none"> • Paid in cash on a monthly basis. 	<ul style="list-style-type: none"> • Ana Botin: EUR 3,176 thousand. • José Antonio Álvarez: EUR 2,541 thousand.
Variable remuneration	Variable	<ul style="list-style-type: none"> • Individual benchmark reference. • Calculated against annual quantitative metrics and a qualitative assessment on account of individual performance. • 50% of each payment is shares withheld for three years, unless the director already holds shares for an amount equivalent to twice their fixed remuneration. The number of shares is set at the time of the award. • 40% paid in 2021; • 60% deferred in five years. <ul style="list-style-type: none"> ◦ 24% paid in equal parts in 2022 and 2023. ◦ 36% paid in equal parts in 2024, 2025 and 2026, provided certain long-term objectives are met (2020-2022). 	<ul style="list-style-type: none"> • See section 6.3 B ii) for details on annual metrics and assessment. • See section 6.3 B iv) for details on long-term metrics. • See section 6.3 B iii) for details on individual variable pay.
Pension scheme	Fixed	<ul style="list-style-type: none"> • Annual contribution of 22% of base salary. 	<ul style="list-style-type: none"> • No change since 2018
	Variable	<ul style="list-style-type: none"> • Annual contribution of 22% of 30% of the average of variable remuneration in the last three years 	<ul style="list-style-type: none"> • See section 6.3 C for details on annual contributions and pension balance.
Other remuneration	Fixed	<ul style="list-style-type: none"> • Includes life, accident and medical insurance, and other in-kind compensation. • Includes a fixed remuneration supplement in cash (not considered salary or pensionable) since supplementary death and disability benefits were eliminated. 	<ul style="list-style-type: none"> • No change for Ana Botin or José Antonio Álvarez since 2018.
		<ul style="list-style-type: none"> • Payment for non-compete commitment 	<ul style="list-style-type: none"> • N/A.
Shareholding policy	N/A	<ul style="list-style-type: none"> • In addition to the regulatory obligation to hold shares for one year from their grant date, 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 fix annual remuneration. • Ana Botín and José Antonio Alvarez have the obligation to accumulate this 200% within a period of five years since 2016 to demonstrate the shareholding. 	<ul style="list-style-type: none"> • Policy updated during 2020 to assure compliance with recommendation 62 to the Good Governance Code for Listed Companies of the CNMV

A. Gross annual salary

The board resolved to maintain the same gross annual salary for Ana Botín and José Antonio Álvarez for 2020 as in 2019.

Executive directors' gross annual salary and fixed annual contribution to pension for 2020 and 2019 were as follows:

It also maintained the fixed pension contribution of 22% of gross annual salary it had declared in 2019 for 2020.

EUR thousand	2020			2019		
	Gross annual salary	Fixed annual pension contribution	Total	Gross annual salary	Fixed annual pension contribution	Total
Ms Ana Botín-Sanz de Sautuola y O'Shea	3,176	699	3,875	3,176	699	3,875
Mr José Antonio Álvarez Álvarez	2,541	559	3,100	2,541	559	3,100
Mr Rodrigo Echenique GordilloA	—	—	—	600	—	600
Total	5,717	1,258	6,975	6,317	1,258	7,575

A. Stepped down as executive director on 30 April 2019. Non-executive director from 1 May 2019 to 22 December 2020. Figure includes his gross annual salary until he ceased to be an executive director.

B. Variable remuneration

i) General policy for 2020

The board approved the executive directors' variable remuneration on the remuneration committee's recommendation, according to its policy:

- Variable components (including the variable part of the contributions to the benefit systems) of executive directors' total remuneration in 2020 should amount to less than 200% of fixed components, as established by resolution of the annual general shareholders' meeting on 3 April 2020.
- At the beginning of 2021, on the remuneration committee's recommendation, the board approved the final amount of the 2020 incentive, based on the set bonus pool in accordance with the directors' remuneration policy approved at the general shareholders' meeting of 3 April 2020, in consideration of:
 - A group 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 in accordance with the current model as well as (i) their individual objectives, which generally match the group's and cover financial, risk management, client satisfaction and social impact metrics, such as being among the Top 10 companies to work for in the group's main geographies or financial empowerment objectives; and (ii) how they achieve them, with consideration for how they manage employees and have adhered to corporate values.

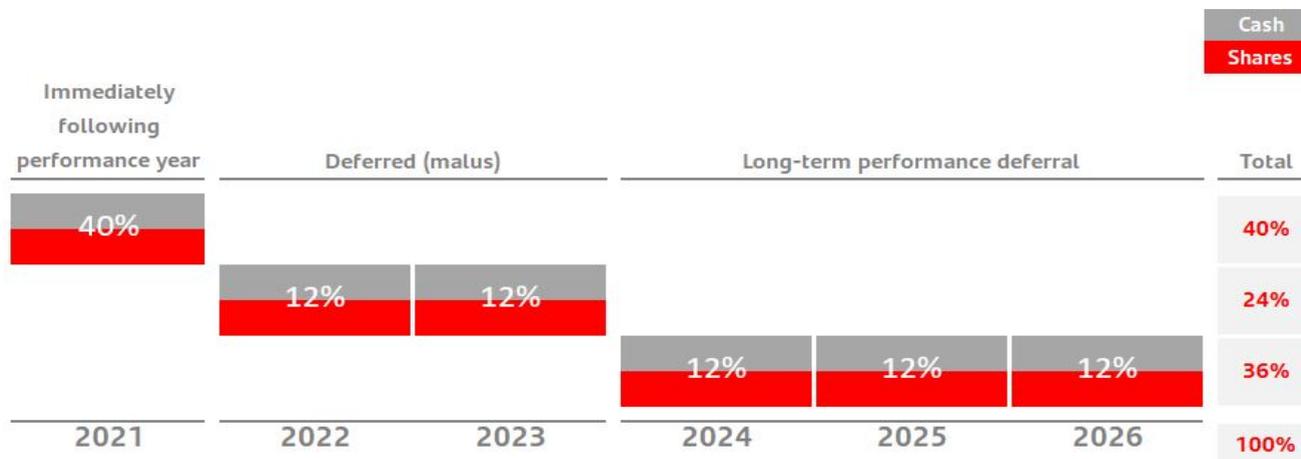


A. Any exceptional adjustment supported by evidence

Quantitative metrics and qualitative assessment aspects are described below.

- Payment of the approved incentive is split equally into cash and shares. 40% is paid in 2021, 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 2022 and 2023, (24% of the total) will be paid if none of the malus clauses described below are triggered.
 - The deferred amount payable in 2024, 2025 and 2026, (36% of the total) will be paid if the malus clauses are not triggered and the multi-year targets described below are reached. These targets can only reduce these amounts and the number of deferred shares (which can be lower but not higher).
 - When the deferred amount is paid in cash, the beneficiary may be paid the amount adjusted for inflation up to the date of payment.
 - All payments in shares will be withheld for three years after being delivered, unless the director already holds shares for an amount equivalent to twice his/her annual salary.
 - The hedging of Santander shares received during the retention and deferral periods is expressly prohibited. The sale of shares is also prohibited for one year from time they are received.

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 2020

Executive directors’ variable remuneration for 2020 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 2020 on the remuneration committee’s recommendation. This also takes into account the input received from the human resources committee, which for these purpose counts on the participation of the senior management in charge of

the group’s risk, compliance, audit, human resources and general secretariat and financial accounting and control functions, who among others provided input on risk, solvency, liquidity, results’ quality and recurrence, and other compliance and control aspects. The quantitative and qualitative results for the bonus pool resulting from the process above, which are considered by the board, upon recommendation from the remunerations committee, are included in the chart below.

It is worth noting that none of the metrics and targets below have been modified in any manner, despite the exceptional crisis circumstances created by the covid-19 pandemic:

Category and (weight)	Quantitative metrics				Qualitative		Total weighted score
	Metrics	% Achievement over target	Assessment	Weighted assessment ^A	Component	Assessment	
Customers (20%)	Net Promoter Score (NPS) ^C	Target: TOP3 in 6 countries. Achieved: TOP3 in 6 countries ^D	81.3 %	8.13 %	Evaluation of the robustness of the governance, culture and management of conduct risk with our clients	+2.15% - Strength in governance, especially in the approval of products, and relevant improvements in remuneration models, while some aspects of culture and management by the first line of defense are still under development.	20.33 %
	Number of loyal customers ^D	Target: 22,719,800 Achieved: 22.838.300	100.5 %	10.05 %			
Risks (10%)	Non-performing loans ratio	% Target: 3.08% % Achieved: 3.21%	95.6 %	4.78 %	Assessment of the control environment and appropriate management of risk appetite and excesses recognised.	+ 1.45% - Improvement of the control environment, key in managing the risks derived from the health and economic crisis. No relevant non-compliance in risk appetite.	6.23 %
	Cost of Credit Ratio (IFRS9)	% Target: 1.02% % Achieved: 1.28%	0.0 %	0.00 %			
Capital (20%)	Capital ratio (CET1)	% Target: 11.90% % Achieved: 12.10%	180.0 %	36.00 %	Efficient capital management.	+ 3.10% - Reinforced capital ratio and above the target, despite the significant increase in provisions due to the context of the year	39.10 %
Return (50%)	Ordinary net profit (ONP) ^E	Target: €8,243.2 million ^G Result: €4,581.15 million	0.0 %	0.00 %	Suitability of business growth compared to the previous year, considering the market environment and competitors.	+1.83% - Solid and sustainable results despite global crisis context, with focus this year on on new origination and protecting spreads, managing costs in an efficient manner.	5.41 %
	RoTE - Return on Tangible Equity	% Target: 11,34% ^G % Achieved: 6.71% ^G	0.0 %	0.00 %	Sustainability and solidity of results. Efficient cost management and achievement of efficiency goals.	+ 0.30% - Sustainable growth in a global crisis environment, with more efficient use of capital in term of profitability.	
					Progress in the commitments assumed to promote the Group's Responsible Banking agenda and incorporate it into its business strategy (additional indicator in 2020)	+ 3.28% - Progress exceeding forecasts in most of the Group's responsible banking agenda commitments.	
Exceptional adjustment	Elements (non-exhaustive) under consideration: macro-economic environment, general control environment, compliance with internal and external regulations, prudent and efficient liquidity and capital planning management.				The underlying business performance resulted in a final bonus calculation of 71.08% of the target bonus. The board of directors, upon recommendation from the remuneration committee, exercised its discretion to reduce this target bonus to 67.32%, which was the original target submitted to the board in December 2020 and resolved that the amount saved would be contributed to the Santander fund set up to support the fight against Covid-19		(3.75) %
TOTAL							67.32 %

A. The weighted assessment is the result of multiplying each objective's assessment by its weighting per category. Each category has same weighting, except as described under Note E below.

B. Result of adding or subtracting the qualitative assessment to/from the weighted assessment.

C. The net promoter core (NPS) measures customers' willingness to recommend Santander. The assessment is based on the number of the group's core markets where Santander's NPS scores in the top 3, as well as on its performance against competitors. In 2020.

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

E. For this purpose, 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, special allowances, or accounting or legal adjustments that may occur in the year are evaluated. The specific weight of ONP in the total scorecard is 20% and RoTE is 30%.

F. 2020 underlying profit attributable to the Group is €5,081 million, but restructuring costs have been applied to it for the purpose of calculating scorecard results, reducing this figure to €4,581 million

G. 2020 ordinary RoTE is 7.44%, but restructuring costs have been applied to it for the purpose of calculating scorecard results, reducing this figure to 6.71%.

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

iii) Determination of the individual variable remuneration for executive directors set in 2020

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, and taking into account the commitment made by Ana Botín and José Antonio Álvarez on 23 March 2020 to reduce the total on their salary and variable remuneration in 50% described below.

The board also verified that none of the following circumstances have occurred:

- The Group's ONP¹ for 2020 was not more than 50% less than for 2019. 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 2020 as in 2019.

Variable contributions to pensions were not modified in 2020, so the amounts are the 22% of the 30% of the last three assigned bonus' average.

Voluntary Reduction of Executive Remuneration (Chairman and CEO)

On 23 March 2020, given the health crisis created by the covid-19 pandemic, Ana Botín and José Antonio Álvarez proposed to reduce their 2020 total compensation (salary and bonus) by 50% and use the amounts saved to finance the Santander covid-19 relief fund. This proposal was supported by the remuneration committee and approved by the board of directors.

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

Ana Botín's total salary and bonus for 2019 was EUR 9,688 thousand, with EUR 3,176 thousand salary and EUR 6,512 thousand bonus (of which EUR 4,168 thousand was the sum of immediately payable and deferred -not linked to long-term objectives- variable remuneration, and EUR 2,344 thousand

was deferred variable remuneration linked to long-term objectives at face value). Accordingly, the total of her salary and bonus for 2020 has been established at EUR 4,844 thousand, with EUR 3,176 thousand salary and EUR 1,668 thousand bonus (of which EUR 1,068 thousand is the sum immediately payable and deferred -not linked to long-term objectives- variable remuneration, and EUR 600 thousand is deferred variable remuneration linked to long-term objectives at face value).

José Antonio Álvarez's total salary and bonus for 2019 was EUR 6,893 thousand, with EUR 2,541 thousand salary and EUR 4,352 thousand bonus (of which EUR 2,786 thousand was the sum of immediately payable and deferred -not linked to long-term objectives- variable remuneration, and EUR 1,566 thousand was deferred variable remuneration linked to long-term objectives at face value). Accordingly, the total of his salary and bonus for 2020 has been established at EUR 3,446.5 thousand, with EUR 2,541 thousand salary and EUR 906 thousand bonus (of which EUR 580 thousand is immediately payable and deferred -not linked to long-term objectives- variable remuneration, and EUR 326 thousand is deferred variable remuneration linked to long-term objectives at face value).

The chart below shows the comparison between the amounts received in 2019 and those received in 2020:

	2019			2020			% Var. 2020 vs 2019
	Salary	Bonus	Total	Salary	Bonus	Total	
Chairman	3,176	6,512	9,688	3,176	1,668	4,844	(50)%
CEO	2,541	4,352	6,893	2,541	906	3,447	(50)%

Additionally, Ana Botín has made a personal decision to donate the full amount of the cash bonus paid this year for 2020 to Banco Santander's *Euros de tu nómina* program, through which employees can give up part of their pay to projects sponsored by a group of charities voted for by employees and Banco Santander matches the employees donation, and to *Empieza por Educar*, the Spanish affiliate of Teach for All.

Breakdown of immediately payable and deferred remuneration

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:

¹ 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.

Immediately payable and deferred (not linked to long-term objectives) variable remuneration

EUR thousand	2020			2019		
	In cash	In shares	Total	In cash	In shares	Total
Ms Ana Botín-Sanz de Sautuola y O'Shea	534	534	1,068	2,084	2,084	4,168
Mr José Antonio Álvarez Álvarez	290	290	580	1,393	1,393	2,786
Mr Rodrigo Echenique Gordillo	—	—	—	640	640	1,280
Total	824	824	1,648	4,117	4,117	8,234

A. Stepped down as executive director on 30 April 2019. Non-executive director from 1 May 2019 to 22 December 2020. Immediate and deferred variable remuneration not contingent on long-term objectives included until he stepped down.

B. The share amounts in the foregoing table correspond to a total of 307 thousand shares in Banco Santander (1,122 thousand shares in 2019).

The following chart states deferred variable remuneration at fair value, which will only be received in 2024, 2025 and 2026, provided that long-term multi-year targets are met

(see section 6.3 B iv)), beneficiaries continue to be employed at Santander Group, in accordance with the terms approved in the general shareholders' meeting, and no circumstances triggering malus clauses occur²:

Deferred variable remuneration linked to long-term objectives (fair value)

EUR thousand	2020			2019		
	In cash	In shares	Total	In cash	In shares	Total
Ms Ana Botín-Sanz de Sautuola y O'Shea	210	210	420	821	821	1,642
Mr José Antonio Álvarez Álvarez	114	114	228	548	548	1,096
Mr Rodrigo Echenique Gordillo	—	—	—	252	252	504
Total	324	324	648	1,621	1,621	3,242

A. Stepped down as executive director on 30 April 2019. Non-executive director from 1 May 2019 to 22 December 2020. Variable remuneration contingent on long-term objectives included until he stepped down.

B. The number of shares in the table total 121 thousand shares in Banco Santander (442 thousand shares in 2019).

Fair value has been determined on the grant date based on the valuation report of an independent expert, Willis Towers Watson. Based on the design of the plan for 2020 and success levels of similar plans at peer entities, the expert found a range of 60%-80% reasonable to estimate the initial success ratio. Therefore, fair value was considered to be 70% of the maximum value.

The maximum number of shares to be delivered under the plan (480 thousand shares not adjusted for fair value) is within the limit of 4,283 thousand shares authorised in the annual general meeting on 3 April 2020 for executive directors. This limit was calculated with the weighted average daily volume of weighted average listing prices of Santander shares in the 15 trading sessions prior to the Friday (not inclusive) before 2 February 2021 (the date on which the

board approved the 2020 bonus for executive directors), which was EUR 2.685 per share.

iv) Multi-year targets linked to the payment of deferred amounts in 2024, 2025 and 2026

The multi-year targets linked to the payment of the deferred amounts payable in 2024, 2025 and 2026 are:

Metrics	Weight	Target and compliance scales (metrics ratios)
A Earnings per share (EPS) growth in 2022 vs 2019	33 %	If EPS growth \geq 15%, then metric ratio is 1.5 If EPS growth \geq 10% but < 15%, then metric ratio is 1 – 1.5 ^C If EPS growth \geq 5% but < 10%, then metric ratio is 0 – 1 ^C If EPS growth < 5%, then metric ratio is 0
B Relative Total Shareholder Return (TSR) ^A in 2020-2022 within a peer group	33 %	If ranking of Santander above percentile 66, then metric ratio is 1 If ranking of Santander between percentiles 33 and 66, then ratio is 0 – 1 ^D If ranking of Santander below percentile 33, then metric ratio is 0
C Fully loaded target common equity Tier 1 ratio (CET1) ^B for 2022	33 %	If CET1 is \geq 12%, then metric ratio is 1 If CET1 is \geq 11% but < 12%, then metric ratio is 0 – 1 ^E If CET1 is < 11%, then metric ratio is 0

A. TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted

² 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.

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 2020 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2023 (exclusive) (to calculate the final value). The peer group consists of BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.

- B. To check success in terms of this objective, possible increases in CET1 resulting from capital increases will be disregarded (except in relation to the Santander Scrip Dividend programme). Furthermore, the CET1 ratio at 31 December 2022 could be adjusted to factor out the impact of any new regulations on its calculation up to that date.
- C. Linear increase in the EPS ratio based on the specific EPS growth rate in 2022 in respect of 2019 within this bracket of the scale.
- D. Proportional increase in the TSR ratio based on the number of positions moved up in the ranking.
- E. Linear increase in the CET1 ratio as a function of the CET1 ratio in 2022 within this bracket of the scale.

To determine the annual amount of the deferred portion linked to objectives corresponding to each board member in 2024, 2025 and 2026, the following formula shall be applied to each of these payments ('Final annuity') without prejudice to any adjustment deriving from the malus clauses:

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

where:

- 'Amt.' is one third of the variable remuneration amount deferred conditional on performance (i.e. Amt. will be 12% of the total variable pay set in early 2021).
- 'A' is the EPS ratio according to the scale in the table above, based on EPS growth in 2022 vs 2019.
- 'B' is the TSR ratio according to the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2020-2022.
- 'C' is the CET1 ratio according to compliance with the CET1 target for 2022 described in the table above.
- In any event, if the result of $(1/3 \times A + 1/3 \times B + 1/3 \times C)$ is greater than 1, the multiplier will be 1.
- v) Malus and clawback**

Deferred amounts (whether or not contingent on multi-year targets) will be earned if the beneficiary continues to work with the group³, 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 2020 can be clawed back until the beginning of 2027.

Malus and clawback clauses are triggered if the financial performance of the Banco Santander, a specific division or area, or exposures generated by staff is poor on account of:

Category	Factors
Risk	Significant failures in risk management by Banco Santander, or by a business or risk control unit.
Capital	An increase in capital requirements at the Banco Santander or one of its business units not planned at the time that exposure was generated.
Regulation and internal codes	Regulatory penalties or legal convictions for events that might be attributable to the unit or staff responsible for them. In addition, failure to comply with Banco Santander's internal codes of conduct.
Conduct	Improper conduct, whether individual or collective. Negative effects deriving from the marketing of unsuitable products and the liability of persons or bodies making such decisions will be considered especially significant.

The application of malus or clawback clauses for executive directors shall be determined by the board of directors, at the proposal of the remuneration committee, and cannot be proposed once the retention period for the final payment in shares under the plan has elapsed in early 2027. Therefore, on the remuneration committee's recommendation and depending on the level of compliance with the conditions for applying malus clauses, the board determines the specific deferred incentive amount to be paid as well as any amount that could be subject to clawback.

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.

³ 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.

In the event of pre-retirement and up until the retirement date, executive directors have the right to receive an annual allowance. Ana Botín's maximum allotment is the sum of her fixed remuneration and 30% of the average of her last three variable remuneration amounts. José Antonio Álvarez's allotment is his fixed remuneration paid as senior vice president.

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 recognised 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 (in the event of José Antonio Álvarez's pre-retirement, it will be his fixed remuneration as a senior executive vice-president). Contributions will be 22% of pensionable bases in all cases.

Pursuant to remuneration regulations, contributions calculated on the basis of variable remuneration are subject to the discretionary pension benefits scheme. Therefore, under the policy, malus and clawback clauses can be enforced on them in place at any given time and during the same period in which variable remuneration is deferred. Furthermore, these contributions must be invested in shares in Banco Santander for five years from the date of the executive director's retirement, or from the date on which executive directors leave the group. Once that period has elapsed, the amount invested in shares will be paid to them or their beneficiaries if some contingency covered by the pension scheme was happened or will be added to the remainder of their cumulative balance until their retirement age when the total amount will be paid.

The benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. The economic rights of the directors previously mentioned belong to them even if they are not active at Banco Santander at the time of their retirement, death or disability. Their contracts do not stipulate any severance payment outside the extent of the law for termination of contract or the aforementioned annual allowance for pre-retirement.

Pursuant to the director's remuneration policy approved at the annual general meeting on 23 March 2018, the system contributes 22% of the respective pensionable base.

The provisions recognised in 2020 for retirement pensions amounted to 2,019 thousand euros (2,003 thousand euros in 2019), as broken down below.

EUR thousand	2020	2019
Ms Ana Botín-Sanz de Sautuola y O'Shea	1,155	1,145
Mr José Antonio Álvarez Álvarez	864	858
Total	2,019	2,003

These are the amounts corresponding to each executive director as of 31 December 2020 and 2019 in the pension scheme:

EUR thousand	2020	2019
Ms Ana Botín-Sanz de Sautuola y O'Shea	49,444	48,104
Mr José Antonio Álvarez Álvarez	18,082	17,404
Mr Rodrigo Echenique Gordillo	—	13,268
Total	67,526	78,776

A. Rodrigo Echenique has not participated in the defined contribution pension scheme described in the preceding paragraphs. However, for reference purposes, this year's table details his rights before he was named an executive director. Rodrigo Echenique's accrued obligation as of December 2020 is zero, since he received the benefit in the form of capital in 2020. Therefore, there is no pending commitment in this regard in respect of Rodrigo Echenique.

D. Other remuneration

Santander Group 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.

Rodrigo Echenique received 1,800 thousand euros as first payment for his compensation for his two-year non-compete commitment from the date he stepped down as executive director (30 April 2019). In May 2020 he received the same amount for the payment that was pending in connection with this commitment.

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 to twice their net annual salary on that date. Executive directors have complied with this policy.

Likewise, in addition to the regulatory obligation for executive directors not to sell the shares they receive as remuneration for a year from their award, which is included in the shareholding policy, and will apply to all cases, this policy has also been updated to include the obligation for executive directors not to sell the shares they receive as remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her fix annual remuneration.

F. Remuneration of Sergio Rial in Santander Brasil

Sergio Rial has received the following remuneration in his role as CEO of Santander Brasil:

2020	BRL thousand	EUR thousand
Base salary	12,645	2,175
Other fixed benefits	39	7
Pensions	5,041	867
Variable remuneration	30,240	5,201
Total	47,965	8,250

His variable remuneration is subject to the same policy principles, deferrals, multi year targets linked to the payment of deferred amounts and malus and clawback principles described in B herein, though referred to the subsidiary where he is the CEO.

G. Remuneration of board members as representatives of Banco Santander

The executive committee has resolved that the remuneration received by directors who represent Banco Santander on boards of companies where it owns equity and were appointed after 18 March 2002 will accrue to the group. No executive director received remuneration for this type of representation in 2020 or 2019.

However, in 2020 Alvaro Cardoso de Souza was paid BRL 1,947 thousand (EUR 335 thousand) as non-executive chairman of Banco Santander Brasil, S.A., Homaira Akbari was paid USD 190 thousand (EUR 156 thousand) as member of the board of Santander Consumer USA (SCUSA) and EUR 17,200 as member of the Board of PagoNxt), and Henrique Manuel Drummond Borges Cirne de Castro and Ramón Martín Chávez Márquez were each paid the same EUR 17,200 as members of the board of PagoNxt.

Likewise, Luis Isasi was paid EUR 740 thousand as chairman of the board of Santander Spain (amount included in the chart below as "other remuneration" as it is paid by Banco Santander, S.A.)

H. Individual remuneration of directors for all items in 2020

Below is a breakdown of each director's short-term salary (payable immediately) and deferred remuneration not based on long-term performance for 2020 and 2019. Note 5 to the group's consolidated financial statements contains disclosures on shares delivered in 2020 under the deferred remuneration schemes of previous years where conditions for their delivery were met in the related years.

Directors	EUR thousand											
	2020									2019		
	Bylaw-stipulated emoluments		Salary and bonus of executive directors						Pension Contribution	Other remuneration	Total	Total
	Board and board committees annual allotment	Board and committee attendance fees	Fixed Salary	Immediate payment bonus (50% in shares)	Deferred payment bonus (50% in shares)	Total	Total					
Ms Ana Botín-Sanz de Sautuola y O'Shea	234	55	3,176	667	400	4,243	1,155	1,131	6,818	9,954		
Mr José Antonio Álvarez Álvarez	221	49	2,541	362	217	3,120	864	1,764	6,018	8,270		
Mr Bruce Carnegie-Brown	513	82	—	—	—	—	—	—	595	700		
Ms Homaira Akbari	123	79	—	—	—	—	—	—	202	226		
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea ^A	77	45	—	—	—	—	—	—	122	137		
Mr Álvaro Antonio Cardoso de Souza ^B	183	60	—	—	—	—	—	—	243	276		
Mr Ramón Martín Chávez Márquez ^C	22	15	—	—	—	—	—	—	37	—		
Ms Sol Daurella Comadrán	132	82	—	—	—	—	—	—	214	240		
Mr Henrique Manuel Drummond Borges Cirne de Castro	132	85	—	—	—	—	—	—	217	86		
Ms Gina Díez Barroso ^E	2	2	—	—	—	—	—	—	4	—		
Mr Luis Isasi Fernández de Bobadilla ^F	160	43	—	—	—	—	—	740	943	—		
Mr Ramiro Mato García-Ansorena	344	86	—	—	—	—	—	—	430	500		
Mr Sergio Rial ^G	42	21	—	—	—	—	—	—	63	—		
Ms Belén Romana García	323	94	—	—	—	—	—	—	417	525		
Mrs Pamela Ann Walkden ^H	148	66	—	—	—	—	—	—	214	34		
Mr Rodrigo Echenique Gordillo ^I	95	60	—	—	—	—	—	1,800	1,955	4,874		
Mr Ignacio Benjumea Cabeza de Vaca	130	43	—	—	—	—	—	102	275	524		
Mr Guillermo de la Dehesa Romero ^K	80	28	—	—	—	—	—	—	108	399		
Ms Esther Giménez-Salinas i Colomer ^L	120	71	—	—	—	—	—	—	191	228		
Mr Carlos Fernández González ^M	—	—	—	—	—	—	—	—	—	214		
Total 2020	3,081	1,066	5,717	1,029	617	7,363	2,019	5,537	19,066	—		
Total 2019	3,770	1,094	6,317	5,146	3,087	14,550	2,003	5,770	—	27,187		

A. All amounts received were reimbursed to Fundación Botín.

B. Director since 1 April 2018.

C. Director since 27 October 2020.

D. Director since 17 July 2019.

E. Director since 22 December 2020.

F. Director since 19 May 2020

G. Executive director since 30 May 2020

H. Director since 29 October 2019.

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

J. Stepped down as director on 5 May 2020.

K. Stepped down as director on 3 April 2020.

L. Stepped down as director on 27 October 2020.

M. Stepped down as director on 28 October 2019.

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 (or their minimum thresholds, with the corresponding deduction arranged at the end of the year) are achieved.

	EUR thousand	
	2020	2019
	(50% in shares) ^A	(50% in shares) ^A
Ms Ana Botín-Sanz de Sautuola y O'Shea	420	1,642
Mr José Antonio Álvarez Álvarez	228	1,096
Mr Rodrigo Echenique Gordillo ^B	—	504
Total	648	3,242

A. Fair value of the maximum amount receivable over a total of 3 years (2024, 2025 and 2026), which was estimated when the plan was granted, based on several scenarios relating to variables in the plan during the measurement periods.

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

I. Ratio of variable to fixed pay components in 2020

At the April 2020 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 2020. This ratio decreased by 90 p.p. for Ana Botín and by 66 p.p. for José Antonio Álvarez in respect of 2019 owing to the decrease in their variable pay mentioned in subsection B.iii.

Executive directors	Variable Components / fixed components (%)
Ms Ana Botín-Sanz de Sautuola y O'Shea	40 %
Mr José Antonio Álvarez Álvarez	24 %
Mr Sergio Rial	167 %

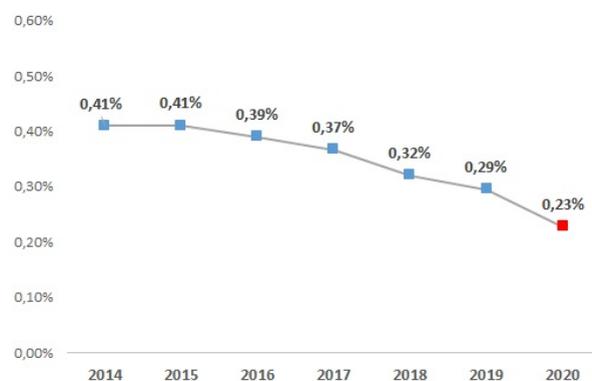
For these purposes:

- Variable components include all items of this nature, such as any contributions to the pension scheme calculated on directors' variable pay.
- Fixed components consist of the other items each director receives for executive duties, including contributions to pension schemes calculated on the basis of fixed remuneration and other benefits, as well as all bylaw-stipulated emoluments that the director is entitled to receive in his or her capacity as such.

J. Comparative analysis of directors' remuneration, company performance and average remuneration of employees

This chart summarises directors' compensation (short-term remuneration, deferred variable remuneration and/or deferred variable remuneration linked to multi-year targets) for executive duties in relation to underlying attributable profit.

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, Ordinary ROTE) and the average remuneration of Santander employees in the last 5 years:

Directors' remuneration ¹	2020	2019	2018	2017	2016
• Executive Directors					
Ms Ana Botín-Sanz de Sautuola y O'Shea	6,818	9,954	10,483	10,582	9,800
Mr José Antonio Álvarez Álvarez	6,018	8,270	8,645	8,893	8,255
Mr Sergio Rial ^A	63	—	—	—	—
• Non-Executive Directors²					
Mr Bruce Carnegie-Brown	595	700	732	731	721
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea ^B	122	137	121	124	115
Ms Sol Daurella Comadrán	214	240	215	207	191
Ms Belén Romana García ^C	417	525	414	297	219
Ms Homaira Akbari ^D	202	226	199	159	32
Mr Ramiro Mato García-Ansorena ^E	430	500	450	36	—
Mr Álvaro Cardoso de Souza ^F	243	276	148	—	—
Mr Henrique Manuel Drummond Borges Cirne de Castro ^G	217	86	—	—	—
Mrs Pamela Ann Walkden ^H	214	34	—	—	—
Mr Luis Isasi Fernández de Bobadilla ^I	943	—	—	—	—
Mr Ramón Martín Chávez Márquez ^J	37	—	—	—	—
Ms Gina Díez Barroso ^K	4	—	—	—	—
Company's performance					
Underlying profit attributable to the Group	5.081	8.252	8.064	7.516	6.621
Ordinary RoTE	7,44%	11,79%	12,08%	11,82%	11,08%
Employees' average remuneration					
	43.867	43.262	41.522	40.519	n.a.

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. A. Executive director since 30 May 2020. B. All amounts received were reimbursed to Fundación Botín. C. Director since 22 December 2015. D. Director since 27 September 2016. E. Director since 28 November 2017. F. Director since 23 March 2018. G. Director since 17 July 2019. H. Director since 29 October 2019. I. Director since 19 May 2020. J. Director since 27 October 2020. K. Director since 22 December 2020.

J. Summary of link between risk, performance and remuneration

Banco Santander's remuneration policy and its application in 2020 have promoted sound and effective risk management while the fulfilment of business objectives.

The key elements of the remuneration policy for executive directors making alignment between risk, performance and reward in 2020 were as follows:

Key words	Aspect aligning risk, performance and remuneration
Metrics balance	The balance of quantitative metrics and qualitative assessments, including customer, risk, capital and profitability in relation to risk, used to determine the executive directors' variable remuneration.
Financial thresholds	The adjustment to variable remuneration if certain financial thresholds are not reached, which may limit the variable remuneration to 50% of the previous year's amount or lead to it not being awarded at all.
Long-term objectives	The long-term objectives linked to the last three portions of the deferred variable remuneration. These objectives are directly associated with return to shareholders relative to a peer group, earnings per share and maintaining a sound capital base.
Individual performance	The discretion of the board to consider the performance of each executive director in the award of their individual variable remuneration.
Variable remuneration cap	200% of fixed remuneration.
Control functions involvement	The work undertaken by the human resources committee aided by senior managers Control functions leading control functions in relation to the analysis of quantitative metrics information and undertaking qualitative analysis.
Malus and clawback	Malus can be applied to unvested deferred pay and clawback can be applied to vested or paid compensation under the conditions dictated by the group's remuneration policy.
Payment in shares	At least 50% of variable pay is in shares withheld for a period of time upon delivery.

6.4 Directors' remuneration policy for 2021, 2022 and 2023 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 the Banco Santander's bylaws and article 33 of the Rules and regulations of the board of directors. For 2021, 2022 and 2023, no changes to the principles and composition of directors' remuneration for supervisory and collective decision-making duties are planned with respect of those in 2020. They are described in sections [6.1](#) and [6.2](#).

B. Executive directors' remuneration

Executive directors are entitled to be paid the remuneration (e.g., salaries, incentives, bonuses, severance payments for early termination from such duties, and amounts to be paid by Banco Santander for insurance premiums or contributions to savings schemes) deemed appropriate for performing executive functions following a proposal from the remunerations committee and by resolution of the board of directors, subject to the limits set by law. For 2021, 2022 and 2023, no changes to the principles of executive directors' remuneration for executive duties are planned. They are described in sections [6.1](#) and [6.3](#).

Every year, Banco Santander conducts a comparative analysis of total compensation for executive directors and other senior executives. For 2021, the analysis will consist of a 'peer group' made up by BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.

Directors' remuneration for 2021

A. Directors remuneration in their capacity as such

In 2021, directors, in their capacity as such, will receive remuneration for supervisory and collective decision-making duties for a total of up to 6 million euros as authorised by the shareholders at the April 2020 AGM (which will again be put to a vote at the 2021 AGM). It consists of:

- annual allocation; and
- attendance fees.

The amounts agreed for 2021 are the same as those initially established for 2020 disclosed in section [6.2.B and C](#) above, with the exception of the IT and innovation committee, whose members will receive an annual allotment of EUR 25,000, with an additional EUR 70,000 in the case of its chairman, and the same attendance fees as other committees (with the exception of the executive committee, the audit committee and the risk supervision, regulation and compliance committee).

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.

As per the description of the director remuneration system, Banco Santander will pay the premium for the civil liability insurance of its directors in 2021, which it took out under customary market terms and proportionally to the circumstances of Banco Santander.

B. Executive directors' remuneration for the performance of executive duties

i) Fixed remuneration components

A) Gross annual salary

On the remuneration committee's recommendation, the board resolved that Ana Botín and José Antonio Álvarez's gross annual salaries would be the same for 2021 as in 2020. Their gross annual salary amounts could increase owing to adjustments made to the fixed remuneration mix based on standards approved by the remuneration committee, as long as it will not increase the group's costs.

As regional head for South America, Sergio Rial will receive, subject to the approval of the 2021 AGM, a gross annual salary amount of EUR 750 thousand.

B) Other fixed remuneration components

- Benefit systems: defined contribution schemes as set out in section 'Pre-retirement and benefit schemes'.
- Supplement to fixed salary: Ana Botín will receive EUR 525,000 and José Antonio Álvarez, EUR 710,000 as a supplement to their fixed pay in 2021. This had been approved in 2018 when the supplementary death and disability pension schemes were eliminated.
- Social welfare benefits: executive directors will also receive social welfare benefits such as life insurance premiums, medical insurance and the allocation of remuneration to employee loans, in accordance with Banco Santander's general policy for senior management, and in the same terms as the rest of employees. Additional information can be found under the 'Pre-retirement and benefit plans' section.

ii) Variable remuneration components

The board approved the policy on executive directors' variable remuneration for 2021 on the remuneration committee recommendation, based on the remuneration policy principles described under section [6.3](#).

In the case of Sergio Rial, although it is not expected that he will receive any variable remuneration from Banco Santander, S.A. in 2021, the same principles apply to his variable remuneration in Santander Brasil, though referred to the metrics and targets for the region and country where he carries out his executive duties.

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 (2022) 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 2023 and 2024 on the condition that

no malus clauses described under section 6.3 B vi) are triggered.

- The amount deferred over the next three years (36% of the total) will be paid in 2025, 2026 and 2027, on the condition that no malus clauses are triggered and long-term targets –described in section D) Deferred incentive subject to long-term performance objectives– are met.

The Group can claw back incentives already paid in the cases and during the term set out in its malus and clawback policy, described under section [6.3 B vi\)](#).

Exceptionally, when a new executive director joins Banco Santander, his/her variable pay may include a sign-on bonus and/or buyouts.

Variable components in executive directors' total remuneration for 2021 cannot exceed the limit of 200% of fixed components, submitted for approval to the 2021 AGM. However, under EU regulations on remuneration, certain variable components can be excluded.

A. Variable remuneration benchmark

Variable remuneration for executive directors in 2021 will be set based on a standard benchmark contingent upon the full achievement of set targets. The board of directors may revise the variable pay benchmark on the remuneration committee's recommendation and following market and internal contribution criteria.

B. Setting of final variable remuneration based on yearly results

Based on that standard benchmark, 2021 variable remuneration for executive directors will be based on the corporate bonus pool, and set according to:

- A set of short-term quantitative metrics measured against annual objectives.
- A qualitative assessment that cannot raise or lower the quantitative result by more than 25%.
- An exceptional adjustment that must be supported by duly substantiated evidence and may involve changes owing to control and/or risk deficiencies, negative assessments from supervisors or unexpected material events.

In an effort to further simplify the executive compensation framework, upon recommendation from the remuneration committee, the board of directors has approved a simplification of the metrics based on yearly results, which number has been reduced from the seven metrics used in 2020 and previous years to four.

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

Category and weighting	Quantitative metrics	Qualitative assessment
Customers (20%)	NPS ^A	Accomplishment of objectives in the rules on risk conduct with customers.
	Risks - Cost of Credit Ratio (10%)	Appropriate management of risk appetite and excesses recognised. Adequate management of operational risk.
	Capital - Capital Ratio (CET1)(20%)	Efficient capital management
Shareholders (80%)		Suitable business growth in respect of the previous year, considering the market and competitors.
	Return - RoTE: return on tangible equity (50%)	Sustainable and robust earnings. Progress against the 11 public commitments for responsible banking included in the responsible banking report. Efficient cost management and achievement of efficiency goals.

A. Net promoter score.

B. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, legal changes or restructuring procedures) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

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

- If the group's ONP for 2021 were 50% less than in 2020, variable pay would in no case exceed 50% of the benchmark incentive for 2021.
- 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 is 50% in cash and 50% in shares. One portion is paid in 2022 and the other is deferred for five years and subject to long-term metrics:

- 40% of variable pay is paid in 2022, net of tax, with half in cash and half in shares.
- 60% paid, if applicable, in five equal parts in 2023, 2024, 2025, 2026 and 2027, net of tax, with half in cash and half in shares, under the conditions stipulated in section D).

The final three payments will also be subject to long-term objectives described in section D) below.

The portion paid in shares cannot be sold until one year has elapsed since they were delivered.

D) Deferred variable pay subject to long-term objectives

As indicated above, the amounts deferred in 2025, 2026 and 2027 will be paid on the condition that the group achieves its long-term targets for 2021-2023, in addition to the terms described in section E).

The long term metrics and related targets are:

- Banco Santander's consolidated underlying EPS growth target in 2023 vs 2020. The EPS ratio for this target is obtained as follows:

EPS growth in 2023

(% vs. 2020)	'EPS Ratio'
≥ 125%	1.5
≥ 100% but < 125%	1 - 1.5 ^A
≥ 70% but < 100%	0 - 1 ^A
< 70%	0

A. Straight-line increase in the EPS ratio based on the underlying EPS growth rate in 2023 in respect of 2020 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 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 2021-2023 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	'TRS Ratio'
Above the 66 th percentile	1
Between the 33 rd and 66 th percentile (both inclusive)	0 - 1 ^A
Below the 33 rd percentile	0

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

TSR 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 the following entities: BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

(c) Compliance with the Santander Group's consolidated fully loaded target common equity tier 1 ratio (CET1) for 2023. The CET1 ratio relating to this target is obtained as described below:

CET1 in 2023	CET1 ratio
≥ 12%	1
≥ 11% pero < 12%	0 - 1 ^A
< 11%	0

A. Linear increase in the CET1 ratio based on the CET1 ratio for 2022 within this range of the scale.

To verify compliance with this objective, the CET1 ratio deriving from share capital increases (other than those implemented under the Santander Dividendo Elección scrip dividend scheme) will be disregarded. Moreover, the CET1 ratio at 31 December 2023 may be adjusted by the board, following a proposal of the remuneration committee, to remove the effects of any regulatory change to its calculation rules or any extraordinary circumstance (such as impairments, corporate transactions or restructuring procedures) not related to the performance of the executive directors and executives being evaluated, that may arise in relation to its calculation until such date.

The following formula will be used to set the annual amount of performance-based deferred variable remuneration in 2025, 2026 and 2027 ('Final annuity'), without prejudice to any adjustment deriving from the application of the malus policy (see section 6.3 B vi):

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

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 2022).
- 'A' is the EPS ratio according to the scale in the table above, based on EPS growth in 2023 vs 2020.
- 'B' is the TSR ratio according to the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2021-2023.
- 'C' is the CET1 ratio according to compliance with the CET1 target for 2023 described in section (c) above.
- In any event, if the result of $(1/3 \times A + 1/3 \times B + 1/3 \times C)$ is greater than 1, the multiplier will be 1.

The estimated maximum amount to be delivered in shares to executive directors is 11.5 million euros.

E) Other terms of the incentive

Directors will be paid deferred amounts (including those linked to long-term targets) 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 2020. Furthermore, the group can claw back paid incentives under the scenarios, period and terms and conditions set out in the remuneration policy.

Hedging Santander shares 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 they are received.

The remuneration committee may propose to the board adjustments in variable remuneration under exceptional circumstances owing to internal or external factors, such as requirements, orders or recommendations issued by regulatory or supervisory bodies. Such adjustments will be described in detail in the report on the remuneration committee and the annual report on directors' remuneration put to a non-binding vote at the annual general meeting.

iv. Shareholdings

As described in section 6.3.E, in addition to the regulatory obligation not to sell shares they receive as remuneration for a year since from their award date, in order to comply with recommendation 62 of the Spanish Corporate Governance Code, the policy on shareholdings has been updated to include 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.

v. Principle of equal pay

Executive directors, as well as any other Santander employee, are subject to the principle of equal pay included in Santander Group's Remuneration Policy, which does not allow for any kind of discrimination, and fosters for remuneration management to assure equal pay for men and women.

Directors' remuneration for 2022 and 2023

A. Directors' remuneration

For 2022 and 2023, no changes to directors' remuneration are planned in respect of the remuneration described for 2021, although shareholders at the 2022 or 2023 annual general meeting could approve an amount higher than the six million euros currently in force, or the board could approve an alternative allocation of that amount to directors.

B. Directors' remuneration for the performance of executive duties

Executive directors' remuneration will conform to principles similar to those applied in 2021, 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 2022 and 2023, it may not increase above 5% of their annual gross salary in the previous year. It could also increase owing to adjustments made to the fixed remuneration mix based on standards approved by the remuneration committee, as long as it will not increase the Group's costs.

The 5% increase mentioned above may be higher for one or several directors provided that, when applying the rules or requirements or supervisory recommendations that may be applicable, and if so proposed by the remuneration committee, it is appropriate to adjust their remuneration mix and, in particular, their variable remuneration, in view of the functions they perform

This should not increase executive directors' total remuneration. Otherwise, it must be disclosed in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at annual general meeting.

B) Other fixed remuneration components

No changes planned in respect of the terms for 2021.

ii) Variable remuneration components

The policy on executive directors' variable remuneration for 2022 and 2023 will be based on the same principles as in 2021, 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 2022 and 2023 will be set based on the corporate bonus pool and a benchmark approved for each year which takes into account:

- a set of short-term quantitative metrics measured against annual objectives and aligned with the group's strategic plan. These metrics will also cover, at least, shareholder return targets, capital and customers. They can be measured at group level and, where applicable, at division level, for a specific business division headed by an executive director. The results of each metric can be contrasted with the budget for the financial year, as well as with growth from the previous year.
- a qualitative assessment that cannot raise or lower the quantitative result by more than 25%. It will be conducted for the same categories as the quantitative metrics, including shareholder returns, risk and capital management and customers.
- an exceptional adjustment that must be duly substantiated and may involve changes owing to control and/or risk shortfalls, negative assessments from supervisors or unexpected material events.

The quantitative metrics, qualitative assessment and potential extraordinary adjustments will ensure main objectives are considered from the perspective of the various stakeholders and that the importance of risk and capital management is factored in.

Once the corporate bonus pool is fixed according to the criteria above, the board of directors, further to a proposal from the remunerations committee, decides on the individual bonus, taking into consideration the level of achievement of their individual objectives, which in general terms coincide with the bonus pool metrics (60%) and their compliance with corporate values (40%).

Lastly, the following circumstances must be confirmed to set variable remuneration:

- If ONP does not reach a certain compliance threshold, the incentive cannot exceed 50% of the year's incentive benchmark.
- If the group's ONP were negative, the incentive would be zero.
- When setting individual variable pay, the board will also consider restrictions to the dividend policy imposed by supervisors.

B. Forms of payment of the incentive

No changes to pay forms are planned in respect of the terms in place for 2021.

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 only confirm or reduce payment amounts and number of deferred shares.

Long-term metrics will, at least, cover value creation and shareholder returns as well as capital and sustainability over a minimum period of three years. They will be aligned with the group's strategic plan and main priorities towards its stakeholders. They can be measured for the entire group or by country or business, when appropriate, and subsequently compared to a group of peers.

The portion paid in shares cannot be sold until one year has elapsed since they were delivered.

D. Other terms of the incentive

No changes to the continuity, malus and clawback clauses of the remuneration policy for 2021 described in section E are expected. Furthermore, no changes are planned in respect of the clauses on hedging shares or the deferred amounts in cash adjusted for inflation.

iii) Shareholdings

The policy on shareholdings approved in 2016, with the amendment introduced in 2020 relating to not selling the shares they receive as variable remuneration for a period of three years detailed in section 6.3.E above will apply in 2022 and 2023, 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 2021 applies for 2022 and 2023.

Terms and conditions of executive directors' contracts

Executive directors' terms of service are governed by board-approved contracts they sign with Banco Santander. The basic terms and conditions, besides those relating to the

remuneration mentioned above, are the ones described herebelow.

A. Exclusivity and non-competition

Executive directors may not contract with other companies or entities to perform services, unless expressly authorised by the board of directors. In all cases, they are bound by a duty of non-competition in relation to companies and activities similar in nature to Banco Santander and its consolidated group.

In addition, executive director contracts impose prohibitions on competing and attracting customers, employees and suppliers, which can be enforced for two years after their termination in their executive duties for reasons other than a breach by Banco Santander. In regard to Ana Botín and José Antonio Álvarez, the compensation to be paid by Banco Santander for this duty of non-competition is 80% of the fixed remuneration, 40% payable on termination of the contract and 60% at the end of the two-year period for Ms Ana Botín and Mr José Antonio Álvarez.

However, it is envisaged that in 2021, subject to approval at the 2021 AGM, their contracts shall be amended so that the compensation for the duty of non-competition shall be twice the amount of the fixed remuneration.

B. Code of Conduct

Executive directors are obliged to adhere strictly to the group's General Code and the Code of Conduct in Securities Markets, especially in terms of confidentiality, professional ethics and conflicts of interest.

C. Termination

The length of executive directors' contract

is indefinite. Contracts do not provide for any severance payment upon termination apart from what the law provides.

If Ana Botín's contract is terminated by Banco Santander, she must remain available to the group for four months in order to ensure proper transition (6 months from the moment pre-retirement provisions are taken out). During this period, she would continue to receive her gross annual salary.

D. Pre-retirement and benefit plans

The board of directors has approved, subject to the condition that the remuneration policy be approved at the annual general shareholders' meeting, an amendment to the contracts of the executive directors whereby:

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

They both participate in the defined contribution scheme created in 2012, which covers the contingencies of retirement, disability and death. Banco Santander makes annual contributions to executive directors' benefit plans schemes. Annual contributions are calculated in proportion to executive directors' pensionable bases, and the group will continue to make them until the executive directors' leave the group or until their early retirement within the group, their death or disability (including during pre-retirement). The pensionable base of executive directors' annual contributions is their fixed remuneration plus 30% of the average of their last three variable remuneration amounts. Contributions will be 22% of pensionable bases.

The pension amount that corresponds to contributions linked to variable remuneration will be invested in Santander shares for five years from the earlier of the date of retirement or cessation. It will be paid in cash after the five years have elapsed or on the retirement date (if later). Moreover, the malus and clawback clauses for variable remuneration contributions will apply for the same period as the related bonus or incentive.

This benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. Executive directors' economic rights under the scheme belong to them even if they are not active in the group at the time of their retirement, death or disability. Their contracts do not provide for any severance pay upon termination apart from what the law provides and in the case of pre-retirement, the aforementioned annual allotment.

E. Insurance and other remuneration and benefits in kind

Ana Botín and José Antonio Álvarez will receive the supplement to their fixed remuneration approved when the supplementary life and health benefits were eliminated in 2018. It will be paid in 2021, 2022 and 2023 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 2021 include standard life insurance and the life insurance cover with the supplement to their fixed remuneration mentioned above. In 2022 and 2023, 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.

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.

G. Other terms and conditions

Executive directors' contracts stipulate the following notice periods:

	By decision of the Banco Santander (months)	By decision of the director (months)
Ms Ana Botin-Sanz de Sautuola y O'Shea	6*	4
Mr José Antonio Álvarez Álvarez	6	—

* From the moment she ceases to have the right to pre-retire

Contracts do not provide pay in lieu of notice clauses.

Terms and conditions of Sergio Rial's contracts

The contract between Sergio Rial and Banco Santander, S.A. for his role as Santander Regional Head of South America, whose EUR 750 thousand remuneration is being submitted to the approval of the 2021 AGM as part of this remuneration policy, includes his confirmation that this role is compatible with his role as CEO and vice-president of Santander Brasil, and is subject to an indefinite term, and to customary exclusivity and non-competition, code of conduct, termination (without including any payment for termination) and confidentiality and return of documents conditions.

Likewise, the terms and conditions of the remuneration he receives in his condition as CEO and vicechairman of Santander Brasil are fixed by this subsidiary, in accordance with Group policies, the subsidiary's policies, and applicable local regulations.

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. Authorisation 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.

6.5 Preparatory work and decision-making process with a description of the participation of the remuneration committee

Section 4.7 '[Remuneration committee activities for 2020](#)', (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 2020, including joint sessions with the risk, compliance and regulation supervision committee.
- The date of the meeting in which the report was approved.
- The 2019 annual report on directors' remuneration was approved by the board of directors and put to a binding vote at the April 2020 AGM, with 93.77% of the votes in favour. The tally of the votes was:

	Number	% of total ^A
Votes cast	10,429,789,366	96.55 %

	Number	% of total ^A
Votes against	649,059,435	6.01 %
Votes in favour	9,777,014,101	90.51 %
Abstentions	372,790,860	3.45 %

A. Percentage on total valid votes and abstentions.

6.6 Remuneration of non-director members of senior management

Variable remuneration was approved by the board of directors on 2 February 2021 in view of the recommendation the remuneration committee had voted to submit on 26 January 2021. 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](#)).

As detailed in 6.3.ii above, the underlying business performance resulted in a final bonus calculation of 71.08% of the target bonus. The board of directors, upon recommendation from the remuneration committee, exercised its discretion to reduce this target bonus to 67.32%, which was the original target submitted to the board in December 2020 and resolved that the amounts saved be contributed to support the fight against covid-19. This resulted in an amount of EUR 1,570 thousand for the top two executive segments in the Group's Corporate Headquarters (c.80 employees).

Some senior managers' contracts were amended in 2018 in the same manner described under 6.3.C and D in respect of

Ana Botín and José Antonio Alvarez, with a pension scheme of 22% of their pensionable bases, the elimination of supplementary benefits, an increase of the insured sum of life insurance and a supplement to fixed remuneration in cash which is included under "Other remuneration". The following table shows the amounts of short term remuneration (immediately payable) and deferred remuneration (not linked to multi year targets) for senior management as of 31 December 2020 and 2019, excluding those of executive directors:

EUR thousand							
Short-term and deferred salary remuneration							
Year	Number of people	Fixed	Immediately receivable variable remuneration (50% in shares) ^A	Deferred variable remuneration (50% in shares) ^B	Pension contributions	Other remuneration ^C	Total ^D
2020	18	21,642	11,479	4,941	6,039	6,312	50,413
2019	18	22,904	15,337	6,673	6,282	15,337	66,532

A. The amount immediately payable in shares in 2020 was 2,136 thousand Santander shares (2,091 thousand Santander shares in 2019).

B. The amount of deferred shares in 2020 was 919 thousand Santander shares (910 thousand Santander shares in 2019).

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

This table breaks down remuneration linked to multi-year targets for senior management at 31 December 2020 and 2019, which they will only receive if they meet the terms of continued service; non-applicability of malus clauses; and long-term goals are met during deferral periods.

Thousands of euros		
Year	Number of people	Deferred variable remuneration subject to long-term metrics ^A (50% in shares) ^B
2020	18	5,188
2019	18	7,007

A. In 2020, this corresponds to the fair value of maximum annual payments for 2024, 2025 and 2026 in the fifth cycle of the plan for deferred variable remuneration linked to multi-year targets. In 2019, this corresponds to the estimated fair value of maximum annual payments for 2023, 2024 and 2025 in the fourth cycle of the plan for deferred variable pay linked to multi-year targets. Fair value in the plan was determined on the authorisation date based on the valuation report of independent expert Willis Towers Watson. Based on the plan for 2020 and success levels of similar plans at peer entities, the expert found a range of 60%-80% reasonable to estimate the initial success ratio. Therefore, fair value was considered to be 70% of the maximum value.

B. The number of shares in Santander as deferred variable pay subject to long-term metrics shown in the table above was 965 thousand in 2020 (955 thousand shares in Santander in 2019).

The long-term goals are the same as those for executive directors. They are described in section 6.3 B iv).

Senior executives who stepped down from their roles in 2020 consolidated salary remuneration and other remuneration relating to the cessation of their duties for a total amount of EUR 5.984 thousand during the year (EUR 6,789 thousand for those who stepped down from their roles in 2019). They also have the right to receive, in total, 133 thousand euros in variable pay subject to long-term targets (EUR 922 thousand for those who stepped down from their roles in 2019).

At our April 2020 AGM, shareholders approved the 2020 Digital Transformation Incentive, a variable remuneration scheme that delivers Santander shares and share options if the group hits major milestones on its digital roadmap.

3 senior executives are included within this plan (aimed at a group of up to 250 employees whose functions are deemed essential to Santander Group's growth and digital transformation) and, thus, can receive a total of EUR 1,700 thousand to be paid in thirds on the third, fourth and fifth anniversary of the authorisation date (2024, 2025 and 2026). This amount is implemented in 316,574 Santander shares and 944,445 options over Santander shares, using for these purposes the fair value of the options at the moment of their grant (EUR 0.90).

Of the EUR 30,000 thousand approved by our April 2020 AGM as maximum amount for the 2020 Digital Transformation Award, a total overall cost of EUR 17,800 thousand has been approved, based on the final number of participants and the level of achievement of milestones.

The milestones for the 2020 Digital Transformation Award were: (i) rolling out the global merchant services (GMS) platform in 3 new geographies, enhancing the platform functionality and achieving volume targets for transactions and participating merchants; (ii) doing the commercial rollout of the global trade services (GTS) platform in 8 new geographies, enhancing platform functionality, and achieving volume targets for on-boarded clients and monthly active users; (iii) launching OpenBank in a new market and migrating the retail banking infrastructure to "new-mode" bank; (iv) launch the global platform SuperDigital in at least 4 countries, driving target active user growth; (v) deploying machine learning across pre-defined markets for 4 priority use cases, rolling out Conversion Rate Optimization (Digital

marketing) for at least 40 sales programs, delivering profit targets, and driving reduction of agent handled calls in contact centers; (vi) successfully implementing initiatives related to on-board and identity services, common API (application programming interface) layer, payment hubs, mobile app for SMEs and virtual assistant services; and (vii) launching the PagoFX global platform in at least 4 countries.

The 2019 Digital Transformation Incentive, which terms are substantially the same as those of the 2020 one, included three senior executives, who may receive a total of EUR 2,100 thousand.

See Note 46 to the 2020 Group's consolidated financial statements for further information on the Digital Transformation Incentive.

In 2020, the ratio of variable to fixed pay components was 80% of the total for senior managers, well within the maximum limit of 200% set by shareholders.

See [note 5](#) of the group's 2020 consolidated financial statements for further details.

6.7 Prudentially significant disclosures document

On the remuneration committee's recommendation, the board approves the key remuneration elements of managers or employees who, while not belonging to senior management, take on risks, carry out control functions (i.e. internal audit, risk management and compliance) or who receive global remuneration that places them in the same remuneration bracket as senior management and employees who take on risk. These are typically those whose professional activities may have an important impact on the Group's risk profile (all of these, together with the senior management and Banco Santander's board of directors form the so called 'Identified Staff' or 'Material Risk Takers')

Every year, the remuneration committee reviews and, if applicable, updates identified staff in order to include individuals within the organisation who qualify as such. The Remuneration Policies chapter in the 2020 Pillar III disclosures report⁴ of Banco Santander, S.A. explains the criteria and regulations followed to identify such staff.

At the end of 2020, 1,394 group executives (including executive directors and non-director senior managers) were considered identified staff (1,359 in 2019), which accounts for 0.73% of the total workforce (0.69% in 2019).

Identified staff have the same remuneration standards as executive directors (see sections [6.1](#) and [6.3](#)), but not:

- Category-based deferral percentages and terms.
- The possibility of certain manager categories of only having deferred variable pay subject to malus and clawback clauses (and not to long-term targets).

- The portion of variable remuneration paid or deferred as shares for group executives in Brazil, Chile, Mexico, Poland and Santander Consumer US can be delivered in shares or similar instruments of their own listed entities (as in previous years).

In 2021, the board will maintain its flexibility in determining total or partial payment in shares or similar instruments of Banco Santander and/or subsidiaries in the proportion it considers appropriate in accordance with the maximum number of Santander shares to be delivered set by shareholders at the annual general shareholders' meeting and any regulatory restrictions applicable in each jurisdiction).

The aggregate amount of variable remuneration for identified staff in 2020, the amounts deferred in cash and shares, and the ratio of the variable to fixed remuneration components are explained in the remuneration policies chapter of Banco Santander's Pillar III disclosures report for 2020.

⁴ The 2020 Pillar III disclosures report can be found on our corporate website.

7. Group structure and internal governance

Grupo Santander is structured into legally independent subsidiaries whose parent company is Banco Santander, S.A. Its registered office is in Santander (Cantabria, Spain), while its corporate centre is located in Boadilla del Monte (Madrid, Spain). It has a Group-Subsidiary Governance Model (GSGM) and good governance practices in place for its core subsidiaries. Any references to subsidiaries in this section are to the group's most prominent entities.

The key features of the GSGM are:

- The subsidiaries' governing bodies must ensure their rigorous and prudent management and economic solvency while pursuing the interests of their shareholders and other stakeholders.
- The subsidiaries are managed locally by teams that possess extensive knowledge on, and experience with, their customers and markets, while benefiting from the synergies and advantages of belonging to the Group.
- The subsidiaries are subject to local authority regulation and supervision, although the ECB supervises the Group overall.
- Customer funds are secured by the deposit guarantee schemes in the subsidiaries' countries and are subject to local laws.

The subsidiaries finance their own capital and liquidity. The group's capital and liquidity are coordinated by corporate committees. Intra-group risk transactions are limited, transparent and carried out under market conditions. Grupo Santander retains a controlling interest in subsidiaries listed in certain countries.

Each subsidiary runs independently and has its own recovery plan, limiting the contagion of risk between them and reducing systemic risk.

7.1 Corporate Centre

Banco Santander's GSGM is supported by a corporate centre, which brings control and support units together with functions such as strategy, risk, compliance, auditing, finance, accounting, technology and operations, human resources, legal services, internal governance, communications and marketing. It adds value to the Group by:

- Enhancing governance under robust corporate frameworks, models, policies and procedures to implement strategies and ensure effective Group oversight.

- Making the group's units more efficient through cost management synergies, economies of scale and a common brand.
- Sharing best practices in global connectivity, commercial initiatives and digitalization.

7.2 Internal governance

Grupo Santander's internal governance model outlines a set of principles that regulate three types of relationships with its subsidiaries:

- The subsidiaries' governing bodies are subject to the group's rules and procedures for structuring, forming and running boards of directors and audit, nomination, remuneration and risk committees, according to international standards and good governance practices. This includes embedding other group rules and regulations on the suitability, appointment, remuneration and succession plans of governing body members, which fully comply with local regulations and supervisory standards.
- The relationship between regional and country heads and the group CEO.
- The relationship between local and global heads of key control positions, following a three lines of defence model: chief officers for risk (CRO), compliance (CCO), audit (CAE), finance (CFO) and accounting (CAO), as well as other key support and business functions (Technology and Operations, HR, General Counsel, Legal Services, Marketing, Communications, Strategy, SCIB, Wealth Management & Insurance, Digitalization and Innovation).

The group has three regional heads who report to the group CEO and are responsible for consolidating and streamlining the management and coordination of its core countries in the three geographic areas where it operates: Europe, South America and North America. Their key responsibilities must be undertaken in compliance with European Union and country-specific laws and regulations, ensuring that the country heads' role and accountability (including regulatory responsibilities) are not compromised.

In 2020, the Europe region (Spain, Portugal, Poland and the UK) received a mandate to execute a pan-European operating model to deliver benefits of scale and efficiency that leverage common product and regional management structures in the countries. Specific coordination elements and organizational structures were defined to ensure the effective discharge of the Europe regional head's responsibilities, fully respecting

local governance. Business and functional roles were also created to support and control those responsibilities.

The GSGM dictates rules for appointing those officers, setting their objectives (weighted 50% local and 50% group/regional) and variable pay, assessing their performance and planning their succession. It also explains how group officers should coordinate and interact with their subsidiary counterparts.

Grupo Santander has corporate frameworks for matters considered to have a material impact on its risk profile, covering risk, capital, liquidity, compliance, financial crime, technology, auditing, accounting, finance, strategy, human resources, outsourcing, cybersecurity, special situations management, and communications and brand. They also specify:

- How the Group should supervise and exert control over subsidiaries; and
- The group's involvement in subsidiaries' decision-making (and vice versa).

Banco Santander board of directors approves the GSGM and corporate frameworks for the subsidiary governing bodies to formally adhere to them. They take local requirements for subsidiaries into account, and are revised each year by the group's board and adapted to new legislation and international best practices.

The functions draw on corporate frameworks to prepare internal regulatory documents that are given to subsidiaries as a reference for implementing those frameworks

effectively, cohesively and in compliance with local laws and supervisory requirements. This approach ensures consistency throughout the Group.

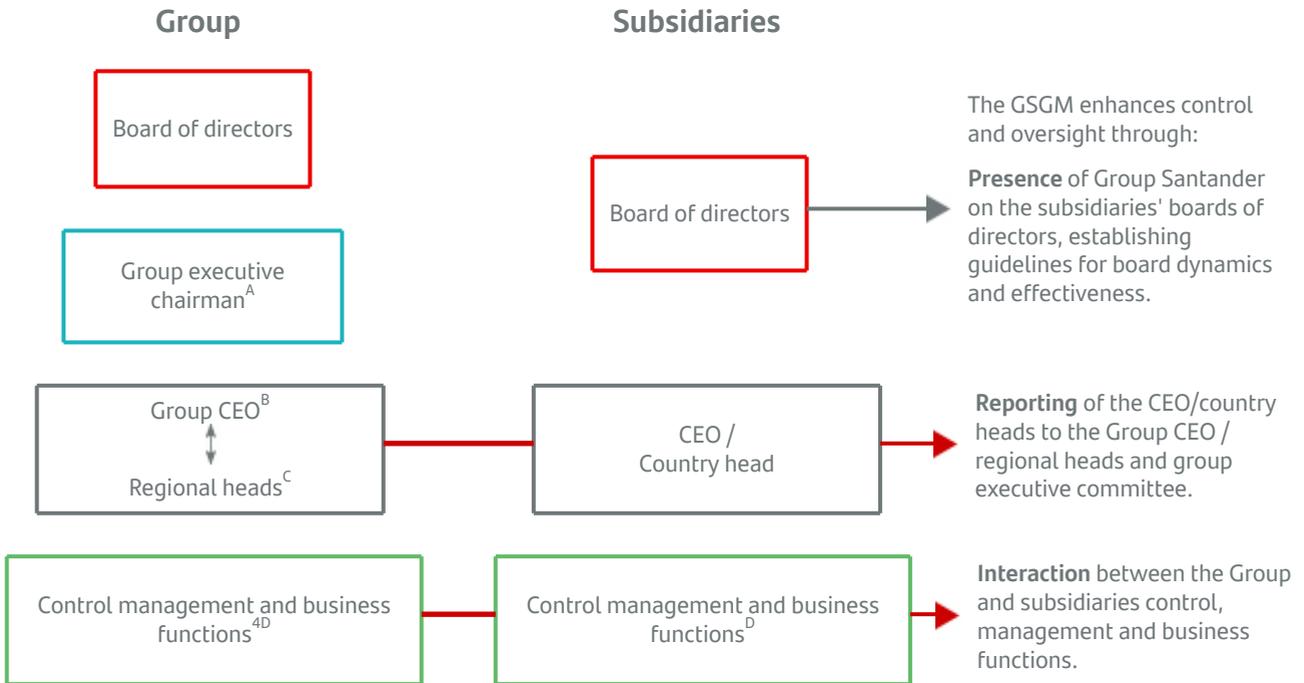
The group's internal governance office and subsidiary general counsels are responsible for embedding the governance model and corporate frameworks. Every year, the group assesses their performance in reports sent to governing bodies.

In 2019, a new policy for the governance of non-GSGM subsidiaries was approved, completing and enhancing the governance and control system that has been applied to those companies thus far.

In 2020, a new governance model was approved for PagoNxt, a wholly-owned subsidiary of Banco Santander that is structured as a dedicated holding company with a set of key initiatives on digitalizing the group's financial services, with payments at the core. This model defines an organizational and governance framework for PagoNxt and its subsidiaries in the context of the group-wide arrangements. It specifically covers the scope, principles, roles and responsibilities, key processes and governance bodies that should be in place to ensure that PagoNxt is managed in alignment with group, legal and supervisory expectations.

Also in 2020, new governance models for Santander Corporate and Investment Banking (SCIB) and Wealth Management and Insurance were developed to ensure proper, group-wide oversight of those businesses, as set out in the GSGM.

The following charts show the three levels of the GSGM, as well as the main actions to ensure an effective relationship and solid internal governance system for the Group.



A. First executive.

B. Second executive.

C. Europe, North America and South America, reporting to Group CEO.

D. Audit, Risk, Compliance, Finance, Financial Accounting & Control, IT & Operations, Human Resources, General Secretariat, Marketing, Communications, Strategy, Santander Corporate & Investment Banking, Wealth Management & Insurance, Digital & Innovation and Global Platforms.

<p>Best practices and talent sharing across the whole Group and between subsidiaries is key to our success.</p>	<p>Multiple point of entry structure that has proved to be a key resilience instrument and is a result of our diversification strategy.</p>	<p>Continuous collaboration and daily interaction between local and corporate teams.</p>
<p>A common set of corporate frameworks and policies across the Group adapted to local market conditions.</p>	<p>Enabling the identification of synergies and economies of scale across the Group.</p>	<p>Definition and implementation of new group-wide and local initiatives 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 internal control and risk management systems in respect of financial reporting, including:

- Control activities and control environment.
- Risk assessment in financial reporting.
- Reporting and communication.
- System monitoring.
- The external auditor's report.

8.1 Control environment

Governance and control bodies

The board of directors approves the financial reports Banco Santander must publicly disclose as a listed company. It is the body that oversees and guarantees the integrity of the Group's systems for internal communication, operational and financial control, accounting, financial reporting and legal compliance.

The board of directors has an audit committee that assists with supervising the group's financial reporting and internal control systems (see section [4.5 'Audit committee activities in 2020'](#)).

The audit committee works with the external auditor to address material deficiencies in the internal control system detected in audits. It also makes sure the external auditor issues a report on the group's system for ICFR.

Responsibilities, General Code of Conduct, whistleblowing channel and training

Responsibility functions

Grupo Santander, through its corporate organization functions, in countries and businesses, defines, implements and maintains the unit's organizational structures, catalogue of roles and size. The corporate organization function defines and documents the corporate model for managing structures and templates which is used as a reference across the group.

The organizational units are in charge of identifying and defining the main functions under the responsibility of each structural unit, ensuring that the organization has a solid ICFRS model.

Grupo Santander has a responsibility scheme to identify potential risks and their mitigating controls under a three-

pronged defence model that establishes lines of authority and accountability including:

The head of the financial accounting and control function (the CAO), which has the following functions, amongst others:

- Integrating the group's corporate policies into its management and adapting them to local needs.
- Ensuring that appropriate organizational structures are in place to carry out the tasks assigned, as well as suitable hierarchical-functional structure.
- Running critical procedures (control models), based on corporate technology.
- Implementing the corporate accounting and management information systems and adapting them to the specific needs of each unit.

In order to preserve its independence, each controller reports hierarchically to the head of the entity or country in which it exercises its responsibilities (country head) and functionally to the head of the group's Financial Accounting and Control division.

The non-financial risk control function is responsible for:

- Establishing and circulating the methodology for documenting the group's Internal Control Model (ICM) and ICM evaluation and certification, which covers the ICFRS, amongst other regulatory and regulatory requirements. Grupo Santander's ICM means the process carried out by the board of directors, senior managers and other group staff to provide reasonable assurance that their objectives will be achieved.
- Encouraging documentation maintenance to adapt it to organizational and regulatory changes and, along with the Financial Accounting and Control division, and, where applicable, representatives of the divisions and/or companies involved, to present the ICM evaluation outcome to the audit committee. Similar functions in each unit that reports to the corporate non-financial risk control area.

General Code of Conduct (GCC)

The group's GCC sets out the guidelines, principles and rules approved by the board of directors to govern Grupo Santander employees' conduct and ethics. Furthermore, it dictates

guidelines in relation to accounting standards and financial reporting. The GCC can be viewed on our corporate website.

All of the group's employees, including members of its governance bodies, sign the Code of Conduct, even though some are also bound to the Code of Conduct in Securities Markets and other codes of conduct specific to the area or business in which they work. Employees have access to e-learning courses on the Code and can consult the compliance and conduct function to address any queries about its application.

The GCC is a fundamental resource of the compliance function. It explains the duties of the group's governance bodies, units and areas required to implement it together with the compliance function.

If anyone violates the code, the human resources function adopts disciplinary measures and recommends corrective action (including work sanctions), irrespective of any related administrative or criminal sanctions.

Whistleblowing channel

Banco Santander's whistleblowing channel is called *Canal Abierto*. It is a confidential and anonymous means for employees to report unlawful acts, violations of the GCC and other behaviour contrary to corporate values. We adapted the channel in 2020 to enable communications by other people related to Banco Santander other than employees, such as shareholders, customers, suppliers and other third parties, ensuring that they are treated confidentially and anonymously.

It can also be used to report claims of accounting or auditing irregularities under SOX to the compliance and conduct function, which will elevate them to the audit committee for appropriate measures to be taken.

The channel does not require whistleblowers to give personal information in order to keep reports confidential before they the audit committee can review them. Only certain compliance and conduct function officers analyse reports to determine if matters pertain to accounting or auditing in order to submit them to the audit committee.

Canal Abierto is supervised jointly by the audit committee and the risk supervision, regulation and compliance committee depending on the subject of the complaint. The SOX attributes the authority to supervise the whistleblowing channel in matters that fall under the remit of the audit committee (specifically financial and accounting, including those related to the audit), while the supervision of reports of breaches of regulatory requirements for corporate behaviours or the internal governance system are the responsibility of the risk, regulation and compliance committee. The channel can be viewed on our corporate website.

For more information on the number of complaints filed on the channel and their typology, see section ['A talented and engaged team'](#) in the Responsible banking chapter, for additional information.

Training

Group employees who help prepare or analyse financial information take part in training programmes and regular refresher courses specifically designed to teach them the concepts and skills they require to discharge their duties properly.

The Financial Accounting and Control division promotes, designs and oversees these programmes and courses. It has with support from the corporate learning and career development unit under the Human Resources division.

Training takes the form of both e-learning and on-site sessions monitored and overseen by the corporate learning and career development unit to guarantee that employees duly complete them and assimilate concepts properly.

Training programmes and refresher courses taught in 2020 were focused on matters directly and indirectly related to the financial reporting. These subjects include: (i) risk analysis and management; (ii) accounting and financial statement analysis; (iii) the business, banking and the financial environment; (iv) financial management, costs and budgeting; (v) numerical skills; and (vi) calculations and statistics.

30,246 employees in all of the group's markets were involved in training programmes. Over 615,000 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 the parent's.

8.2 Risk assessment in financial reporting

The Group has a specific process to identify the companies that must be included in its scope of consolidation. The Financial Accounting and Control division and the General Secretariat and Human Resources division oversee this approach.

This process enables us to identify the entities the Grupo Santander controls through the voting rights that grant direct or indirect ownership of its capital and other entities controlled by others such as mutual funds, securitization funds and structured entities; analyses whether the group has control over an entity, whether it has rights to the variable returns of the entity or is exposed to them, and whether it can influence the amount of such variable returns. If the group is considered to have control, the entity is included in the scope of consolidation and is consolidated using the global integration method.

Otherwise, we analyse whether there is significant influence or joint control. If so, the entity is also included in the scope of consolidation and it is measured using the equity method.

For entities with the greatest impact on the preparation of the group's financial information, we implement an ICM using a homogeneous methodology to make sure that relevant controls are included and all significant risks to financial reporting are covered.

The group's ICM complies with the strictest international standards, particularly the guidelines of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) within its last published framework in 2013 which

covers control targets for the effective and efficient operations, reliable financial reporting and regulatory compliance.

The risk identification process takes into account all the group's activities, the scope of which is greater than all the risks directly related to the preparation of the group's financial information.

The identification of potential risks that must necessarily be covered by the ICM is based on management's knowledge and understanding of the business and its operations relative to the importance and qualitative criteria associated with the type, complexity or structure of the business.

Banco Santander ensures there are controls to cover risks of errors and fraud in financial reporting, such as (i) the existence of assets, liabilities and transactions at the relevant date; (ii) the items are assets or rights or liabilities and obligations of the group; (iii) timely and correct recording and adequate valuation of assets, liabilities and transactions; and (iv) correct application of accounting principles and rules, as well as appropriate breakdowns.

The main features of the group's ICM are as follows:

- It is a corporate model that involves the entire organizational structure through a direct set of individual responsibilities.
- Management of the ICM documents is decentralized to the various units, while coordination and monitoring falls to the non-financial risk control area, which provides general criteria and guidelines to standardize procedure documents, control assessment, criteria for classifying potential deficiencies and regulatory adaptations.
- It is a global model primarily aimed at documenting activities to produce consolidated financial information and other procedures carried out by each entity's support areas that, without having a direct impact on the accounts, could lead to possible losses or contingencies in the event of incidents, errors, breaches of regulations and/or fraud.
- It is dynamic and constantly updated in order to reflect the reality of the group's business, risks and controls to mitigate them.
- It produces comprehensive documents on the processes within its scope and includes detailed descriptions of operations, assessment criteria and reviews.

All ICM documents of the Group's companies are compiled on a corporate IT application that is used by employees of different levels of responsibility in the assessment and certification of the group's internal control system.

The audit committee is responsible for supervising Banco Santander and the group's regulated financial information procedures and the internal control systems.

8.3 Control activities

Revision and approval of financial information

The audit committee and the board of directors oversee the preparation and submission of the financial information required of Banco Santander and the Group, which includes the non-financial information and its integrity. They also review compliance with regulatory requirements, the scope of consolidation and the correct application of accounting criteria, ensuring that this information is permanently updated on the Banco Santander corporate's website.

The production, revision and approval of financial information and the description of ICFR is documented in a corporate tool that integrates the control model into risk management, including a description of activities, risks, tasks and controls associated with all operations that may have a significant effect on the financial statements. This documentation covers recurrent banking operations and one-off transactions (sale of investments, fixed assets transactions, etc.) and aspects related to judgements and estimates, to correctly record, evaluate, present and breakdown financial information.

The audit committee is responsible for reporting to the board on the financial information that the group must regularly publish, ensuring that it is prepared in accordance with the same principles and practices as the annual accounts and is as equally reliable as the financial statements for the board to adopt the corresponding resolutions.

The most significant aspects when closing and reviewing relevant judgements, estimates, measurements and projections are:

- Impairment losses on certain assets.
- The assumptions used in the actuarial calculation of post-employment benefit liabilities and other obligations.
- The useful life of tangible and intangible fixed assets.
- The valuation of consolidation goodwill.
- The calculation of provisions and of contingent liabilities.
- The fair value of certain unquoted assets and liabilities.
- The recoverability of the tax assets.
- The fair value of acquired identifiable assets and the liabilities assumed in business combinations.

The group CAO presents the financial information to the audit committee for validation at least quarterly, giving explanations of the main criteria used to make estimates, assessments and significant judgements.

The information provided to directors prior to meetings, including relevant judgements, estimates and projections is specifically prepared for these sessions.

The group also has a corporate accounting and financial management information committee, which is responsible for governing and supervising accounting, financial management and control, and ensuring that these matters are disclosed in

accordance with law and such disclosure is fair, accurate and not misleading.

To verify that the ICM operates correctly, the group conducts an annual pyramid assessment and certification, identifying and analysing the criticality of risks and the effectiveness of controls. This begins with an assessment of control activities by those responsible for them, which is then challenged and ratified through the organization's different hierarchy, so that, the CEO, the CFO and the CAO can certify the effectiveness of the ICM.

The Non-Financial Risk Control area prepares a report that includes the main conclusions from the units' certifications reflecting the main deficiencies identified during the year and indicating whether they have been appropriately resolved or what plans are in place for satisfactory resolution as well as supporting evidence for the signatures of the CEO, CFO and CAO.

The Non-Financial Risk Control area presents the conclusions of these assessments to the audit committee alongside with the Financial Accounting and Control division and, where applicable, the representatives of the divisions and/or companies in question, prior to submission to the risk supervision, regulation and compliance committee.

In 2020, the group created a new meeting within its governance structure called the Internal Control Monitoring Meeting, in which the main participants in the group's ICM, monitored the progress of the main internal control weaknesses and the ICM 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 involved directly or indirectly with the financial statements. These systems implement special internal controls to prepare and post financial information correctly.

The internal control policies on the following aspects are of particular importance:

- Updated and divulged internal policies and procedures for system security and access to applications and computer systems according to functions and ratings of each unit/role.
- The group's methodology, under which new applications are developed and existing applications are maintained or adapted through a circuit that formulates, develops and tests them so as to treat financial information reliably.
 - Once applications are developed according to regularly defined requirements (detailed documentation of processes to be implemented), they are run through comprehensive tests by a specialist development laboratory.
 - Before they are rolled out, a complete software testing cycle is run in a pre-production computerized environment that simulates real situations. Testing includes technical and functional tests, performance tests, user-acceptance tests and pilot and prototype tests, which are defined by the entities.

- The group's continuity plans for key functions in disasters or other events that could suspend or disrupt operations, as well as highly automated back-up systems that support critical systems and require little manual intervention owing to redundant systems, high availability systems and redundant communication lines.

Internal control policies and procedures for outsourced activities and valuation services from independent experts

The group's action framework and specific policies and procedures fittingly cover outsourcing risks. All group companies must adhere to this framework, which meets the EBA's requirements for outsourcing and risk management with third parties. It consists of:

- Tasks to initiate, record, process, settle, report and accounting for transactions and asset valuations.
- IT support in terms of software development, infrastructure maintenance, incident management, security and processing.
- Other material support services not directly related to financial reporting, such as supplier management, property management, HR management, etc.

Key control procedures include:

- Documenting relations between group companies with comprehensive service agreements.
- Documentation and validation by the group's service providers of processes and controls for the services they perform.
- The external suppliers must undergo an approval process to ensure that the relevant risks associated with the services they provide remain within acceptable levels, in accordance with the group's risk appetite.

The group reviews estimates internally according to its control model guidelines. It will hire the services of a third party to help with specific matters upon confirming their expertise and independence and approving their methods and rationale of its assumptions through relevant procedures.

Furthermore, the group's controls make sure information for external suppliers of services that could affect the financial statements is accurately and comprehensively detailed in service level agreements.

8.4 Information and communication

Responsible for accounting policies

The Financial Accounting and Control division has an area called 'accounting policies', whose manager reports directly to the head of the division, and has the following exclusive responsibilities:

- To define the accounting treatment of the transactions that constitute Banco Santander's activity, in accordance with their economic nature and the regulations governing the financial system.

- To define and keep up-to-date the group's accounting policies and resolve any doubts or conflicts arising from their interpretation.
- Improve and standardize the group's accounting practices.

The corporate accounting and financial reporting and management framework sets out the principles and guidelines to prepare accounting, financial and management information that must apply to all Grupo Santander entities as a key element of their good governance. The group's structure makes it necessary to establish these principles and standard guidelines for their application, and for each of the group entities to have effective consolidation methods and employ homogeneous accounting policies. The framework's principles described in this framework are adequately reflected in the group's accounting policies.

Accounting policies should be understood as a complement to local financial and accounting rules. Their overarching aims are (i) that statements and financial information made available to the management bodies, supervisors or other third parties, provide accurate and reliable information for decision-making in relation to the group, and (ii) timely compliance by all group entities with their legal obligations.

Accounting policies are revised at least once a year and when relevant regulations are amended.

Every month, the Accounting Policies area publishes an internal bulletin on new accounting regulation and their most significant interpretations.

The Group entities, through their operations or accounting heads, maintain open communication with the financial regulation and accounting processes area, as well as with the other areas of the Financial Accounting and Control division.

8.5 Monitoring

2020 ICFR monitoring activities and results

The board of directors approved an Internal Audit framework for Grupo Santander that defines the function and how it should conduct its work.

Internal Audit is a permanent, independent function that guarantees the quality and effectiveness of internal control, risk management (current or emerging) and governance processes and systems, thus contributing to the protection of the organization's value, solvency and reputation as well as the board of directors and senior managers. The internal audit function reports to the audit committee and periodically, at least twice a year, to the board of directors. As an independent unit, it also has direct access to the board when required.

Internal audit assesses:

- The efficiency and effectiveness of the processes and systems referred to above.
- The compliance with applicable regulations and supervisory requirements.

- The reliability and integrity of financial and operational information.
- Asset integrity.
- Internal audit is the third line of defence, independent of the other two. Its scope of action includes:
 - All entities over which the group exercises effective control.
 - Separated assets (for example, mutual funds) managed by the entities mentioned in the previous section.
 - Any entity (or separated assets) not included in the above points, with which the group has entered into an agreement to provide Internal Audit functions.

This subjective scope includes, in any case, the activities, businesses and processes carried out (either directly or through outsourcing), the organization and, where applicable, commercial networks. Internal Audit may also conduct audits for other investees that are not included in the preceding points when the group has reserved this right as a shareholder, as well as on outsourced activities in accordance with the established agreements.

The audit committee supervises the group's internal audit function. See section [4.5 'Audit committee activities in 2020'](#).

As at 2020 year-end, Internal Audit had 1,264 employees, all exclusively dedicated to this service. Of these, 279 were based at Corporate Centre and 985 in the local units located in the main geographies where the group is present, all with exclusive dedication.

Every year, Internal Audit prepares an audit plan based on a risk self-assessment and is solely responsible for executing the plan. Reviews may lead to audit recommendations, which are prioritized in accordance with their relative importance, and are continuously monitored until fully implemented.

At its meeting of 19 February 2021, the audit committee reviewed the 2021 audit plan, which was reported to and approved by the board at its meeting of 22 February 2021.

Internal audit reports mainly aimed to:

- Verify compliance with the provisions contained in sections 302, 404, 406, 407 and 806 of the SOX Act.
- Check corporate governance with regard to information relating to the internal control system for financial reporting.
- Review the functions performed by the internal control departments and by other departments, areas or divisions involved in ensuring compliance with the SOX Act.
- Make sure the supporting documentation relating to the SOX Act is up to date.
- Confirm the effectiveness of a sample of controls based on an internal audit risk assessment methodology.
- Assess the accuracy of the unit's certifications, especially their consistency of the certifications with respect to the

observations and recommendations made by Internal Audit, the external auditors of the annual accounts or supervisors.

- Ratify the implementation of recommendations made in the audit plan.

In 2020, the audit committee and the board of directors were informed of the Internal Audit unit's work, in accordance with its annual plan, and of other matters related to this function. See Section [4.5. 'Audit committee activities in 2020'](#).

Detection and management of deficiencies

The audit committee oversees to supervise the financial reporting process and the internal control systems. It is responsible for any control deficiencies that could affect the reliability and accuracy of the annual accounts. It may refer to the areas of the Group involved in the process to obtain the necessary information and clarifications. The committee also assesses the potential impact of any errors detected in the financial information.

The audit committee is responsible for discussing any significant weaknesses detected in the audit with the external auditor.

As part of its oversight, the audit committee assesses the results of the work of the internal audit unit, and may take the necessary measures to correct any deficiencies identified in the financial information.

In 2020, the audit committee was informed of the ICM evaluation and certification for the 2019 financial year. See section [4.5 'Audit committee activities in 2020'](#).

8.6 External auditor report

The external auditor issued an independent reasonable assurance report on the design and effectiveness of the ICFR and the description on the ICFR that is provided in this section 8 of the annual corporate governance report.

This report is included in the following pages.



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent reasonable assurance report on the design and effectiveness of Internal Control over Financial Reporting (ICFR)

To the Board of Directors of Banco Santander, S.A.:

We have carried out a reasonable assurance engagement of the design and effectiveness of the Internal Control over Financial Reporting (hereinafter, ICFR) and the description that is included in the attached Report that forms part of the corresponding section of Corporate Governance Report of the Directors' Report accompanying the consolidated financial statements of Banco Santander, S.A., (hereinafter, the Parent Company) and its subsidiaries (hereinafter, the Group or Santander Group) as at December 31, 2020.

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 Control

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our firm applies the "International Standard on Quality Control 1 (ISQC 1)" and maintains an exhaustive qualitative control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

Opinion

In our opinion, Santander Group, maintained as at December 31, 2020, 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, 2020 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, 2020, 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 1/2020, of October 6, of the CNMV for the purposes of describing the ICFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit of accounts nor is it subject to the regulations governing the activity of the audit in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations. However, we have audited under separate engagement, in accordance with the regulations governing the audit activity in force in Spain, the consolidated financial statements of Santander Group prepared by the Parent Company's Directors in accordance with the International Financial Reporting Standards adopted by the European Union and other provisions of the financial reporting standards applicable to the Group, and our report dated February 23, 2021 expresses a favorable opinion on those consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.



Alejandro Esnal Elorrieta

February 23, 2021

9. Other corporate governance information

CNMV Circular 2/2018 of 12 June 2018 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 'comply with the recommendations in the Spanish Corporate Governance Code or explain', 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 2020 annual corporate governance report (drafted in a free format) and elsewhere in this annual report.

We have normally completed the 'comply or explain' section for all recommendations in the Spanish Corporate Governance Code to clearly show the ones we complied with, and explain the ones we partially complied or failed to comply with. In section [9.3 'Table on compliance with or explanations of recommendations in corporate governance'](#), we have included a chart with cross-references showing where information supporting each response can be found in this corporate governance chapter and elsewhere in this annual report.

9.1 Reconciliation with the CNMV's corporate governance report model

Section in the CNMV model	Included in statistical report	Comments
A. OWNERSHIP STRUCTURE		
A.1	Yes	See sections 2.1 'Share capital' and 3.2 'Shareholder rights' .
A.2	Yes	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account.
A.3	Yes	See 'Tenure and equity ownership' in section 4.2 and sections 6 'Remuneration' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.4	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.5	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.6	No	See section 2.3 'Significant shareholders' where we explain there are no significant shareholders on their own account so this section does not apply.
A.7	Yes	See sections 2.4 'Shareholders' agreements' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.8	Yes	Not applicable.
A.9	Yes	See section 2.5 'Treasury shares' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.10	No	See section 2.5 'Treasury shares' .
A.11	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
A.12	No	See section 3.2 'Shareholder rights' .
A.13	No	See section 3.2 'Shareholder rights' .
A.14	Yes	See section 2.6 'Stock market information' .

Section in the CNMV model	Included in statistical report	Comments
B. GENERAL SHAREHOLDERS' MEETING		
B.1	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2 .
B.2	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2 .
B.3	No	See 'Rules for amending our Bylaws' in section 3.2 .
B.4	Yes	See 'Quorum and attendance' in sections 3.4 and 3.5 , in relation to financial year 2020, and section 9.2 'Statistical information on corporate governance as required by the CNMV' , in relation to the remaining financial years.
B.5	Yes	See 'Voting results and resolutions' in sections 3.4 and 3.5 .
B.6	Yes	See 'Shareholder participation at general meetings' in section 3.2 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
B.7	No	See 'Quorum and majorities for passing resolutions at general meeting' in section 3.2 .
B.8	No	See 'Corporate website' in section 3.1 .
C. MANAGEMENT STRUCTURE		
C.1 Board of directors		
C.1.1	Yes	See 'Size' in section 4.2 .
C.1.2	Yes	See 'Tenure and equity ownership' in section 4.2 , 'Duties and activities in 2020' in section 4.6 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.3	Yes	See sections 2.4 'Shareholders' agreements' , 4.1 'Our directors' , 'Composition by type of director' in section 4.2 , 'Duties and activities in 2020' in section 4.6 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.4	Yes	See 'Diversity' and 'Board skills and diversity matrix' in section 4.2 , in relation to financial year 2020, and section 9.2 'Statistical information on corporate governance as required by the CNMV' , in relation to the remaining financial years.
C.1.5	No	See 'Diversity' in section 4.2 and 'Duties and activities in 2020' in section 4.6 .
C.1.6	No	See 'Strong succession plans' in section 1.5 , 'Diversity' in section 4.2 , 'Duties and activities in 2020' in section 4.6 and, regarding top executive positions, see ' Responsible banking ' chapter.
C.1.7	No	See 'Diversity' in section 4.2 . and 'Duties and activities in 2020' in section 4.6 .
C.1.8	No	Not applicable, since there are no proprietary directors. See 'Composition by type of director' in section 4.2 .
C.1.9	No	See 'Group executive chairman and chief executive officer' in section 4.3 and 'Functions' in section 4.4 .
C.1.10	No	See section 4.1 'Our directors' .
C.1.11	Yes	See sections 4.1 'Our directors' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.12	Yes	See 'Board and committees attendance' in section 4.3 .
C.1.13	Yes	See sections 6 'Remuneration' and 9.2 'Statistical information on corporate governance as required by the CNMV' . Additionally, see note 5 c) to our 'consolidated financial statements'.
C.1.14	Yes	See sections 5 'Management team' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.15	Yes	See 'Rules and regulations of the board' in section 4.3 .
C.1.16	No	See 'Election, renewal and succession of directors' in section 4.2 .
C.1.17	No	See 'Board assessment in 2020' in section 4.3 and 'Duties and activities in 2020' in section 4.6 .
C.1.18	No	See 'Board assessment in in 2020' in section 4.3 .
C.1.19	No	See 'Director election, renewal and succession' in section 4.2 .
C.1.20	No	See 'Board meetings' in section 4.3 .
C.1.21	Yes	Not applicable.
C.1.22	No	See 'Diversity' in section 4.2 .
C.1.23	Yes	See 'Election, renewal and succession of directors' in section 4.2 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.24	No	See 'Board meetings' in section 4.3 .
C.1.25	Yes	See 'Lead independent director' and 'Board and committees attendance' in section 4.3 , 'Duties and activities in 2020' in sections 4.4 , 4.5 , 4.6 , 4.7 , 4.8 , 4.9 and 4.10 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.26	Yes	See 'Board and committees attendance' in section 4.3 . and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.27	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .

Section in the CNMV model	Included in statistical report	Comments
C.1.28	No	See 'Duties and activities in 2020' in section 4.5 .
C.1.29	Yes	See section 4.1 'Our directors' and section 'Secretary of the board' in section 4.3 .
C.1.30	No	See section 3.1 'Shareholders' engagement' and 'Duties and activities in 2020' in section 4.5
C.1.31	Yes	See 'External auditor' in section 4.5 and section 9.2 'Statistical information on corporate governance as required by the CNMV's .
C.1.32	Yes	See 'Duties and activities in 2020' in section 4.5 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.33	Yes	Not applicable.
C.1.34	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.35	Yes	See 'Board meetings' and 'Committee meetings' in section 4.3 .
C.1.36	No	See 'Election, renewal and succession of directors' in section 4.2 .
C.1.37	No	Not applicable. See 'Duties and activities in 2020' in section 4.6 .
C.1.38	No	Not applicable.
C.1.39	Yes	See sections 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote' , 6.7 'Prudentially significant disclosure document' and 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.2 Board committees		
C.2.1	Yes	See 'Committee structure' and 'Committee meetings' in section 4.3 , 'Duties and activities in 2020' in sections 4.4 , 4.5 , 4.6 , 4.7 , 4.8 , 4.9 and 4.10 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.2.2	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.2.3	No	See 'Committee structure' and 'Committee meetings' in section 4.3 and 'Duties and activities in 2020' in sections 4.4 , 4.5 , 4.6 , 4.7 , 4.8 , 4.9 and 4.10 .
D. RELATED PARTY AND INTRAGROUP TRANSACTIONS		
D.1	No	See 'Related-party transactions' in section 4.12 .
D.2	Yes	Not applicable. See 'Related-party transactions' in section 4.12 .
D.3	Yes	Not applicable. See 'Related-party transactions' in section 4.12 .
D.4	Yes	See section 9.2 'Statistical information on corporate governance as required by the CNMV' .
D.5	Yes	Not applicable. See 'Related-party transactions' in section 4.12 .
D.6	No	See 'Conflicts of interests' in section 4.12
D.7	Yes	Not applicable. See section 2.3 'Significant shareholders' and 'Conflicts of interests' in section 4.12 .
E. CONTROL AND RISK MANAGEMENT SYSTEMS		
E.1	No	See chapter ' Risk management and compliance ', in particular section 2. 'Risk management and control model' and sections ' A strong and inclusive culture: The Santander Way ' and ' Tax contribution ' in the Responsible banking chapter.
E.2	No	See note 53 to our consolidated financial statements, section 2.3 'Risk governance' in the Risk management and compliance chapter, and sections ' A strong and inclusive culture: The Santander Way ' and ' Tax contribution ' in the Responsible banking chapter.
E.3	No	See sections 2.2 'Risk factors' , 3. 'Credit risk' , 4. 'Market, structural and liquidity risk' , 5. 'Credit risk' , 6. 'Operational risk' , 7. 'Compliance and conduct risk' , 8 'Model risk' and 9. 'Strategic risk' in the Risk management and compliance chapter. See also the ' Responsible banking ' chapter and, for our capital needs, see section 3.5 'Capital management and adequacy. Solvency ratios' of the Economic and financial review chapter.
E.4	No	See section 2.4. 'Management processes and tools' in the Risk management and compliance chapter and sections ' A strong and inclusive culture: The Santander Way ' and ' Tax contribution ' in the Responsible banking chapter.
E.5	No	See 3. 'Credit risk' , 4. 'Market, structural and liquidity risk' , 5. 'Credit risk' , 6. 'Operational risk' , 7 'Compliance and conduct risk' , 8 'Model risk' and 9 'Strategic risk' in the Risk management and compliance chapter. Additionally, see note 25e) to our consolidated financial statements.
E.6	No	See sections 2. 'Risk management and control model' , 3. 'Credit risk' , 4. 'Market, structural and liquidity risk' , 5. 'Credit risk' , 6. 'Operational risk' , 7. 'Compliance and conduct risk' , 8. 'Model risk' and 9. 'Strategic risk' in the Risk management and compliance chapter.
F. ICFRS		
F.1	No	See section 8.1 'Control environment' .
F.2	No	See section 8.2 'Risk assessment in financial reporting' .
F.3	No	See section 8.3 'Control activities' .
F.4	No	See section 8.4 'Information and communication' .

Section in the CNMV model	Included in statistical report	Comments
F.5	No	See section 8.5 'Monitoring' .
F.6	No	Not applicable.
F7	No	See section 8.6 'External auditor report' .
G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS		
G	Yes	See 'Degree of compliance with the corporate governance recommendations' in section 9.2 and section 9.3 'Table on compliance with or explanations of recommendations on corporate governance' .
H. OTHER INFORMATION OF INTEREST		
H	No	See sections ' Tax contribution ' and ' Governance and priorities ', in particular, 'Joint initiatives to promote our agenda', 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 2020.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
03/12/2020	8,670,320,651	17,340,641,302	17,340,641,302

Indicate whether different types of shares exist with different associated rights:

Yes No

A.2 List the direct and indirect holders of significant ownership interests at year-end, excluding directors:

Name or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
BlackRock Inc.	0	5.08%	0	3.46%	5.43%

Details of the indirect shares:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights
BlackRock Inc.	Subsidiaries of BlackRock Inc.	5.08%	3.46%	5.43%

A.3 Complete the following tables on company directors holding voting rights through company shares:

Name or corporate name of director	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ana Botín-Sanz de Sautuola y O'Shea	0.00	0.17	0.00	0.00	0.17	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	0.55	0.00	0.00	0.58	0.00	0.00
Álvaro Cardoso de Souza	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R. Martín Chávez Márquez	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sol Daurella Comadrán	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Henrique de Castro	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gina Díez Barroso	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luis Isasi Fernández de Bobadilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ramiro Mato García-Ansorena	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sergio Rial	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Belén Romana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pamela Walkden	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% total voting rights held by the board of directors	0.76 %						

A.7 Indicate whether the company has been notified of any shareholders' agreements pursuant to Articles 530 and 531 of the Spanish Companies Act (LSC). Provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes No

Parties to the shareholders' agreement	% of share capital affected	Brief description of agreement	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.58%	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:

Yes No

Participants in the concerted action	% of share capital affected	Brief description of concerted action	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.58%	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056

A.8 Indicate whether any individual or entity currently exercises control or could exercise control over the company in accordance with article 5 of the Spanish Securities Market Act. If so, identify them:

Yes No

A.9 Complete the following tables on the company's treasury shares:

At year end:

Number of shares held directly	Number of shares held indirectly*	% of total share capital
0	28,439,022	0.16%

(*)Through:

Name or corporate name of the direct shareholder	Number of shares held directly
Pereda Gestión, S.A.	26,700,000
Banco Santander Río, S.A.	981,853
Banco Santander México, S.A.	757,169
Total:	28,439,022

A.11 Estimated free float:

	%
Estimated free float	93.64%

A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes No

B. GENERAL SHAREHOLDERS' MEETING

B.4 Indicate the attendance figures for the general shareholders' meetings held during the fiscal year to which this report relates and in the two preceding fiscal years:

Date of General Meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
23/03/2018	0.82%	47.61%	0.38%	15.74%	64.55%
of which free float:	0.18%	47.61%	0.38%	15.74%	63.91%

Date of General Meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
12/04/2019	0.77%	65.30%	0.57%	1.86%	68.49%
of which free float:	0.63%	64.30%	0.57%	1.86%	67.36%

Date of General Meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
23/07/2019	0.65%	41.82%	0.30%	16.45%	59.22%
of which free float:	0.58%	41.82%	0.30%	16.45%	58.15%

Date of General Meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
03/04/2020	0.09%	62.60%	1.71%	0.60%	65.00%
of which free float:	0.01%	61.58%	1.71%	0.60%	63.90%

Date of General Meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
27/10/2020	0.17%	43.29%	0.59%	16.30%	60.34%
of which free float:	0.11%	42.16%	0.59%	16.30%	59.16%

B.5 Indicate whether in the general shareholders' meetings held during the fiscal year to which this report relate there has been any matter submitted to them which, for any reason, has not been approved by the shareholders.

Yes No

B.6 Indicate whether the bylaws require a minimum holding of shares to attend to or to vote remotely in the general shareholders' meeting:

Yes No

C. MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	17
Minimum number of directors	12
Number of directors fixed by GSM	15

C.1.2 Complete the following table with the directors' details:

Name or corporate name of director	Representative	Category of director	Position in the board	Date of first appointment	Date of last appointment	Election procedure
Ana Botín-Sanz de Sautuola y O'Shea	N/A	Executive	Chairman	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	Non-executive independent	Lead independent director	25/11/2014	12/04/2019	Vote in general shareholders' meeting
Homaira Akbari	N/A	Non-executive independent	Director	27/09/2016	23/03/2018	Vote in general shareholders' meeting
Javier Botín-Sanz de Sautuola y O'Shea	N/A	Other external	Director	25/07/2004	12/04/2019	Vote in general shareholders' meeting
Álvaro Cardoso de Souza	N/A	Non-executive independent	Director	01/04/2018	01/04/2018	Vote in general shareholders' meeting
R. Martin Chávez Márquez	N/A	Non-executive independent	Director	27/10/2020	27/10/2020	Vote in general shareholders' meeting
Sol Daurella Comadrán	N/A	Non-executive independent	Director	25/11/2014	03/04/2020	Vote in general shareholders' meeting
Henrique de Castro	N/A	Non-executive independent	Director	07/07/2019	07/07/2019	Vote in general shareholders' meeting
Gina Díez Barroso	N/A	Non-executive independent	Director	22/12/2020	22/12/2020	Co-option
Luis Isasi Fernández de Bobadilla	N/A	Other external	Director	19/05/2020	19/05/2020	Vote in general shareholders' meeting
Ramiro Mato García-Ansorena	N/A	Non-executive independent	Director	28/11/2017	12/04/2019	Vote in general shareholders' meeting
Sergio Rial	N/A	Executive	Director	30/5/2020	30/05/2020	Vote in general shareholders' meeting
Belén Romana García	N/A	Non-executive independent	Director	22/12/2015	12/04/2019	Vote in general shareholders' meeting
Pamela Walkden	N/A	Non-executive independent	Director	29/10/2019	03/04/2020	Vote in general shareholders' meeting
Total number of directors						15

Indicate any directors who have left during the fiscal year to which this report relates, regardless of the reason (whether for resignation or by agreement of the general meeting or any other):

Name or corporate name of director	Category of director at the time he/her left	Date of last appointment	Date of leave	Board committees he or she was a member of	Indicate whether he or she has left before the expiry of his or her term
Ignacio Benjumea Cabeza de Vaca	Other external	23/03/2018	07/05/2020	Executive committee, Remuneration committee, Risk supervision, regulation and compliance committee, Responsible banking, sustainability and culture committee and Innovation and technology committee	NO
Guillermo de la Dehesa Romero	Other external	23/03/2018	03/04/2020	Executive committee, Nomination committee and Innovation technology committee	YES
Esther Giménez-Salinas i Colomer	Non-executive independent	03/04/2020	27/10/2020	Nomination committee, Risk supervision, regulation and compliance committee and Responsible banking, sustainability and culture committee	YES
Rodrigo Echenique Gordillo	Other external	03/04/2020	22/12/2020	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	Group executive chairman	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
José Antonio Álvarez Álvarez	CEO	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Sergio Rial	Santander Head Regional for South America	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Total number of executive directors		3
% of the Board		20.00%

Proprietary non-executive directors

Name or corporate name of director	Name or corporate name of significant shareholder represented or having proposed his or her appointment	Profile
N/A	N/A	N/A
Total number of proprietary non-executive directors		0
% of the Board		0%

Independent non-executive directors

Name or corporate name of director	Profile
Bruce Carnegie-Brown	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Homaira Akbari	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Álvaro Cardoso de Souza	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
R. Martín Chávez Márquez	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Sol Daurella Comadrán	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Henrique de Castro	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Gina Díez Barroso	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Ramiro Mato García-Ansorena	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Belén Romana García	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Pamela Walkden	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Total number of independent directors	10
% of the Board	66.67%

Identify any independent director who receives from the company or its group any amount or perk other than his or her director remuneration or who maintain or have maintained during the fiscal year covered in this report a business relationship with the company or any group company, either in his or her own name or as a principal shareholder, director or senior manager of an entity which maintains or has maintained such a business relationship.

In such a case, a reasoned statement from the Board on why the relevant director(s) is able to carry on their duties as independent director(s) will be included.

Name or corporate name of director	Description of the relationship	Reasoned statement
Homaira Akbari	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the company in which Homaira Akbari was a director in 2020 were not significant because, among other reasons, they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>
Sol Daurella	Financing	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the funding Grupo Santander granted to companies in which Sol Daurella was a principal shareholder or director in 2020 was not significant because, among other reasons: (i) it did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) it aligned with Grupo Santander's share in the corresponding market, and (iii) it did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Henrique de Castro	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the company in which Henrique de Castro was a director in 2020 were not significant because, among other reasons, they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>
Gina Díez	Financing	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the funding granted by Grupo Santander to the company in which Gina Díez was a principal shareholder and director in 2020 was not significant because, among other reasons: (i) it did not generate a situation of economic dependence on the company involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) it aligned with Grupo Santander's share in the corresponding market, and (iii) it did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Belén Romana	Business	<p>When conducting the annual verification of the independence of directors of this status, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the companies in which Belén Romana was a director in 2020 were not significant because, among other reasons, they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>

Other non-executive directors

Identify all other non-executive directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons for not qualifying under other category	Entity, executive or shareholder with whom it maintains a relationship	Profile
Javier Botín-Sanz de Sautuola y O'Shea	Because the requirements established in paragraph 3 of article 529 <i>duodecies</i> LSC are not met, and he has held the position of director for more than 12 years.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Luis Isasi Fernández de Bobadilla	Because the requirements established in paragraphs 2 to 4 of article 529 <i>duodecies</i> LSC are not met.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Total number of other non-executive directors			2
% of the Board			13.33%

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			

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 2020	FY 2019	FY 2018	FY 2017	FY 2020	FY 2019	FY 2018	FY 2017
Executive	1	1	1	1	33.33 %	50.00 %	33.33 %	33.33 %
Proprietary	—	—	—	—	0.00 %	0.00 %	0.00 %	0.00 %
Independent	5	5	4	4	50.00 %	55.55 %	44.44 %	50.00 %
Other external	—	—	—	—	0.00 %	0.00 %	0.00 %	0.00 %
Total:	6	6	5	5	40.00 %	40.00 %	33.33 %	35.71 %

C.1.11 Identify those directors (or individuals representing the director in the case of directors who are body corporates) who hold a directorship of other non-group companies that are listed on regulated markets (or who are the individuals representing a body corporate holding such a directorship), if communicated to the company:

Name or corporate name of director	Name of the listed company	Position
Ana Botín-Sanz de Sautuola y O'Shea	The Coca-Cola Company	Director
Homaira Akbari	Landstar System, Inc. Temenos AG	Director Director
Sol Daurella Comadrán	Coca-Cola European Partners plc.	Chairman
Henrique de Castro	Fiserv Inc.	Director
Luis Isasi Fernández de Bobadilla	Compañía de Distribución Integral Logista, S.A.U.	Director
Sergio Rial	Delta Airlines Inc	Director
Belén Romana García	Aviva plc. Six Group AG (SIX)	Director Director

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)	19,066
Amount of accumulated pension rights of current directors (EUR thousand)	67,526
Amount of accumulated pension rights of former directors (EUR thousand)	51,723

C.1.14 Identify the members of the company's senior management who are non executive directors and indicate total remuneration they have accrued during the fiscal year:

Name or corporate name	Position (s)	
Rami Aboukhair Hurtado	Country head - Santander Spain	
Lindsey Tyler Argalas	Head of Santander Digital	
Alexandra Brandão	Head of Human Resources	
Juan Manuel Cendoya Méndez de Vigo	Group head of Communications, Corporate Marketing and Research	
José Fransisco Doncel Razola	Group head of Accounting and Financial Control	
Keiran Paul Foad	Group Chief Risk Officer	
José Antonio García Cantera	Group Chief Financial Officer	
Juan Guitard Marín	Group Chief Audit Executive	
José Maria Linares Perou	Global head of Corporate & Investment Banking	
Mónica Lopez-Mónis Gallego	Group head of Supervisory and Regulatory Relations	
Javier Maldonado Trinchant	Group head of Costs	
Dirk Marzluf	Group head of Technology and Operations	
Víctor Matarranz Sanz de Madrid	Global head of Wealth Management	
José Luis de Mora Gil-Gallardo	Group head of Strategy and Corporate Development and Head of Consumer Finance (Santander Consumer Finance)	
Jaime Pérez Renovales	Group head of General Secretariat and Human Resources	
Javier San Félix García	Head of Santander Global Payments Services	
Antonio Simões	Head regional of Europe	
Marjolein van Hellemond-Gerdingh	Group Chief Compliance Officer	
Number of women in senior management		4
Percentage of total senior management		22.22%
Total remuneration accrued by the senior management (EUR thousand)		52,113

C.1.15 Indicate whether any changes have been made to the board Rules and regulations during the fiscal year:

Yes No

C.1.21 Indicate whether there are any specific requirements, other than those applying to directors generally, to be appointed chairman.

Yes No

C.1.23 Indicate whether the bylaws or the board Rules and regulations set a limited term of office (or other requirements which are stricter than those provided for in the law) for independent directors different than the one provided for in the law.

Yes No

C.1.25 Indicate the number of board meetings held during the fiscal year and how many times the board has met without the chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	20
Number of board meetings held without the chairman's attendance	0

Indicate the number of meetings held by the lead independent director with the rest of directors without the attendance or representation of any executive director.

Number of meetings	3
--------------------	---

Indicate the number of meetings of the various board committees held during the fiscal year.

Number of meetings of the audit committee	15
Number of meetings of the responsible banking, sustainability and culture committee	4
Number of meetings of the innovation and technology committee	4
Number of meetings of the nomination committee	13
Number of meetings of the remuneration committee	13
Number of meetings of the risk supervision, regulation and compliance committee	13
Number of meetings of the executive committee	46

C.1.26 Indicate the number of board meetings held during the fiscal year and data about the attendance of the directors.

Number of meetings with at least 80% of directors being present	20
% of votes cast by members present over total votes in the fiscal year	98.56%
Number of board meetings with all directors being present (or represented having given specific instructions)	18
% of votes cast by members present at the meeting or represented with specific instructions over total votes in the fiscal year	99.27%

C.1.27 Indicate whether the company's consolidated and individual financial statements are certified before they are submitted to the board for their formulation.

Yes No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their formulation by the board:

Name	Position
José Francisco Doncel Razola	Group head of Accounting and Financial Control

C.1.29 Is the secretary of the board also a director?

Yes No

If the secretary of the board is not a director fill in the following table:

Name or corporate name of the secretary	Representative
Jaime Pérez Renovales	N/A

C.1.31 Indicate whether the company has changed its external audit firm during the fiscal year. If so, identify the incoming audit firm and the outgoing audit firm:

Yes No

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and express this amount as a percentage they represent of all fees invoiced to the company and/or its group.

Yes No

	Company	Group companies	Total
Amount of non-audit work (EUR thousand)	487	1,513	2,000
Amount of non-audit work as a % of amount of audit work	0.5%	1.4%	1.9%

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 chairman 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	5	5
	Company	Group
Number of years audited by current audit firm/Number of years the company's or its Group financial statements have been audited (%)	13.15%	13.15%

C.1.35 Indicate and if applicable explain whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

Yes No

Procedures

Our Rules and regulations of the board stipulate that members of the board and committees are provided with the relevant documentation for each meeting sufficiently in advance of the meeting date, thereby ensuring the confidentiality of the information.

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	19
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	Chairman	Executive director
José Antonio Álvarez Álvarez	Member	Executive director
Bruce Carnegie-Brown	Member	External independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
Ramiro Mato García-Ansorena	Member	External independent director
Belén Romana García	Member	External independent director
% of executive directors		33.33%
% of proprietary directors		0.00%
% of independent directors		50.00%
% of other non-executive directors		16.67%

Audit committee

Name	Position	Type
Pamela Walkden	Chairman	External independent director
Homaira Akbari	Member	External independent director
Henrique de Castro	Member	External independent director
Ramiro Mato García-Ansorena	Member	External independent director
Belén Romana García	Member	External independent director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		100%
% of other non-executive directors		0%

Identify those directors in the audit committee who have been appointed on the basis of their knowledge and experience in accounting, audit or both and indicate the date of appointment of the committee chairman.

Name of directors with accounting or audit experience	Pamela Walkden Belén Romana García Homaira Akbari Ramiro Mato García-Ansorena Henrique de Castro
Date of appointment of the committee Chairman for that position	26 April 2020

Nomination committee

Name	Position	Type
Bruce Carnegie-Brown	Chairman	External independent director
R. Martin Chávez Márquez	Member	External independent director
Sol Daurella Comadrán	Member	External independent director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		100%
% of other executive directors		0%

Remuneration committee

Name	Position	Type
Bruce Carnegie-Brown	Chairman	External independent director
R. Martín Chávez Márquez	Member	External independent director
Sol Daurella Comadrán	Member	External independent director
Henrique de Castro	Member	External independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		80%
% of other external directors		20%

Risk supervision, regulation and compliance committee

Name	Position	Type
Álvaro Cardoso de Souza	Chairman	External independent director
R. Martín Chávez Márquez	Member	External independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
Ramiro Mato García-Ansorena	Member	External independent director
Belén Romana García	Member	External independent director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		80%
% of other external directors		20%

Responsible banking, sustainability and culture committee

Name	Position	Type
Ramiro Mato García-Ansorena	Chairman	External independent director
Homaira Akbari	Member	External independent director
Álvaro Cardoso de Souza	Member	External independent director
Sol Daurella Comadrán	Member	External independent director
Belén Romana García	Member	External independent director
% of executive directors		0%
% of proprietary directors		0%
% of independent directors		100%
% of other external directors		0%

Innovation and technology committee

Name	Position	Type
R. Martín Chávez Márquez	Chairman	External independent director
Ana Botín-Sanz de Sautuola y O'Shea	Member	Executive director
José Antonio Álvarez Álvarez	Member	Executive director
Bruce Carnegie-Brown	Member	External independent director
Homaira Akbari	Member	External independent director
Henrique de Castro	Member	External independent director
Belén Romana García	Member	External independent director
% of executive directors		28.58%
% of proprietary directors		0.00%
% of independent directors		71.42%
% of other external directors		0.00%

C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years.

	Number of female directors							
	FY 2020		FY 2019		FY 2018		FY 2017	
	Number	%	Number	%	Number	%	Number	%
Audit committee	3	60.00%	3	60.00%	2	50.00%	2	50.00%
Responsible banking, sustainability and culture committee	3	60.00%	5	62.50%	5	62.50%	—	0.00%
Innovation and technology committee	3	42.85%	3	37.50%	3	42.85%	4	44.40%
Nomination committee	1	33.33%	2	40.00%	1	25.00%	1	20.00%
Remuneration committee	1	20.00%	1	20.00%	1	20.00%	1	20.00%
Risk supervision, regulation and compliance committee	1	20.00%	2	40.00%	2	33.30%	2	33.30%
Executive committee	2	33.33%	2	28.50%	2	25.00%	1	14.29%

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.2 List any significant transactions, by virtue of their amount or relevance, between the company or its group of companies and the company's significant shareholders:

Not applicable.

D.3 List any significant transactions, by virtue of their amount or relevance, between the company or its group of companies and the company's directors or executives:

Not applicable.

D.4 List any significant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list 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	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 2020 with Group entities resident in countries or territories that were considered tax havens pursuant to Spanish legislation, at such date. These results, and the balances indicated below, were eliminated in the consolidation process. See note 3 to the 2020 Consolidated financial statements for more information on offshore entities. The amount shown on the right corresponds to positive results relating to contracting of derivatives (includes branches in New York and London of Banco Santander, S.A.). The referred derivatives had a net positive market value of EUR 125 million in the Bank and covered the following transactions: - 68 Non Delivery Forwards. - 207 Swaps. - 71 Cross Currency Swaps. - 5 Options. - 111 Forex.	84,870
	The amount shown on the right corresponds to negative results relating to deposits with the New York branch of Banco Santander, S.A. (liability) which were cancelled at 31 December 2020.	1,503
	The amount shown on the right corresponds to positive results relating to deposits with the London branch of Banco Santander, S.A. (asset) which were cancelled at 31 December 2020.	769
	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 2.057 million as at 31 December 2020.	146,552
	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 42 million at 31 December 2020.	85

D.5 List any significant transactions, by virtue of their amount or relevance, between the company or its group and other related parties, not reported in the 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 chairman 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**

Our April 2020 AGM authorised the board to increase share capital with the authority to exclude pre-emptive rights for shareholders, with a limit of 10% of the share capital. As an exception, these limits for the issuance without pre-emptive rights do not apply to capital increases to allow the potential conversion of contingent convertible preferred securities (which can only be converted into newly-issued shares when the CET1 ratio falls below a pre-established threshold).

Banco Santander publishes in its website the reports relating to the exclusion of pre-emptive rights when it makes use of this authority in the terms established in the recommendation. See section [2.2 'Authority to increase capital'](#).

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 chairman 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 chairman 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 chairman, 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 chairman or vice chairman; 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 chairman'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 chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen 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 chairman, 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 chairman or the chairman 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 chairman 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 chairman 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 3.2 'Shareholder rights' .
2	Not applicable	See 'Conflicts of interest' in section 4.12 . and section 2.3 'Significant shareholders' .
3	Comply	See section 3.1 'Shareholder engagement' .
4	Comply	See section 3.1 'Shareholder engagement' .
5	Partially comply	At our April 2020 AGM, the board was authorised to increase share capital without pre-emptive rights for shareholders, with a limit of 10% of the share capital then in issue. However, this limit on issuing shares without pre-emptive rights do not apply to capital increases to convert contingent convertible preferred securities (which can only be converted into newly-issued shares when the CET1 ratio falls below a pre-established threshold). Banco Santander publishes in its website the reports relating to the exclusion of pre-emptive rights when it makes use of this authority in the terms established in the recommendation. See section 2.2 'Authority to increase capital' .
6	Comply	See sections 4.5 'Audit committee activities in 2020' , 4.6 'Nomination committee activities in 2020' , 4.7 'Remuneration committee activities in 2020' , 4.8 'Risk supervision, regulation and compliance committee activities in 2020' , 4.9 'Responsible banking, sustainability and culture committee activities in 2020' , 4.10 'Innovation and technology committee activities in 2020' and 4.12 'Related-party transactions and conflicts of interest' .
7	Comply	See 'Engagement with shareholders in 2020' in section 3.1 , 'Shareholder participation at general meetings' in section 3.2 and section 3.6 'Our coming 2021 AGM' .
8	Comply	See 'Rules and regulations of the board' in section 4.3 and section 4.5 'Audit committee activities in 2020' .
9	Comply	See 'Participation of shareholders at the general meeting' in section 3.2 .
10	Comply	See 'Supplement to the annual general meeting notice' in section 3.2 .
11	Not applicable	See section 3.6 'Our coming 2021 AGM' .
12	Comply	See section 4.3 'Board functioning and effectiveness' .
13	Comply	See 'Size' in section 4.2 .
14	Comply	See 'Diversity' and 'Election, renewal and succession of directors' in section 4.2 , 'Rules and regulations of the board' in section 4.3 , 'Duties and activities in 2020' in section 4.6 , section 5 'Management team' and ' Responsible banking ' chapter.
15	Comply	See section 4.2 'Board composition' .
16	Comply	See 'Composition by type of director' in section 4.2 .
17	Comply	See 'Composition by type of director' and 'Election, renewal and succession of directors' in section 4.2 .
18	Comply	See 'Corporate website' in section 3.1 and section 4.1 'Our directors' .
19	Not applicable	See 'Composition by type of director' and 'Tenure and equity ownership' in section 4.2 .
20	Comply	See 'Election, renewal and succession of directors' in section 4.2 .
21	Comply	See 'Election, renewal and succession of directors' in section 4.2 .
22	Comply	See 'Election, renewal and succession of directors' in section 4.2 , 'Rules and regulations of the board' in section 4.3 and 'Duties and activities in 2020' in section 4.6 .
23	Comply	See 'Election, renewal and succession of directors' in section 4.2 .
24	Comply	See 'Election, renewal and succession of directors' in section 4.2 , 'Rules and regulations of the board' in section 4.3 and 'Duties and activities in 2020' in section 4.6 .
25	Comply	See 'Board and committees attendance' in section 4.3 and 'Duties and activities in 2020' in section 4.6 .
26	Comply	See 'Board meetings' and 'Board and committee attendance' in section 4.3 .
27	Comply	See 'Board meetings' and 'Board and committee attendance' in section 4.3 .
28	Comply	See 'Board meetings' in section 4.3 .
29	Comply	See 'Board meetings' in section 4.3 .
30	Comply	See 'Training of directors and induction programmes for new directors' in section 4.3 .
31	Comply	See 'Board meetings' in section 4.3 .
32	Comply	See section 3.1 'Shareholder engagement' and 'Duties and activities in 2020' in section 4.6 .
33	Comply	See section 4.3 'Board functioning and effectiveness' .

Recommendation	Comply / Explain	Information
34	Comply	See 'Lead independent director' in section 4.3 .
35	Comply	See 'Secretary of the board' in section 4.3 .
36	Comply	See 'Board assessment in 2020' in section 4.3 .
37	Comply	See 'Rules and regulations of the board' in section 4.3 and 'Composition' in section 4.4 .
38	Comply	See 'Committee meetings' in section 4.3 and section 4.4 'Executive committee activities in 2020'.
39	Comply	See 'Rules and regulations of the board' in section 4.3 and 'Composition' in section 4.5 .
40	Comply	See 'Duties and activities in 2020' in section 4.5 and section 8.5 'Monitoring'.
41	Comply	See 'Rules and regulations of the board' in section 4.3 and 'Duties and activities in 2020' in section 4.5 .
42	Comply	See 'Rules and regulations of the board' in section 4.3 and 'Duties and activities in 2020' in section 4.5 .
43	Comply	See 'Committee meetings' in section 4.3 .
44	Comply	See 'Duties and activities in 2020' in section 4.5 .
45	Comply	See 'Rules and regulations of the board' in section 4.3 , 'Duties and activities in 2020' in section 4.5 , 'Duties and activities in 2020' in section 4.8 and the 'Risk management and compliance' chapter.
46	Comply	See 'Duties and activities in 2020' in section 4.5 , 'Duties and activities in 2020' in section 4.8 and the 'Risk management and compliance' chapter.
47	Comply	See 'Composition' in section 4.6 and 'Composition' in section 4.7 .
48	Comply	See 'Structure of board committees' in section 4.3 .
49	Comply	See 'Duties and activities in 2020' in section 4.6 .
50	Comply	See 'Duties and activities in 2020' in section 4.7 .
51	Comply	See 'Duties and activities in 2020' in section 4.7 .
52	Comply	See 'Rules and regulations of the board' and 'Committee meetings' in section 4.3 and sections 4.8 'Risk supervision, regulation and compliance committee activities in 2020' and 4.9 'Responsible banking, sustainability and culture committee activities in 2020'.
53	Comply	See 'Rules and regulations of the board' in section 4.3 , 'Duties and activities in 2020' in section 4.6 , 'Duties and activities in 2020' in section 4.8 and 'Duties and activities in 2020' in section 4.9 .
54	Comply	See 'Rules and regulations of the board' in section 4.3 , 'Duties and activities in 2020' in section 4.6 , 'Duties and activities in 2020' in section 4.8 and 'Duties and activities in 2020' in section 4.9 .
55	Comply	See 'Duties and activities in 2020' in section 4.9 and 'Responsible Banking' chapter.
56	Comply	See sections 6.2 'Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2020', 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.
57	Comply	See sections 6.2 'Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2020', 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.
58	Comply	See section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.
59	Comply	See section 6.3 'Remuneration of directors for executive duties'.
60	Comply	See section 6.3 'Remuneration of directors for executive duties'.
61	Comply	See section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.
62	Comply	See 'Duties and activities in 2020' in section 4.7 , section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.
63	Comply	See section 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.
64	Comply	See 'Duties and activities in 2020' in section 4.7 and sections 6.1 'Principles of the remuneration policy', 6.3 'Remuneration of directors for executive duties' and 6.4 'Directors' remuneration policy for 2021, 2022 and 2023 submitted to a binding shareholder vote'.

9.4 Reconciliation to the CNMV's remuneration report model

Section in the CNMV model	Included in statistical report	Further information elsewhere and comments
A. Remuneration policy for the present fiscal year		
A.1	No	<ul style="list-style-type: none"> • See section 6.4. • See sections 4.7 and 6.5. • See 'Summary of link between risk, performance and reward' in section 6.3.
A.2	No	See section 6.4 .
A.3	No	See section 6.4 .
A.4	No	See section 6.5 .
B. Overall summary of application of the remuneration policy over the last fiscal year		
B.1	No	See sections 6.1 , 6.2 , and 6.3 .
B.2	No	See 'Summary of link between risk, performance and reward' in section 6.3 .
B.3	No	See sections 6.2 and 6.3 .
B.4	No	See section 6.5 .
B.5	No	See section 6.2 and 6.3 .
B.6	No	See 'Gross annual salary' in section 6.3 .
B.7	No	See 'Variable remuneration' in section 6.3 .
B.8	No	Not applicable.
B.9	No	See 'Main features of the benefit plans' in section 6.3 .
B.10	No	See 'Other remuneration' in section 6.3 .
B.11	No	See 'Terms and conditions of executive directors' contracts' in section 6.4 .
B.12	No	No remuneration for this component.
B.13	No	See note 5 to the consolidated financial statements.
B.14	No	See 'Insurance and other remuneration and benefits in kind' in section 6.4 .
B.15	No	See 'Remuneration of board members as representatives of the Bank' in section 6.3 .
B.16	No	No remuneration for this component.
C. Breakdown of the individual remuneration of directors		
C	Yes	See section 9.5 .
C.1 a) i)	Yes	See section 9.5 .
C.1 a) ii)	Yes	See section 9.5 .
C.1 a) iii)	Yes	See section 9.5 .
C.1 a) iii)	Yes	See section 9.5 .
C.1 b) i)	Yes	See section 9.5 .
C.1 b) ii)	No	Not awarded.
C.1 b) iii)	No	Not awarded.
C.1 b) iv)	No	Not awarded.
C.1 c)	Yes	See section 9.5 .
D. Other information of interest		
D	No	See section 4.7 .

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 non-binding vote at General Shareholders' Meeting on annual report on remuneration from previous year, indicating the number of votes against, as the case may be.

	Number	% of total
Votes cast	10,429,789,366	96.55 %

	Number	% of total
Votes against	649,059,435	6.01 %
Votes in favour	9,777,014,101	90.51 %
Abstentions	372,790,860	3.45 %

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Directors	Type	Period of accrual in year 2020
Ms Ana Botín-Sanz de Sautuola y O'Shea	Executive	From 01/01/2020 to 31/12/2020
Mr José Antonio Álvarez Álvarez	Executive	From 01/01/2020 to 31/12/2020
Mr Bruce Carnegie-Brown	Independent	From 01/01/2020 to 31/12/2020
Ms Homaira Akbari	Independent	From 01/01/2020 to 31/12/2020
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea	Other external	From 01/01/2020 to 31/12/2020
Mr Álvaro Antonio Cardoso de Souza	Independent	From 01/01/2020 to 31/12/2020
Mr Ramón Martín Chávez Márquez	Independent	From 27/10/2020 to 31/12/2020
Ms Sol Daurella Comadrán	Independent	From 01/01/2020 to 31/12/2020
Mr Henrique Manuel Drummond Borges Cirne de Castro	Independent	From 01/01/2020 to 31/12/2020
Ms Gina Díez Barroso	Independent	From 22/12/2020 to 31/12/2020
Mr Luis Isasi Fernández de Bobadilla	Independent	From 19/05/2020 to 31/12/2020
Mr Ramiro Mato García-Ansorena	Independent	From 01/01/2020 to 31/12/2020
Mr Sergio Rial	Executive	From 30/05/2020 to 31/12/2020
Ms Belén Romana García	Independent	From 01/01/2020 to 31/12/2020
Mrs Pamela Ann Walkden	Independent	From 01/01/2020 to 31/12/2020
Mr Rodrigo Echenique Gordillo	Other external	From 01/01/2020 to 22/12/2020
Mr Ignacio Benjumea Cabeza de Vaca	Other external	From 01/01/2020 to 05/05/2020
Mr Guillermo de la Dehesa Romero	Other external	From 01/01/2020 to 03/04/2020
Ms Esther Giménez-Salinas i Colomer	Independent	From 01/01/2020 to 27/10/2020

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 ¹	Severance pay	Other grounds	Total year 2020	Total year 2019
Ms Ana Botín-Sanz de Sautuola y O'Shea	77	55	157	3,176	534	828	—	525	5,352	6,119
Mr José Antonio Álvarez Álvarez	77	49	144	2,541	290	559	—	710	4,370	4,957
Mr Bruce Carnegie-Brown	326	82	187	—	—	—	—	—	595	700
Ms Homaira Akbari	77	79	46	—	—	—	—	—	202	226
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea	77	45	—	—	—	—	—	—	122	137
Mr Álvaro Antonio Cardoso de Souza	136	60	47	—	—	—	—	—	243	276
Mr Ramón Martín Chávez Márquez	8	15	14	—	—	—	—	—	37	—
Ms Sol Daurella Comadrán	77	82	55	—	—	—	—	—	214	240
Mr Henrique Manuel Drummond Borges Cirne de Castro	77	85	55	—	—	—	—	—	217	86
Ms Gina Díez Barroso	2	2	—	—	—	—	—	—	4	—
Mr Luis Isasi Fernández de Bobadilla	44	43	116	—	—	—	—	740	943	—
Mr Ramiro Mato García-Ansorena	119	86	225	—	—	—	—	—	430	500
Mr Sergio Rial	42	21	—	—	—	—	—	—	63	—
Ms Belén Romana García	98	94	225	—	—	—	—	—	417	525
Mrs Pamela Ann Walkden	114	66	34	—	—	—	—	—	214	34
Mr Rodrigo Echenique Gordillo	75	60	20	—	—	414	1,800	—	2,369	3,926
Mr Ignacio Benjumea Cabeza de Vaca	35	43	95	—	—	—	—	102	275	524
Mr Guillermo de la Dehesa Romero	23	28	57	—	—	—	—	—	108	399
Ms Esther Giménez-Salinas i Colomer	64	71	56	—	—	—	—	—	191	228
Mr Carlos Fernández González	—	—	—	—	—	—	—	—	—	214

Comments

1. Includes deferred amounts from the 2016 deferred and conditional variable remuneration plan subject to long term metrics for Ana Botín, José Antonio Álvarez and Rodrigo Echenique, of which only a third was paid in 2020.

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 2020		Financial instruments granted at start of year 2020		Financial instruments consolidated during 2020				Instruments matured but not exercised	Financial instruments at end of year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Ms Ana Botín-Sanz de Sautuola y O'Shea	1st cycle of deferred variable remuneration plan linked to multi-year targets (2016)	216,308	216,308	—	—	165,043	165,043	2.685	443	51,265	—	—
	2nd cycle of deferred variable remuneration plan linked to multi-year targets (2017)	206,775	206,775	—	—	—	—	—	—	—	206,775	206,775
	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	309,911	309,911	—	—	—	—	—	—	—	309,911	309,911
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	319,390	319,390	—	—	—	—	—	—	—	319,390	319,390
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	—	—	310,615	310,615	198,792	198,792	2.685	534	—	111,823	111,823
Name	Name of Plan	Financial instruments at start of year 2020		Financial instruments granted at start of year 2020		Financial instruments consolidated during 2020				Instruments matured but not exercised	Financial instruments at end of year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Mr José Antonio Álvarez Álvarez	1st cycle of deferred variable remuneration plan linked to multi-year targets (2016)	145,998	145,998	—	—	111,396	111,396	2.685	299	34,602	—	—
	2nd cycle of deferred variable remuneration plan linked to multi-year targets (2017)	138,283	138,283	—	—	—	—	—	—	—	138,283	138,283
	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	207,097	207,097	—	—	—	—	—	—	—	207,097	207,097
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	213,449	213,449	—	—	—	—	—	—	—	213,449	213,449
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	—	—	168,715	168,715	107,976	107,976	2.685	290	—	60,739	60,739

Name	Name of Plan	Financial instruments at start of year 2020		Financial instruments granted at start of year 2020		Financial instruments consolidated during 2020				Instruments matured but not exercised	Financial instruments at end of year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Mr Rodrigo Echenique Gordillo	1st cycle of deferred variable remuneration plan linked to multi-year targets (2016)	108,134	108,134	—	—	82,506	82,506	2.685	222	25,628	—	—
	2nd cycle of deferred variable remuneration plan linked to multi-year targets (2017)	107,764	107,764	—	—	—	—	—	—	—	107,764	107,764
	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	164,462	164,462	—	—	—	—	—	—	—	164,462	164,462
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	98,092	98,092	—	—	—	—	—	—	—	98,092	98,092

Comments

After reviewing the results of the 1st cycle of the deferred variable remuneration plan linked to multi-year targets (2016), the board of directors confirmed in 2020, upon recommendation from the remunerations committee, a 76.3% achievement of the long-term metrics of the plan, and the amounts of the pending deliveries for each executive director, payable in February 2020, 2021 and 2022 in connection with this plan.

III) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
Ms Ana Botín-Sanz de Sautuola y O'Shea	1,155
Mr José Antonio Álvarez Álvarez	864

Name	Contribution over the year from the company (EUR thousand)				Amount of accumulated funds (EUR thousand)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		2020		2019	
	2020	2019	2020	2019	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
	Ms Ana Botín-Sanz de Sautuola y O'Shea	1,155	1,145	—	—	49,444	—	48,104
Mr José Antonio Álvarez Álvarez	864	858	—	—	18,082	—	17,404	—
Mr Rodrigo Echenique Gordillo	—	—	—	—	—	—	13,268	—

iv) Details of other items (Thousands of EUR)

Name	Item	Amount remunerated
Ms Ana Botín-Sanz de Sautuola y O'Shea	Life and accident insurance and fixed remuneration supplement insurance	584
	Other remuneration	22

Name	Item	Amount remunerated
Mr José Antonio Álvarez Álvarez	Life and accident insurance and fixed remuneration supplement insurance	1,045
	Other remuneration	9

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 2020	Total year 2019
Ms Homaira Akbari	184	—	—	—	—	—	—	—	184	—
Mr Álvaro Antonio Cardoso de Souza	310	—	—	—	—	—	—	25	335	325
Mr Ramón Martín Chávez Márquez	17	—	—	—	—	—	—	—	17	—
Mr Henrique Manuel Drummond Borges Cirne de Castro	17	—	—	—	—	—	—	—	17	—
Ms Gina Díez Barroso	14	—	—	—	—	—	—	—	14	—
Mr Sergio Rial	—	—	—	2,175	1,664	—	—	181	4,020	—

ii) Table of changes in share/based remunerations schemes and gross profit from consolidated shares of financial instruments

Name	Name of Plan	Financial instruments at start of year 2020		Financial instruments granted at start of year 2020		Financial instruments consolidated during 2020				Instruments matured but not exercised	Financial instruments at end of year 2020	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares / handed over	Price of the consolidated shares	Net profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Mr Sergio Rial	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	—	—	355,263	355,263	227,367	227,367	7.32	1,664	—	127,896	127,896

iii) Long term saving systems

Name	Remuneration from consolidation of rights to savings system
Mr Sergio Rial	693

Name	Contribution over the year from the company (EUR thousand)				Amount of accumulated funds (EUR thousand)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		2020		2019	
	2020	2019	2020	2019	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Mr Sergio Rial	693	—	—	—	—	—	—	—

iv) Detail of other items (Thousands of EUR)

Name	Item	Amount Remunerated 2020
Mr Sergio Rial	Fundo de Pensão do Governo	174
	Other remuneration	7

c) Summary of remuneration (Thousands of EUR)

The summary should include the amounts corresponding to all the items of remuneration included in this report that have been accrued by the director, in thousand euros.

Name	Remuneration accrued in the company					Remuneration accrued in group companies						
	Total cash remuneration	Gross profit on consolidated shares or financial instruments ¹	Contributions to the long-term savings plan	Remuneration for other items	Total 2020	Total 2019	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2020	Total 2019
Ms Ana Botín-Sanz de Sautuola y O'Shea	5,352	977	1,155	606	8,090	9,954	—	—	—	—	—	—
Mr José Antonio Álvarez Álvarez	4,370	589	864	1,054	6,877	8,270	—	—	—	—	—	—
Mr Bruce Carnegie-Brown	595	—	—	—	595	700	—	—	—	—	—	—
Ms Homaira Akbari	202	—	—	—	202	226	184	—	—	—	184	—
Mr Francisco Javier Botín-Sanz de Sautuola y O'Shea	122	—	—	—	122	137	—	—	—	—	—	—
Mr Álvaro Antonio Cardoso de Souza	243	—	—	—	243	276	335	—	—	—	335	325
Mr Ramón Martín Chávez Márquez	37	—	—	—	37	—	17	—	—	—	17	—
Ms Sol Daurella Comadrán	214	—	—	—	214	240	—	—	—	—	—	—
Mr Henrique Manuel Drummond Borges Cirne de Castro	217	—	—	—	217	86	17	—	—	—	17	—
Ms Gina Díez Barroso	4	—	—	—	4	—	14	—	—	—	14	—
Mr Luis Isasi Fernández de Bobadilla	943	—	—	—	943	—	—	—	—	—	—	—
Mr Ramiro Mato García-Ansorena	430	—	—	—	430	500	—	—	—	—	—	—
Mr Sergio Rial	63	—	—	—	63	—	4,020	1,664	693	181	6,558	—
Ms Belén Romana García	417	—	—	—	417	525	—	—	—	—	—	—
Mrs Pamela Ann Walkden	214	—	—	—	214	34	—	—	—	—	—	—
Mr Rodrigo Echenique Gordillo	2,369	222	—	4	2,595	4,874	—	—	—	—	—	—
Mr Ignacio Benjumea Cabeza de Vaca	275	—	—	—	275	524	—	—	—	—	—	—
Mr Guillermo de la Dehesa Romero	108	—	—	—	108	399	—	—	—	—	—	—
Ms Esther Giménez-Salinas i Colomer	191	—	—	—	191	228	—	—	—	—	—	—
Mr Carlos Fernández González	—	—	—	—	—	214	—	—	—	—	—	—
Total	16,366	1,788	2,019	1,664	21,837	27,187	4,587	1,664	693	181	7,125	325

Comments

1. Includes deferred amounts from the 2016 deferred and conditional variable remuneration plan subject to long term metrics for Ana Botín, José Antonio Álvarez and Rodrigo Echenique, of which only a third was paid in 2020.

This annual report on remuneration has been approved by the board of directors of the company, at its meeting on 22 February 2021.

State if any directors have voted against or abstained from approving this report.

Yes No