

2023 Information on corporate governance and remunerations



The corporate governance chapter of the consolidated directors' report that forms part of the 2023 Annual Report of Banco Santander, S.A. is attached. The entire annual report is available on the Banco Santander's corporate website (www.santander.com).

This chapter includes the content of the 2023 annual corporate governance and remuneration reports, drafted in a free format as we have been doing since the entry into force of the relevant Circular of the Spanish stock market authority (CNMV), as well as the 2023 activities reports of the board committees.

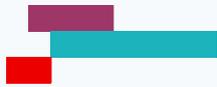
The references to the above information within the attached corporate governance chapter are the following:

→ 2023 Annual corporate governance report	Entire corporate governance chapter
→ 2023 Activities reports of the audit; nomination; remuneration; risk, supervision, regulation and compliance; responsible banking, sustainability and culture; and innovation and technology committees	Sections 4.5, 4.6, 4.7, 4.8, 4.9 and 4.10, respectively
→ 2023 Annual directors' remuneration report	Sections 6 (excluding 6.4 and 6.6), 9.4 and 9.5

The chapter must be read in conjunction with the other sections of the 2023 Annual Report given it forms part of it. In light of this, it must be noted that the automatic links to other sections of the 2023 Annual Report that are included in the attached document do not work.

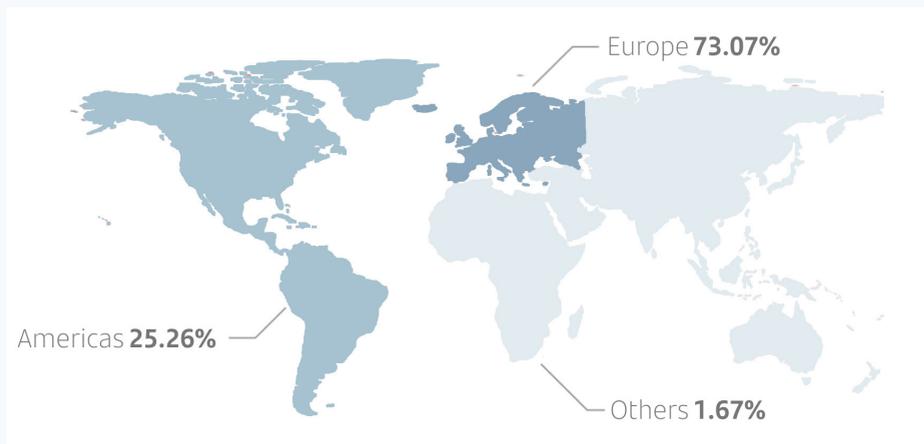
Corporate governance





Clear and robust corporate governance to ensure a long-term sustainable business model

Broad and balanced shareholder base



Aligned with high corporate governance standards



Banco Santander has the highest score in the Spanish Association for Standardisation and Certification's (AENOR) Good Corporate Governance Index (GCGI V2.0), which verifies aspects such as composition and functioning of the board and its committees, shareholders' general meeting, remuneration policy, compliance and transparency.

Balanced and diverse board of directors



15 directors
66.67% independent directors
40% women
5 geographies of origin

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1. 2023 Overview



"It is our goal as members of the board of directors of Banco Santander to increase shareholder value by delivering the sustainable results outlined at our Investor Day in February 2023. We believe that effective governance and rigorous oversight are key enablers to accomplishing these plans for success. As a result, the board paid close attention in 2023 to our operating model and succession planning process in addition to our other important governance tasks.

One key strategic initiative in 2023 was to consolidate all activities across our footprint under five global businesses. In 2024 onwards, we will closely monitor the execution of this strategy to ensure that it accomplishes the intended customer benefits, operating efficiencies and clarity in external reporting. In 2023, we further supported the Group's strategic goals with a disciplined succession process, implementing key appointments to the board and senior management. First, the board oversaw the transition of the Chief Executive Officer, who reports directly to the board. In particular, we focused on monitoring the split of responsibilities between the Executive Chair and the Chief Executive Officer.

Secondly, we managed the handover of the Lead Independent Director responsibilities from Bruce Carnegie-Brown to me as of October 2023. Bruce will stay on the board until the AGM and also continue to chair the nomination committee until then. All of us at Santander are deeply grateful to him for his many years of effective service. Further, under Bruce's leadership during the year, we conducted a rigorous nomination process for new directors to replace him and Ramiro Mato, who will also be stepping down from the board. As a result, we nominated Carlos Barrabés and Antonio Weiss, who will both join the board shortly. I am delighted to welcome them and I am sure that we will greatly benefit from their broad experience and contributions.

The board believes that effective governance is key to the successful development and execution of the Group's strategy. To this end, we will continue to deepen diversity on our board, recognizing the benefits of a mix of gender, background, origin, skills, knowledge, experience and familiarity with our key markets to support our strategy. In particular, we commissioned an external evaluation of the board and its committees in order to continue to improve our overall effectiveness. We were pleased by the results which concluded that the board continues to operate effectively, while also identifying some areas for improvement. See more details in ['Board effectiveness review in 2023'](#), in section 4.3.

Importantly, the board also strongly believes in the value of engaging directly with our stakeholders. As part of that, Bruce Carnegie-Brown and I conducted an extensive engagement with shareholders in 2023/2024 ahead of the AGM (see more details in section [3.1 'Shareholder communication and engagement'](#)). We deeply appreciate the time and effort expended by many of our shareholders to share their questions and recommendations with us.

Looking back to 2023, I would like to thank Ramiro Mato, for his constructive challenges and contributions, and Bruce Carnegie-Brown for his exceptional professionalism and commitment to the Group. I also would like to compliment José Antonio Álvarez, now our non-executive board colleague and Vice Chair, for his many years of executive service to the Group. Their work will redound to the benefit of all of our stakeholders for years to come.

Looking ahead, we are committed to increasing shareholder value in a manner consistent with the highest industry standards for serving our customers, employees and communities, while fulfilling our supervisory expectations and governance obligations. We are also mindful that the volatile geopolitical, economic and market conditions of 2023 could extend into the coming year. Working closely with our executive team, our board is confident that we will continue to create long-term, sustainable value for all stakeholders in 2024 and beyond."

Glenn Hutchins, Vice Chair and Lead Independent Director

1.1 Board skills and diversity

Appointments in 2023

Throughout 2023, we continued to renew and strengthen the board, reflecting our strong commitment to ensuring a balance of expertise and skills and diversity.

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

Two thirds of board members are independent directors and 40% are women, in line with our balanced representation target of 40-60% of both genders, and also with the diversity objectives set out in European and Spanish regulations (Directive (EU) 2022/2381, of 23 November 2022, on improving the gender balance among directors of listed companies and related measures, and Draft Organic Law on Equal Representation and Balanced Presence of Women and Men, which will implement the above mentioned directive).

The board changes in 2023 and the proposed changes to the annual general meeting called for 21 or 22 March 2024 at first or second call, respectively (2024 AGM), are as follows:

- Héctor Grisi is the Group CEO with effect from 1 January 2023. He succeeded José Antonio Álvarez, who remains on the board of directors as non-executive Vice Chair.
- Glenn Hutchins was appointed as Vice Chair and Lead Independent Director with effect from 1 October 2023, after a rigorous process lead by the nomination committee, replacing Bruce Carnegie-Brown in the role. Bruce Carnegie-Brown remains on the board of directors as non-executive director and has communicated to the board his intention to not stand for re-election at the 2024 AGM, stepping down with effect as from that same date.
- The board of directors agreed on 19 February 2024 to submit the nominations of both Carlos Barrabés and Antonio Weiss as new independent directors to the 2024 AGM (subject to regulatory approval), to fill the vacancies to be left by Bruce Carnegie-Brown and Ramiro Mato, who has also communicated his intention to not stand for re-election and step down as director on the later of the date on which the general meeting takes place and the date on which the regulatory approval for the appointment of Antonio Weiss is obtained. See section [3.5 'Our next AGM in 2024'](#). Carlos Barrabés is considered an influential e-commerce pioneer. He brings vast experience of the Spanish market, especially in digitalization and innovation, with a focus on using technology for socio-economic development, promoting talent, and helping people and institutions get the most out of the digital transformation. In turn, Antonio Weiss brings solid experience of the US market, which is one of the Group's strategic markets, and, in particular, in the financial sector, where he held different executive positions, and in the regulatory and public policy area.

Changes to the committees

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

- Executive committee: Héctor Grisi joined the committee with effect from 1 January 2023 and Bruce Carnegie-Brown stepped down on 1 October 2023.
- Audit committee: its composition remained unchanged in 2023. In April 2024, after expiry of Pamela Walkden's four-year term of office, Germán de la Fuente will replace her as Chair of this committee. Pamela Walkden will remain as a member.
- Nomination committee: Belén Romana joined the committee on 1 January 2024.
- Remuneration committee: Glenn Hutchins was appointed Chair on 1 October 2023, replacing Bruce Carnegie-Brown.
- Risk supervision, regulation and compliance committee: Germán de la Fuente became a member on 1 January 2023.
- Responsible banking, sustainability and culture committee: Gina Díez Barroso was appointed to the committee on 31 January 2023.
- Innovation and technology committee: Héctor Grisi joined with effect from 1 January 2023 and Bruce Carnegie-Brown stepped down with effect from 1 October 2023.

1.2 Board effectiveness

Board effectiveness review and actions to continuously improve

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

The annual board effectiveness review is key in our governance model and allows us to verify the quality and effectiveness of our governance bodies functioning. We periodically enlist the help of external independent advisors for the annual board effectiveness review, who enrich the outcomes with objective contributions. We also review individual and collective skills to ensure the board's competence and diversity are sufficient for it to function effectively and hold management to account through constructive challenge.

In 2023, the nomination committee monitored execution of the action plan resulting from the 2022 internal board effectiveness review, which was successfully completed. In addition, the board conducted its annual effectiveness review in 2023 with the collaboration of an external independent firm (Spencer Stuart), covering its structure, organizational and functional model, dynamics and internal culture, depth of challenge, embeddedness of previous review outcomes, committee performance, as well as each director's performance and contribution. Both the areas for improvement and the recommendations were reviewed by the nomination committee and the board of directors in January 2024 and the resulting

action plan was approved in February 2024. See ['Board effectiveness review in 2023'](#) in section 4.3 for additional information.

Group and subsidiary board relations

The ongoing strength of the ties between the Group's and its subsidiaries' boards of directors is key to effective oversight of policies, controls and corporate culture. The volatile environment of the previous years reinforces the need for effective cross-border cooperation, which our proven Group Subsidiary Governance Model (GSGM) facilitates.

Our strength of governance is maintained by a number of coordination mechanisms that are in place between the Group and subsidiaries. In particular, the presence of a number of Group directors and top managers on our subsidiary boards, further reinforces the Group's oversight and control mechanisms and supplements the local boards with required skillsets. See section 7. ['Group structure and internal governance'](#).

In addition, we promote additional collaboration mechanisms to further strengthen the Group and subsidiary connectivity as follows:

Inaugural Subsidiary Chairs Meeting

In October 2023, the Executive Chair hosted for the first time a meeting with the Chairs of the board of directors of the main subsidiaries, accompanied by specific non-executive directors (mainly local Chairs of the nomination committees and Lead Independent Directors) in Boadilla del Monte, Madrid.

The arranged sessions were both informative and helpful in the context of their important role in driving our One Santander approach and associated strategy. They reflected on how their full support and alignment with Group expectations was key, helping to cement their sense of belonging to Santander and the importance of our global strategy and associated initiatives.

As part of that, the meeting covered strategic business considerations, ESG insights, cybersecurity, talent management and governance expectations, among others. The event was highly successful and promoted a sense of community among our subsidiaries. Further engagement opportunities will be explored in 2024.



Group and subsidiary committee relations

Banco Santander audit; responsible banking, sustainability and culture; and risk supervision, regulation and compliance

committee Chairs attended specific subsidiary committee meetings during 2023. In turn, they invited their local counterparts to join the respective Group meetings throughout the year. This helped to enhance communication and the sharing of topics of common interest and best practices.

In 2023, we also held a convention with the Chairs of the risk supervision, regulation and compliance committees at our headquarters in Boadilla del Monte. The aim was to foster further collaboration between subsidiaries, raise awareness about global initiatives and expectations, collectively discuss topical issues and encourage networking. The event was both successful and productive, with universal positive feedback received from participants.

In addition, the Chair of the audit committee hosted two virtual meetings with the subsidiary audit committee Chairs, which again provided a platform for sharing key messages across subsidiaries as well as facilitating ongoing connectivity. Further meetings of Chairs of these and other committees are planned in 2024 and beyond.

Induction & Training

We have continued to share our training, induction and development methodology and associated content with subsidiaries in order to promote best practices and drive consistency of approach on a group-wide basis. Specifically, in 2023 we scheduled training sessions with local directors covering cyber, ESG, financial crime, finance and targets disclosed at our Investor Day of 2023 in London, and talent management related matters, amongst others. See ['Director training and induction programmes'](#) in section 4.3.

Group board visits

Every year at least one board session is held in one of the Group's key geographies. As part of these visits, directors meet top management in the unit in order to better understand the local financial sector. In 2023, the board of directors met in Lisbon, Portugal, with a specific focus on our business and strategy in this country.

Furthermore, subsidiary boards are encouraged to hold their board meetings at Santander's headquarters in Boadilla del Monte on occasion to foster further collaboration and engagement with the corporate teams. Throughout 2023, the boards of Santander Bank Polska, Santander UK and Santander Mexico held specific meetings in our headquarters. The above mentioned practices will continue in 2024 and beyond.

1.3 Remuneration policy

In 2023, we updated the remuneration policy for the Group's executive directors and key executives to make it consistent with the new strategic plan disclosed at our Investor Day on 28 February 2023.

The 2023 compensation principles and composition will remain into 2024, 2025 and 2026, with just a few changes to simplify the bonus scheme:

- The number of steps for setting the yearly variable remuneration is reduced by converting the relative performance multiplier against the market into one of the elements of the qualitative assessment, instead of being an

intermediate step between the result of quantitative metrics and the qualitative assessment.

- However, to ensure that the multiplier is sufficiently relevant, its weight will be +/-10%, higher than the rest of the elements in the qualitative assessment, which will have a weight of +/-5%, after reducing the Network Collaboration item from +/-10% to +/-5% and merging Compliance and Risk into one.

As regards long-term remuneration, metrics related to return on tangible equity (RoTE) and total shareholder return (TSR) will be upheld. However, as for sustainability, updated targets are set in diversity (women in senior executive positions), financial inclusion and green finance. A new metric relating to the percentage of socially responsible investments over the total assets under management is included.

The maximum award ratio is upheld at 125%, so that executives are incentivized to outperform.

The variable remuneration of executive directors in 2024 shall be 50% in cash and 50% in Banco Santander shares. The variable remuneration of the rest of the Identified Staff in 2024 shall also be 50% in cash and 50% in Banco Santander shares.

1.4 Engagement with our shareholders

We are firmly committed to reporting information of the highest quality to align Santander's interests with those of its shareholders, through sustainable growth and long-term value creation, and to retain shareholders' confidence.

1.5 Achievement of our 2023 goals

The 2022 annual report disclosed our corporate governance goals and priorities for 2023. The following chart describes how we delivered on each priority.

2023 goals

How we delivered

Ensure a smooth transition of the new Chief Executive Officer and new Group Chief Risk Officer (CRO)

To oversee the orderly transition into the CEO and CRO roles, providing ongoing support and constructive challenge to both Héctor Grisi and Mahesh Aditya.

The board oversaw the smooth transition of the new CEO and CRO and ensured that their onboarding was robust, enabling them to be truly effective in their roles. Their transition was further facilitated by the fact that both were already familiar with the Group, in line with the board's focus on continuing to develop the quality of our internal pipeline of talent.

Specifically, the board supported Héctor Grisi during his transition as new CEO, and in particular, José Antonio Álvarez, who remains as a non-executive director, providing an ongoing transitional reference throughout 2023. In addition, the non-executive directors met with Héctor Grisi in a private session to retrieve his early views and comments after three months in the role. In turn, Mahesh Aditya transitioned into the CRO role assisted by a structured transition with the former CRO and, in addition to his direct and unfettered access to the board and its committees, has maintained regular informal meetings with the Chair of the risk supervision, regulation and compliance committee.

Both executives have visited a significant number of units across our footprint to engage directly with the local management team to gain a deeper understanding and knowledge of the idiosyncrasies of our key businesses. They also successfully completed their induction programmes to the board's satisfaction.

In 2023 we continued to combine traditional and virtual communication channels, which has allowed us to meet the needs of our approximately 3.7 million shareholders, encouraging their involvement in our corporate governance. See '[Engagement with shareholders in 2023](#)' in section 3.1.

At the 2023 AGM, we once again gave our shareholders, spread around the world, the option to attend in person or remotely. This flexibility enables them to participate in the meeting without needing to travel.

A key shareholder engagement activity in 2023 was our Investor Day, held on 28 February, where the Group's Executive Chair, the CEO and the Group Chief Financial Officer (CFO) presented our strategy and business and financial targets for the next three years to analysts and investors.

The new organizational structure that we presented to shareholders in September 2023 is a major step in our vision of becoming the best open financial services platform and will help us achieve the targets we announced at Investor Day. This structure brings together all our operations in these five global businesses: Retail & Commercial Banking; Digital Consumer Bank; Payments; Corporate & Investment Banking; and Wealth Management & Insurance.

2023 goals

How we delivered

Progressing in our ESG commitments

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

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

- We expanded our capabilities to measure carbon emissions and approved new decarbonization targets for specific sectors.
- We raised EUR 20.1 billion of green finance in 2023 (EUR 114.6 billion since 2019), towards our target of EUR 120 billion by 2025.
- We increased our financial inclusion target, and the goal is now to financially include 5 million people by 2023-2025. In 2023, we have financially empowered 1.8 million people.
- We invested EUR 105 million to support education, employability and entrepreneurship through Santander Universidades, helping 498 thousand people (2.7 million since 2019).
- 31.4% of our senior managers are women (35% target by 2025). We continued to prioritize diversity and inclusion awareness and equal opportunity regardless of gender, culture, sexual orientation or disability.

See the '[Responsible banking](#)' chapter for additional details.

Governance effectiveness

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

In 2023, we successfully managed succession planning throughout Santander, most notably conducting a rigorous and effective process that led to the appointment of Glenn Hutchins as new Lead Independent Director with effect from 1 October 2023. Glenn Hutchins replaced Bruce Carnegie-Brown, who had been in the role for almost nine years.

We continued to work on an appropriately refreshed board of directors ensuring diversity in its broadest sense. As part of that, we will shortly welcome Carlos Barrabés and Antonio Weiss, whose appointments have been submitted to the 2024 AGM (subject to regulatory approval), further reinforcing the board's composition to ensure that we are well placed to address the challenges ahead in our business and taking into account feedback from previous board effectiveness reviews.

In 2023, the nomination committee monitored execution of the action plan resulting from the 2022 internal board effectiveness review, which was successfully completed. In addition, the board conducted its annual effectiveness review in 2023 with the collaboration of Spencer Stuart as independent expert. The findings of the review concluded that the board and its committees operate effectively. See '[Board effectiveness review in 2023](#)' in section 4.3. As part of that, the split of responsibilities between the Executive Chair and the CEO, together with the executive chair model, were positively rated by Spencer Stuart in 2023.

The board verified that the arrangements to manage the Group with five global businesses were aligned with governance principles and management of the Group, whilst respecting the current governance structure of subsidiaries that are autonomous in capital and liquidity and aligned with accelerating transformation across the Group, with CEOs / Country Heads as ultimately responsible for the budget, execution of the customer and commercial strategy and financial delivery.

2023 goals

How we delivered

Balance sheet strength and long-term shareholder value

To maintain the solvency of the balance sheet and in particular, the quality of the credit risk portfolio as a key priority due to the current economic environment. To maintain our focus on capital management and capital allocation to businesses with high returns on risk-weighted assets (RoRWA).

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

Even if the global economy in 2023 did better than expected, the board maintained a conservative risk appetite during the year given the increasing geopolitical risk and its potential macroeconomic implications, higher interest rates, and continued inflation, although the latter moderated its increase. During 2023, we continued maintaining a very active discipline of capital allocation and we have conducted a qualitative improvement in our asset mobilization capabilities.

In 2023 we delivered a strong performance in the first year of our new phase of shareholder value creation that we outlined at the 2023 Investor Day. As part of that, the board continued to drive our potential through leveraging our unique business model based on the customer (building a digital bank with branches), scale (global and in-market scale) and diversification (business, geography and balance sheet). Specifically, we delivered on all our 2024 public targets disclosed to the market as follows:

- **Revenue and customer growth:** revenue increased 13% in constant euros (11% in current euros) up to EUR 57,647 million and with customer numbers climbed five million to 165 million (vs. 160 million customers in 2022).
- **Strength:** CET1 above 12%, closing the year at 12.3% (vs. 12.0% in 2022), where we have maintained a disciplined capital allocation methodology and prudent risk management.
- **Profitability:** RoTE above 15%, closing the year with a 15.1% RoTE (vs. 13.4% in 2022).
- **Cost discipline:** the efficiency ratio improved in 2023 to 44.1% (vs. 45.8% in 2022), despite the impact of inflation on costs.
- **Conservative risk appetite:** the Group cost of risk remained in line with the target below 1.2% at 1.18% at the end of 2023 (vs. 0.99% in 2022).
- **Shareholder remuneration:** in 2023 the payout remained at 50% and TNAV raised up to EUR 4.76 per share (vs. EUR 4.26 per share in 2022). The paid cash dividend in 2023 amounted to 14.05 euro cents per share, which entailed a combined increase of TNAV and dividends of 15%.

1.6 Priorities for 2024

The board set the following priorities for 2024:

• Transformation

We will oversee the execution of agreed plans to build a digital bank with branches with a single platform, optimizing the product portfolio and enhancing the customer experience, simplifying processes and implementing the new operating model.

• Five global businesses

We will oversee the consolidation of our activities across all markets under five global businesses and the change of reporting of financial results aligned to this model, with the support of the audit committee.

• People

We will continue to enhance our employee value proposition, ensuring that they are aligned with our corporate culture and that we are focused on attracting and retaining the best talent to fulfil our strategy. As part of that, succession planning will remain high on our agenda.

• Progressing in our ESG targets

We will oversee the fulfilment of our ESG targets to ensure that we remain on track to reach net zero emissions by 2050, accelerating finance to help our customers in their transition to a low carbon economy. In addition, we will continue taking care of the sustainability and responsible banking agenda, including our objectives on financial inclusion and customer welfare.

• Long-term shareholder value

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

• Governance effectiveness

We will remain focused on the overall effectiveness and composition of the board and its committees, ensuring that their role is discharged in the most tangible and effective manner.

2. Ownership structure

→ Broad and balanced shareholder base

→ A single class of shares

→ Authorized capital consistent with best practice to provide the necessary flexibility

2.1 Share capital

Our share capital comprises ordinary shares, each with a par value of EUR 0.50. Every share belongs to the same class and carries the same voting, dividend and other rights.

We do not have any bonds or securities that can be converted into shares other than the contingent convertible preferred securities (CCPS) mentioned in section [2.2 'Authority to increase capital'](#).

As at 31 December 2023, Banco Santander's share capital amounted to EUR 8,092,073,09.50, divided into 16,184,146,059 shares.

In 2023, we amended our share capital twice, through the cancellation of the shares repurchased under the buyback programmes that formed part of the shareholder remuneration policy for 2022:

- by EUR 170,203,286 (c. 2.03% of share capital), under the authorization of the 2022 AGM. On 20 March 2023, the capital reduction was registered with the Commercial Registry; and
- by EUR 134,924,476.50 (c. 1.64% of share capital), in the terms agreed at the 2023 AGM. On 30 June 2023, the capital reduction was registered with the Commercial Registry.

On 30 January 2024, the board of directors agreed, under the authorization of the 2023 AGM, to reduce the share capital in the amount of EUR 179,283,743.50, by cancelling the 358,567,487 repurchased own shares (c. 2.22% of share capital), acquired through the first buyback programme carried out within the 2023 shareholder remuneration policy (First 2023 Buyback Programme). The share capital is currently EUR 7,912,789,286 represented by 15,825,578,572 shares.

Since November 2021, date on which the first buyback programme of those executed within the framework of the shareholder remuneration policy was completed, Banco Santander has reduced its share capital by c. 9%.

At the 2024 AGM, the board of directors has submitted to vote the cancellation of the shares that will be acquired through the second share buyback programme charged against 2023 results (Second 2023 Buyback Programme); as well as, if appropriate, within any new buyback programmes that the board may implement or by other legally permitted means.

See sections [2.5 'Treasury shares'](#) and [3.5 'Our next AGM in 2024'](#).

We have a diversified and balanced shareholder structure, with 3,662,377 shareholders as at 31 December 2023, broken down

by type, geographical provenance and number of shares as follows:

Type of investor

Type of investor	% of share capital
Board ^A	1.20%
Institutional	58.75%
Retail	40.05%
Total	100%

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

Geographic distribution

Geographic distribution	% of share capital
Europe	73.07%
The Americas	25.26%
Rest of the world	1.67%
Total	100%

Number of shares

Number of shares	% of share capital
1-3,000	8.67%
3,001-30,000	16.91%
30,001-400,000	11.78%
Over 400,000	62.64%
Total	100%

2.2 Authority to increase capital

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

By 31 December 2023, our board of directors had received authorization from shareholders to approve or carry out the following capital increases:

- **Authorized capital to 2025:** Shareholders at the 2022 AGM granted authorization to the board to increase share capital on one or more occasions by up to EUR 4,335,160,325.50 (50% of the capital at the time of that AGM). The board was granted this authorization for a period of three years (until 1 April 2025).

The board can issue shares for cash consideration with or without pre-emptive rights for shareholders, and for capital

increases to back any convertible bonds or securities issued under its authority granted at the 2023 AGM.

Shares without pre-emptive rights under this authorization can be issued up to EUR 867,032,065 (10% of the capital at the time of the 2022 AGM). However, under the Spanish Companies Act, this limit does not apply to capital increases to convert CCPS (which shall be converted into newly-issued shares if the CET1 ratio falls below a predetermined threshold). This authorization was used for the two CCPS issues carried out in 2023.

The board of directors has proposed to have this authority renewed at our 2024 AGM. See section [3.5 'Our next AGM in 2024'](#).

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

ratio fell below a predetermined threshold. Each issue was backed by a capital increase approved under the authorization granted to the board by shareholders in force at the time of the CCPS issue.

The chart below shows the outstanding CCPS at the time of this report, with details about the capital increase resolutions that back them. Those capital increases are, therefore, contingent and have been delegated to the board of directors. The board is authorized to issue additional CCPS and other convertible securities and instruments in accordance with a resolution passed at the 2023 AGM that allows convertible instruments and securities to be issued for up to EUR 10 billion or an equivalent amount in another currency (two CCPS issues were executed in 2023 under this authorization). Any capital increase resulting from the conversion of shares and other convertible instruments will occur according to the capital increase authorization made at the time those instruments were issued.

Issues of contingent convertible preferred securities

Date of issuance	Nominal amount	Discretionary remuneration per annum	Conversion predetermined threshold	Maximum number of shares in case of conversion ^A
19/03/2018	EUR 1,500 million	4.75% for the first 7 years		416,666,666
14/01/2020	EUR 1,500 million	4.375% for the first 6 years		604,594,921
06/05/2021	USD 1,000 million	4.75% for the first 6 years	If, at any time, the CET1 ratio of Banco Santander or the Group is lower than 5.125%	391,389,432
06/05/2021	EUR 750 million	4.125% for the first 7 years		352,278,064
21/09/2021	EUR 1,000 million	3.625% for the first 8 years		498,007,968
16/11/2023	USD 1,150 million	9.625% for the first 5 years and 6 months		447,470,817
16/11/2023	USD 1,350 million	9.625% for the first 10 years		525,291,828

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

2.3 Significant shareholders

As at 31 December 2023, there was no holder of a significant shareholding greater than 3% of the voting shares of Banco Santander registered with the CNMV (minimum threshold provided under Spanish law to disclose a significant holding in a listed company).

Though the following shareholdings held by asset managers were registered with the CNMV as at 31 December 2023, their related notifications state that the shares are being held on behalf of third parties (funds or other investment entities or the portfolios they manage) and that none of them exceeds 3% of the voting rights that Banco Santander shares afford.

Significant shareholding

Date of entry in CNMV register	Name	% holding ^A
24/10/2019	BlackRock Inc	5.426
16/06/2022	Dodge & Cox	3.038

A. Percentage of capital as at the date of notification to the CNMV.

The changes in 2023 notified to the CNMV with regard to significant shareholdings are detailed below:

Significant shareholding

Date	Shareholder name	% previous share	% subsequent share
8/3/2023	Norges Bank	3.006	2.996 ^A

A. Shares and financial instruments.

Likewise, though as at 31 December 2023 certain custodians appeared in our shareholder registry as holding more than 3% of our share capital, we understand that those shares were held on behalf of other investors, none of whom exceeded that threshold individually. These custodians were State Street Bank (14.97%), Chase Nominees Limited (6.89%), The Bank of New York Mellon Corporation (5.98%), Citibank (3.87%) and BNP Paribas (3.09%).

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

Lastly, as at 31 December 2023, neither our shareholder registry nor the CNMV's registry showed any shareholder residing in a non-cooperative jurisdiction with a shareholding equal to, or greater than, 1% of our share capital (which is the mandatory disclose threshold applicable to such investors under Spanish law).

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

2.4 Shareholders' agreements

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

The main provisions of the agreement are:

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

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

As at 31 December 2023, the parties to this agreement held 109,032,191 shares in Banco Santander (0.67% of its capital at such time), which were therefore subject to the voting syndicate. They include 80,355,819 shares (0.50% of its capital by close of 2023) that are also subject to the referred transfer restrictions.

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

2.5 Treasury shares

Shareholder approval

The acquisition of treasury shares was last authorized at our 2023 AGM, for five years and subject to these provisions:

- Treasury shares held cannot exceed 10% of Banco Santander's share capital at any time, which is the legal limit set under the Spanish Companies Act.
- The acquisition price may not be lower than the par value of the shares, nor exceed by more than 3% the highest of the following two: the price of the last independent transaction or the highest independent offer at that time at the trading venue where the purchase is made.
- The board may set the purposes and the procedures in which it may apply.

Treasury shares policy

On 27 June 2023, 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 potential temporary imbalances in supply and demand.
- Take advantage, for the benefit of all shareholders, of weakness in the share price due to its medium-term outlook.
- Meet Grupo Santander's obligations to deliver shares to our employees and directors.
- Serve any other purpose authorized by the board within the legal limits and those set at the general meeting. In this regard, Banco Santander made during the year the donation to Fundación Banco Santander indicated below in the context of its Responsible Banking Policy.

Among other things, the policy also provides for:

- The **principles** to uphold in treasury share trades, which include protecting financial markets' integrity and prohibiting market manipulation and insider trading.
- The **operational criteria** for carrying out treasury share trades, unless in exceptional circumstances as per the policy or carried out through mechanisms, such as buyback programmes, with a regulation of their own. These criteria include rules on:
 - **Responsibility for execution of these trades**, which falls on the Investments and Holdings department, which is kept separate from the rest of Banco Santander.
 - **Venues.** Trades must generally be carried out in the orders market of the continuous market (*mercado continuo*) of Spanish stock exchanges.
 - **Volume limits.** Trades must generally not exceed 15% of the average daily trading volume for Banco Santander shares in the previous 30 sessions on the relevant trading venue.

- **Price limits.** In general, (a) buy orders should not exceed by more than 3% the higher of (i) the price of the last independent transaction prior to the relevant acquisition or (ii) the highest independent bid at that time on the trading venue where the purchase is made; and (b) sell orders should not be lower than the lesser of the price of the last trade in the market by independent parties and the lowest sell order price in the order book.
- **Time limits,** including a black-out period that applies (a) during the 15 calendar days prior to the publication of each quarterly financial information and (b) if Banco Santander has decided to delay the disclosure of inside information according to market abuse regulations, until such information is disseminated. In the case of buyback programmes, the specific regulations establish a black-out period of 30 calendar days prior to the publication of annual and semi-annual results, which, however, will not apply when the buyback programme is managed by a third party or when the issuer has a temporary buyback programme in place.
- **Disclosure to the markets** of treasury shares trading.

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

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

Execution of the buyback programmes charged against 2022 results

According to the 2022 shareholder remuneration policy, two buyback programmes were executed:

- In the first buyback programme, executed from 22 November 2022 to 31 January 2023, we acquired 340,406,572 treasury shares (2.03% of share capital). Under the authorization of the 2022 AGM, on 1 February 2023 the board resolved to reduce Banco Santander's share capital through the cancellation of the repurchased shares.
- In the second buyback programme, executed from 1 March to 21 April 2023, we acquired 269,848,953 treasury shares (1.64% of share capital). In the terms agreed by the 2023 AGM, on 24 April 2023 the board resolved to reduce Banco Santander's share capital through the cancellation of the repurchased shares.

See section [2.1 'Share capital'](#).

First 2023 Buyback Programme

Under the authorization of the 2023 AGM, and according to the 2023 shareholder remuneration policy, on 26 September 2023 the board resolved to execute a new share buyback programme for a maximum amount of EUR 1,310 million, equivalent to approximately 25% of the Group reported profit (excluding non-cash, non-capital ratios impact items) in first semester 2023.

In the First 2023 Buyback Programme (executed from 28 September 2023 to 25 January 2024, once the required regulatory authorization was obtained), we acquired 358,567,487 treasury shares (representing approximately 2.22% of Banco Santander's share capital), at a weighted average price per share of EUR 3.65.

On 30 January 2024, the board resolved to reduce the share capital in the amount of EUR 179,283,743.50, by cancelling the 358,567,487 repurchased shares.

For more details on the share capital reductions, see section [2.1 'Share capital'](#)

Second 2023 Buyback Programme

Under the same AGM approval and also according to the 2023 shareholder remuneration policy, on 19 February 2024 the board resolved to execute a new share buyback programme worth EUR 1,459 million. The appropriate regulatory authorization has already been obtained and the execution of which will begin from 20 February 2024.

The board had submitted the resolution to vote at the 2024 AGM for the share capital reduction by cancelling repurchased shares. See section [3.5 'Our next AGM in 2024'](#).

Activity in 2023

As at 31 December 2023, Banco Santander and its subsidiaries held 297,815,673 shares, which accounted for 1.84% of Banco Santander's share capital (compared to 243,689,025, 1.45% of the share capital, at 31 December 2022).

The chart below summarizes the monthly average proportion of treasury shares to share capital throughout 2022 and 2023.

Monthly average of daily positions in treasury shares

% of Banco Santander's share capital at month end

	2023	2022
January	1.75%	1.64%
February	2.16%	1.62%
March	1.46%	1.65%
April	1.50%	1.96%
May	1.72%	1.68%
June	1.68%	1.62%
July	0.08%	0.02%
August	0.08%	0.10%
September	0.08%	0.11%
October	0.64%	0.05%
November	1.25%	0.15%
December	1.56%	0.98%

In 2023, Banco Santander and its subsidiaries' treasury share trades amounted to the following values:

Acquisitions and transfers of treasury shares in 2023

EUR (except number of shares)	Acquisitions				Transfers				Profit (loss) net of taxes
	Number of shares	Total par value	Total cash amount	Average purchase price	Number of shares	Total par value	Total cash amount	Average purchase price	
Discretionary trading	39,020,430	19,510,215	135,372,000	3.47	50,793,292 ^A	25,396,646 ^A	157,268,000 ^A	3.46 ^B	13,031,000 ^B
Client induced trading ^C	196,118,212	98,059,106	649,037,000	3.31	196,118,212	98,059,106.00	649,037,000	3.31	
Buyback programmes	676,155,035	338,077,518	2,324,924,000	3.44	N/A	N/A	N/A	N/A	N/A
Total	911,293,677	455,646,839	3,109,333,000	3.41	246,911,504^A	123,455,752^A	806,305,000^A	3.34^B	13,031,000^B

A. Including a donation that Banco Santander made to Fundación Banco Santander during the year totalling 6,617,008 treasury shares. For more details, see section 6.2 'Other community support programmes' of the 'Responsible banking' chapter.

B. Excluding the donation mentioned in footnote A above.

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

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

Significant changes in treasury shares in 2023^A

Reported on	% of voting rights represented by shares		
	acquired since last notice	transferred since last notice	held at reference date of notice
13/01/2023 ^B	1.06%	0.22%	1.40%
8/02/2023	1.01%	0.23%	2.18%
24/03/2023	1.02%	2.54%	0.70%
20/04/2023	1.03%	0.18%	1.55%
5/07/2023	0.54%	2.03%	0.09%
19/10/2023	1.06%	0.46%	0.68%
13/12/2023	1.00%	0.19%	1.50%

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

B. Corrects notice dated 27 December 2022.

Transactions with financial instruments

The transactions with financial instruments with Banco Santander shares as the underlying asset carried out by Banco Santander of its own accord in 2023 for the purpose of discretionary treasury share management are as follows:

- In Q1'23, we reduced the investment position by a *delta* (i.e. net exposure to share price changes) equalling 6,000,000 shares.
- The final position at year end was a positive aggregated delta equalling 3,000,000 shares worth a total EUR 9,576,000.
- The instruments used were total return equity swaps, to be settled at maturity exclusively in cash.

2.6 Stock market information

Markets

Banco Santander shares are listed on Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia), the New York Stock Exchange as American Depositary Shares (ADS), the London Stock Exchange as Crest Depositary Interests (CDI) and the Warsaw Stock Exchange. Likewise, until 28 December 2023, Banco Santander shares were listed on the traditional listing of the Mexican Stock Exchange (BMV) and from 29 December 2023 the shares are listed only in the International Quotation System (SIC) of said stock exchange.

Market capitalization and trading

As at 29 December 2023, Banco Santander occupies the second position in the eurozone and in the twenty-first world by market value among financial institutions, with a market capitalization of EUR 61,168 million.

11,132 million Banco Santander shares traded in the year for an effective value of EUR 38,144 million and a liquidity ratio of 68%.

The Banco Santander share

	2023	2022
Shares (million)	16,184.1	16,794.4
Price (EUR)		
Closing price	3.780	2.803
Change in the price	35%	(5%)
Maximum for the period	3.970	3.482
Date of maximum for the period	06/12/2023	10/02/2022
Minimum for the period	2.812	2.324
Date of minimum for the period	03/01/2023	15/07/2022
Average for the period	3.447	2.795
End-of-period market capitalization (EUR million)	61,168	47,066
Trading		
Total volume of shares traded (million)	11,132.3	14,217
Average daily volume of shares traded (million)	43.7	55.3
Total cash traded (EUR million)	38,143.5	40,262
Average daily cash traded (EUR million)	149.6	156.7

3. Shareholders and general meeting

- One share, one vote, one dividend
- No takeover defences in our Bylaws
- High shareholder participation and engagement at our general meetings

3.1 Shareholder communication and engagement

Policy on communication and engagement with shareholders and investors

Banco Santander aims to ensure its interests are in line with those of its shareholders, through sustainable growth and long-term value creation, retaining shareholders' and broader society's trust. For that, we:

- provide information to shareholders and investors that meets their expectations and upholds our culture and values; and
- communicate and engage with them regularly so that senior managers and governance bodies consider their views.

Our policy on communication and engagement with shareholders and investors, available on our corporate website, sets out the principles that govern the aforementioned activities:

- **Protection of all shareholders' rights and lawful interests.** We facilitate the exercise of rights for shareholders, provide them with information and give them opportunities to have a say in our corporate governance.
- **Equal treatment and non-discrimination.** We treat investors in the same situation equally.
- **Fair disclosure.** We make sure that the information we disclose is transparent, truthful and consistent according to applicable law.
- **Appropriate disclosure of information.** We report appropriate and relevant information to meet our shareholders' and investors' needs and expectations, and make sure it is clear, concise and accurate.
- **Compliance with law and corporate governance rules.** We adhere closely to the laws and regulations on inside and price-sensitive information in addition to following the principles of cooperation and transparency with supervisory and regulatory bodies.

The policy also sets out:

- the **roles and responsibilities** of the main governance bodies and internal functions involved in communication and engagement;
- the **channels for information disclosure and communication**; and
- the **ways in which we engage** with shareholders and investors.

The policy also applies to relations with agents that advise, recommend or guide our shareholders and investors, such as financial and ESG analysts, proxy advisers and ratings agencies.

Moreover, Banco Santander has board-approved frameworks on branding and communications, and on accounting and financial information and management. They set out the general principles, roles and key processes on the communication of financial, non-financial and corporate information, which help ensure that all our shareholders and other stakeholders are properly informed about our strategy, targets and results, as well as about our culture and values

Engagement with shareholders in 2023

As part of our policy on communication and engagement with shareholders and investors, we carried out the following activities during the year:

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

The annual general meeting is broadcast live on our corporate website, where its recordings are made available in full afterwards. This enables shareholders who cannot attend the meeting and other stakeholders to remain fully informed of deliberations and adopted resolutions.

The 2023 AGM was hybrid, allowing shareholders to attend in person or remotely. Our general meeting attendance app ensures shareholders can fully exercise their rights to attend and participate in real time and remotely. They can watch the entire meeting through a live feed, vote, make remarks, propose resolutions and contact the notary public. Our high shareholder participation rate at the most recent general meetings proves the effectiveness of our electronic means of attendance, delegation and remote voting prior to the meeting.

Also, the vast quorum and voting results at our 2023 AGM show just how important we consider shareholder engagement through general meetings. See section [3.4 '2023 AGM'](#).

Once again, Banco Santander's management system for the 2023 AGM received AENOR certification for sustainable events in compliance with the UNE-ISO 20121.

- **Quarterly results presentations.** We present our results at the end of each quarter on the same day we make them public. The presentation can be followed live, via conference call or streamed on our website. We release the related

quarterly financial report and presentation material on the same day before the markets open. During the presentation, questions can be asked or emailed to: investor@gruposantander.com.

In 2023, we gave our first, second and third quarter results presentations on 25 April, 26 July and 25 October, respectively. Our fourth quarter results presentation took place on 31 January 2024.

- **Investor and strategy days.** We organize investor and strategy days where we explain our strategy and targets for the next three years to investors and other stakeholders in a broader context than in results presentations. Investors can interact directly with senior managers and some directors. We

publish announcements about these meetings and provide related documents well in advance.

Our most recent investor day was held in London on 28 February 2023. For more details, see section [1.4 'Engagement with our shareholders'](#). The information we made available at those events is not included in this annual report nor considered part of it.

- **Other activities.** We know that a single format for communicating with shareholders and investors is not valid for everyone. For this reason, in 2023 and early 2024, we carried out the activities detailed in the table below to meet their diverse needs and expectations.

Other activities	
→ Regular meetings between the Lead Independent Director and key investors	Since October, our Lead Independent Director, Glenn Hutchins, accompanied by Bruce Carnegie-Brown, met with institutional investors, particularly in the months leading up to the AGM. In total, he met with 17 institutional investors, who represent approximately 24.6% of share capital.
→ Investor roadshows	Our Shareholder and Investor Relations team had 930 meetings (both in person and virtually) with 379 investors, including 47 meetings focused on ESG matters. We engaged with 36.18% of share capital.
→ Interaction with retail shareholders	Our Shareholder and Investor Relations team held 206 events (online, in person and hybrid). Attendees accounted for 8.4% of the capital held by retail shareholders in Spain. Shareholders engaged with the Group's senior management at several of these events.
→ Studies and surveys	We received 239,238 shareholders and investors opinions through quality surveys and studies, of which 9,120 corresponded to opinions received in the SPF (Simple, Personal and Fair) survey of Banco Santander.

Communication with proxy advisors and other analysts

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

In 2023, we continued to engage with the main proxy advisers (providing them with information and explanations, among others, about proposed resolutions submitted to vote at the 2023 AGM so they could make voting recommendations) and ESG ratings agencies.

Corporate website

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

Information on our corporate governance can be found at <https://www.santander.com/en/shareholders-and-investors/corporate-governance> (included for information purposes only). The contents of our corporate website are not incorporated by reference to this annual report nor should be considered part of it for any purpose.

In addition, our corporate website provides extensive institutional, financial and sustainability information about the Group as well as other information we consider to be of interest to our shareholders and, in general, to all our stakeholders worldwide. Its design enables us to be transparent and enhance user experience by providing quality information about Santander.

Other channels

In order to maximize the dissemination and quality of information, we offer shareholders and investors an app (Santander Shareholders and Investors) compatible for Android and Apple iOS that contains a broad range of information about the Group.



We also engage with shareholders through various channels, such as an email address, telephone lines, WhatsApp, postal service and virtual office.

In addition, we regularly post information about Banco Santander on our official Twitter and LinkedIn accounts. The contents included in these profiles are not incorporated by reference to this annual report nor should be considered part of it for any purpose.

3.2 Shareholder rights

One share, one vote, one dividend

Our Bylaws provide for one share class only (ordinary shares), which grant all shareholders the same rights. Each Banco Santander share entitles its holder to one vote and there is no preferential treatment in dividend payouts. The Bylaws fully adhere to the one share, one vote, one dividend principle.

Voting rights and unrestricted share transfers

There are no non-voting or multiple-voting shares, nor limitations to the number of votes a shareholder can cast, or any other restriction on exercising voting rights, except for those prescribed by law or set out in our Bylaws should the acquisition of the shares infringe regulations. There are no quorum requirements or qualified majorities other than those prescribed by law.

Neither Banco Santander's Bylaws nor any other means restrict the transferability of shares, which is subject only to restrictions prescribed by law.

Furthermore, our Bylaws do not include any neutralization provisions, as set out in the Spanish Securities Market Act, which would apply in takeover bids.

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

Acquisition of significant shareholdings

The acquisition of a significant shareholding or influence in Banco Santander is subject to regulatory approval or non-objection, as applicable, by the supervising authority, as banking is a regulated sector. Furthermore, as Banco Santander is a listed company, any parties wishing to acquire control over it and/or enter into any other lawful scenario must launch a tender offer for its shares.

Such acquisitions are largely regulated 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.
- Act 10/2014, of 26 June, on the organization, supervision and solvency of credit Institutions and its implementing regulation, Spanish Royal Decree 84/2015, of 13 February.
- Act 6/2023, of 17 March, on the Securities Markets and on Investment Services.

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

Participation at general meetings

All registered holders of shares found on record at least five days prior to the day of a general meeting are entitled to attend. Banco Santander facilitates shareholder participation by allowing them to exercise their rights to attend, delegate, vote and participate at general meetings using remote communications systems. Shareholders can attend general meetings virtually. They can watch it through a live feed, vote, make remarks, propose resolutions and contact the notary public.

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

Supplement to the notice and proposal of resolutions

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

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

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

Any shareholder, irrespective of their stake, can also request the removal of directors or the filing of corporate liability action against any director to be put to a vote at the general meeting, even when not on the agenda.

Right to 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 the written requests for information or clarification they may deem pertinent, or any written questions they deem relevant to the items on the meeting agenda.

Moreover, in the same manner and within the same period, shareholders can submit written requests for clarification about information Banco Santander has sent to the CNMV since the last general meeting or about auditor's reports. Banco Santander posts all shareholder-requested information and the answers it provides on its corporate website.

Shareholders may also exercise their right to receive information at the meeting. Where information cannot be given during the course of the meeting, it will be provided in writing within seven days.

Quorum and majorities for passing resolutions at the general meeting

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

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

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

With the exception of certain matters mentioned below, general meeting resolutions pass when shareholders attending in person 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 those set out below for amending the Bylaws. Furthermore, in accordance with laws applying to credit institutions, if over 50% of the share capital is present at a general meeting, a qualified two-thirds majority is required to raise the proportion of variable remuneration components to fixed components above 100% (up to 200%) for executive directors and other employees whose professional activities have a material impact on the Group's risk profile; otherwise, a three-quarters majority will be necessary.

Decisions about acquiring, selling or contributing core assets to another company or similar corporate transactions shall require shareholder approval at general meetings when the law so dictates. Our Bylaws have no further requirement in this regard.

Rules for amending our Bylaws

Shareholders at the general meeting have the authority to approve any amendment to the Bylaws. However, the board can also decide to change the registered office within Spain.

The directors or, as applicable, the shareholders who have drafted a proposed amendment to the Bylaws, must write it out in full and prepare a report justifying it, which shall be provided to shareholders at the time the general meeting to debate the proposed amendment is called.

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

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

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

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

Bylaws amendments are subject to ECB approval. However, amendments that are exempt from authorization but must still be reported to the ECB include the change of the registered office within Spain, share capital increases, adding mandatory or prohibitive laws or regulations to the Bylaws, changing the wording in order to comply with court or administrative rulings and any others the ECB has declared exempt due to a lack of materiality in response to prior consultations.

3.3 Dividends and shareholder remuneration

Remuneration against 2023 results

With regard to the 2023 results, the board followed a policy of allocating approximately 50% of the Group reported profit (excluding non-cash, non-capital ratios impact items) to shareholder remuneration, distributed as approximately 50% in cash dividends and 50% in share buybacks.

- **Interim remuneration.** On 26 September 2023, the board resolved to:
 - Pay an interim cash dividend against the 2023 results of 8.10 euro cents per share entitled to the dividend (equivalent to approximately 25% of said Group reported profit in H1'23); it was paid from 2 November 2023.
 - Execute the First 2023 Buyback Programme worth up to EUR 1,310 million (equivalent to approximately 25% of said Group reported profit in H1'23). See '[First 2023 Buyback Programme](#)' in section 2.5.
- **Final remuneration.** Under the 2023 shareholder remuneration policy, on 19 February 2024 the board of directors resolved to:
 - Submit a resolution at the 2024 AGM to approve a final cash dividend in the gross amount of 9.50 euro cents per share entitled to dividends. If approved at the AGM, the dividend would be payable from 2 May 2024.
 - Implement the Second 2023 Buyback Programme worth 1,459 million euros, for which the appropriate regulatory authorization has been obtained and the execution of which will begin from 20 February 2024. For more details, see '[Second 2023 Buyback Programme](#)' in section 2.5.

Once the above-mentioned actions are completed, total shareholder remuneration for 2023 will total 5,538 million euros (approximately 50% of the Group reported profit - excluding non-cash, non-capital ratios impact items- in 2023), distributed as approximately 50% in cash dividends (2,769 million euros) and 50% in share buybacks (2,769 million euros). These amounts have been estimated assuming that, as a consequence of the partial execution of the Second 2023 Buyback Programme, the number of outstanding shares entitled to a final cash dividend will be 15,483,617,874. Therefore, that amount may be higher if fewer shares than planned are acquired in the Second 2023 Buyback Programme; otherwise, it will be lower.

Remuneration against 2024 results

For the 2024 results, the board intends to continue applying the same policy, consisting in a total shareholder remuneration of approximately 50% of the Group reported profit (excluding non-cash, non-capital ratios impact items), distributed in approximately equal parts in cash dividend and share buybacks, thus continuing the one applied with respect to 2023.

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

3.4 2023 AGM

We held our annual general meeting on 31 March 2023, on second call, both in person and by electronic means.



Quorum and attendance

The quorum (among shareholders present and represented) was 67.564%, broken down as follows:

Quorum breakdown

Present	3.358 %
In person and virtual attendance	0.717 %
Remote voting	
By post or direct delivery	0.423 %
By electronic means	2.218 %
Represented	64.206 %
By post or direct delivery	5.592 %
By electronic means	58.614 %
Total	67.564 %

Approved resolutions and voting results

All items on the agenda were approved. Votes in favour of the board's proposals averaged 98.08%. 99.72% of votes approved the corporate management for 2023 and 90.78% of the votes approved the directors' remuneration policy for 2023, 2024 and 2025. None of the agenda items listed in the notice convening the meeting received less than 89.22% of votes in favour.

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 2022	99.68	0.32	0.06	0.27	67.56
1B. Consolidated statement of non-financial statements for 2022	99.79	0.21	0.06	0.22	67.56
1C. Corporate management for 2022	99.72	0.28	0.06	0.58	67.56
2. Application of results for 2022	99.75	0.25	0.06	0.21	67.56
3. Board of directors: appointment, re-election or ratification of directors					
3A. Setting of the number of directors	99.60	0.40	0.06	0.27	67.56
3B. Ratification of the appointment and re-election of Mr Héctor Blas Grisi Checa	99.54	0.46	0.07	0.31	67.56
3C. Ratification of the appointment and re-election of Mr Glenn Hogan Hutchins	98.87	1.13	0.06	0.31	67.56
3D. Re-election of Mrs Pamela Ann Walkden	99.49	0.51	0.07	0.30	67.56
3E. Re-election of Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	98.15	1.85	0.06	0.42	67.56
3F. Re-election of Ms Sol Daurella Comadrán	97.03	2.97	0.07	0.29	67.56
3G. Re-election of Ms Gina Lorenza Díez Barroso Azcárraga	98.58	1.42	0.07	0.30	67.56
3H. Re-election of Ms Homaira Akbari	99.50	0.50	0.07	0.31	67.56
4. Re-election of the external auditor for financial year 2023	99.31	0.69	0.06	0.28	67.56
5. Share capital and convertible securities					
5A. Reduction in share capital in the maximum amount of EUR 757,225,978.50, through the cancellation of a maximum of 1,514,451,957 own shares	99.32	0.68	0.05	0.21	67.56
5B. Reduction in share capital in the maximum amount of EUR 822,699,750.50, through the cancellation of a maximum of 1,645,399,501 own shares	99.28	0.72	0.05	0.19	67.56
5C. Authorisation for the Bank and its subsidiaries to be able to acquire own shares	98.72	1.28	0.05	0.19	67.56
5D. Delegation to the board of the power to issue securities convertible into shares of the Bank within a 5-year period and subject to a maximum aggregate limit of EUR 10,000 million. Setting of standards to determine the bases for and terms and conditions applicable to the conversion and granting of powers to increase capital. Delegation to exclude pre-emptive rights	96.65	3.35	0.05	0.22	67.56
6. Remuneration					
6A. Directors' remuneration policy	90.78	9.22	0.06	0.27	67.56
6B. Setting of the maximum total annual remuneration of directors in their capacity as directors	97.66	2.34	0.06	0.26	67.56
6C. Approval of the maximum ratio of fixed and variable components of total remuneration of executive directors and other employees belonging to categories with professional activities that have a material impact on the risk profile	98.52	1.48	0.06	0.30	67.16
6D. Deferred Multiyear Objectives Variable Remuneration Plan	96.72	3.28	0.06	1.47	67.56
6E. Application of the Group's buy-out regulations	98.38	1.62	0.07	0.33	67.56
6F. Annual directors' remuneration report (consultative vote)	89.22	10.78	0.06	0.26	67.56
7. Authorization to the board and grant of powers for conversion into public instrument	99.74	0.26	0.06	0.23	67.56
8 to 23. Corporate action to demand director liability and dismissal and removal of directors^E	0.00	100.00	0.00	0.03	64.92

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 2023 AGM.

D. Percentage of Banco Santander's share capital on the date of the 2023 AGM.

E. Items 8 to 23, not included on the agenda, were put to a separate vote. They refer to the proposal to bring corporate action to demand director liability (acción social de responsabilidad) against all directors in office (8) and to the proposal of dismissal and removal of the following directors: Ms Ana Botín-Sanz de Sautuola y O'Shea (9), Mr Héctor Blas Grisi Checa (10), Mr Bruce Carnegie-Brown (11), Mr José Antonio Álvarez Álvarez (12), Ms Homaira Akbari (13), Mr Javier Botín-Sanz de Sautuola y O'Shea (14), Mr Henrique de Castro (15), Ms Sol Daurella Comadrán (16), Ms Gina Lorenza Díez Barroso (17), Mr Germán de la Fuente Escamilla (18), Mr Glenn Hogan Hutchins (19), Mr Luis Isasi Fernández de Bobadilla (20), Mr Ramiro Mato García-Ansorena (21), Ms Belén Romana García (22) and Mrs Pamela Walkden (23).

The full texts of the resolutions passed can be found on our corporate website and on the CNMV's website, as they were filed as other relevant information on 31 March 2023.

3.5 Our next AGM in 2024

The board of directors agreed to call the 2024 AGM on 21 March on first call or on 22 March on second call, proposing the following resolutions:

Annual accounts and corporate management. To approve:

- The annual accounts and the directors' reports of Banco Santander and its consolidated Group for the financial year ended on 31 December 2023. For more details, see ['Consolidated financial statements'](#).
- The consolidated non-financial statement for the financial year ended on 31 December 2023, which is part of the consolidated directors' report. See the ['Responsible banking'](#) chapter.
- The corporate management for financial year 2023.

Application of results of financial year 2023

- To approve the application of results obtained by Banco Santander during financial year 2023. See note [4.a\)](#) to the consolidated financial statements.

Board of directors: appointment and re-election

- To set the number of directors at 15, within the maximum and minimum limits stated in the Bylaws.
- To appoint Carlos Barrabés and Antonio Weiss as independent directors. See section [1.1 'Board skills and diversity'](#).
- To re-elect Javier Botín, Germán de la Fuente, Henrique de Castro, José Antonio Álvarez and Belén Romana for a three-year period. See section [4.1 'Our directors'](#).

External auditor

- To re-elect the firm PricewaterhouseCoopers Auditores, S.L. (PwC) as external auditor of Banco Santander and its consolidated group for financial year 2024.

Share capital and convertible securities

- To authorize the increase of the share capital. Delegation for the exclusion of the preferential subscription right.
- To reduce the share capital of Banco Santander with the following purposes:
 - Cancelling a maximum of 1,566,857,857 treasury shares purchased under the Second 2023 Buyback Programme.
 - Cancelling a maximum of 1,582,557,857 treasury shares acquired through one or more share buyback programmes or by other legally permitted means, authorizing the board of directors to cancel them on one or several occasions in a maximum timescale of one year or by the date of the next annual general meeting.

See sections [2.1 'Share capital'](#) and [2.5 'Treasury shares'](#).

Remuneration. See section [6. 'Remuneration'](#)

- To approve the director's remuneration policy for 2024, 2025 and 2026.
- To set the maximum amount of annual remuneration to be paid to all the directors in their capacity as such.
- To approve a maximum ratio of 200% of variable components to fixed components of total remuneration for executive directors and certain employees belonging to professional categories that have a material impact on the Group's risk profile.
- To approve the Deferred Multiyear Objectives Variable Remuneration Plan.
- To approve the Group's buy-out regulations.
- To hold a non-binding vote on the annual directors' remuneration report.

The related documents and information are available for consultation on our corporate website from the date the meeting notice is published. We will also broadcast our 2024 AGM live, as it was done for the 2023 AGM.

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

4. Board of directors

A balanced and diverse board

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

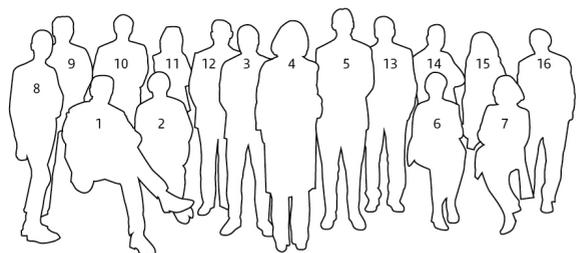
Effective corporate governance

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



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

- Executive committee
- Audit committee
- Nomination committee
- Remuneration committee
- ▲ Risk supervision, regulation and compliance committee
- * Responsible banking, sustainability and culture committee
- ▲ Innovation and technology committee
- C Chair of the committee



4.1 Our directors



Ana Botín-Sanz de Sautuola y O'Shea
EXECUTIVE CHAIR
Executive director

Board member since 1989.

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

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

Experience: Ms Botín joined Banco Santander, S.A., after working at JP Morgan (New York, 1980-1988). In 1992, she was appointed Senior Executive Vice President. Between 1992 and 1998, she led Santander's expansion into Latin America. In 2002, she was appointed Executive Chair of Banesto. Between 2010 and 2014, she was CEO of Santander UK PLC and was a non-executive director until April 2021. In 2014 she was

appointed Executive Chair of Santander. She was also a non-executive director of Santander UK Group Holdings PLC (2014-2021) and Chair of the European Banking Federation from 2021 to February 2023.

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

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

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

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



Héctor Grisi Checa
CHIEF EXECUTIVE OFFICER
Executive director

Board member since 2023.

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

Education: Degree in Finance from Universidad Iberoamericana (Mexico City).

Experience: Mr Grisi joined the Group in 2015 as Executive Chair and CEO of Santander México and Grupo Financiero Santander México. In 2019, he was named Regional Head for North America. Before joining Santander he worked in Mexico and the US. Mr Grisi spent 18 years in several leadership

roles at Crédit Suisse, including Head of investment banking for Mexico, Central America and the Caribbean, and Chair and CEO of Crédit Suisse México. He also held several roles in corporate and investment banking at Grupo Financiero Invermexico and at Casa de Bolsa Inverlat. From 2011 to 2014, Mr Grisi was Vice Chair of Asociación de Bancos de México ("Bank Association of Mexico").

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

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

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

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



Glenn Hogan Hutchins

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

Board member since 2022.

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

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

Experience: Mr Hutchins co-founded US technology and investment firm Silver Lake, where he was CEO until 2011. Prior, Mr Hutchins had been a senior managing director at The Blackstone Group (1994-1999) and Thomas H. Lee Co. (1985-1994), and a consultant at Boston Consulting Group. He has also served on the boards of SunGard Data Systems (Chair, 2005-2015), NASDAQ (2005-2017) and Virtu Financial (2017-2021). He served as a director and Chair of the audit and risk committees of the Federal Reserve Bank of New York from 2011 to 2021. Additionally, he served on the board of the

Harvard Management Company, which manages Harvard University's endowment. Mr Hutchins worked with President Clinton in his transition to power and the White House as special advisor on economic and healthcare policy.

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

Membership of board committees: Nomination committee, remuneration committee (Chair), and innovation and technology committee.

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



José Antonio Álvarez Álvarez

VICE CHAIR
Non-executive director

Board member since 2015.

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

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

Experience: Mr Álvarez joined Santander in 2002. He was appointed Senior Executive Vice President of the Financial Management and Investor Relations division in 2004 (Group Chief Financial Officer) and was Group CEO from 2015 to 2022.

He served as director at SAM Investments Holdings Limited, Santander Consumer Finance, S.A. and Santander Holdings USA, Inc. He sat on the supervisory boards of Santander Consumer Bank AG, Santander Consumer Holding GmbH and Santander Bank Polska, S.A. He was also a board member of Bolsas y Mercados Españoles, S.A.

Other positions of note: Mr Álvarez is an independent director of Aon PLC and a member of the advisory committee of Grupo GED.

Positions in other Group companies: Mr Álvarez is non-executive Vice Chair of Banco Santander (Brasil) S.A. and a non-executive director of 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, and has vast knowledge of the Group from his tenure as CEO. He has extensive experience and an established reputation with such key stakeholders as regulators and investors.



Homaira Akbari
Non-executive director (independent)

Board member since 2016.

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

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

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

Other positions of note: Ms Akbari is CEO of AKnowledge Partners, LLC, a global consultancy firm on the Internet of Things, cyber security and artificial intelligence. She is an independent director of Landstar System, Inc. and a member of the security advisory board of Telefónica Soluciones de Criptografía, S.A.U. She is also a trustee of the French Institute Alliance Française.

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

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

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



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

Board member since 2004.

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

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

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

Other positions of note: In addition to the financial sector, Mr Botín works with several not-for-profit organizations. He has been Chair of the Botín Foundation since 2014 and is also a trustee of the Princess of Girona Foundation.

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



Bruce Carnegie-Brown

Non-executive director (independent)

Board member since 2015.

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

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

Experience: Mr Carnegie-Brown was non-executive Chair of Moneysupermarket.com Group PLC (2014-2019), a non-executive director of Jardine Lloyd Thompson Group PLC (2016-2017), Santander UK PLC and Santander UK Group Holdings PLC (2019-2021), and non-executive Chair of Aon UK Ltd (2012-2015). He was the founder and managing partner of the quoted private equity division of 3i Group PLC, and Chair and CEO of Marsh Europe, S.A. He was also Lead Independent

Director at Close Brothers Group PLC (2006-2014) and Catlin Group Ltd (2010-2014). He previously worked at JP Morgan Chase for 18 years and Bank of America for four years. He was Vice Chair and Lead Independent Director of Banco Santander from 2015 to 2023.

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

Membership of board committees: Nomination committee (Chair) and remuneration committee.

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



Sol Daurella Comadrán

Non-executive director (independent)

Board member since 2015.

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

Education: Degree in Business and MBA from ESADE.

Experience: Ms Daurella sat on the board of Círculo de Economía de Barcelona and was an independent director of Banco Sabadell, S.A., Ebro Foods, S.A. and Acciona, S.A. She was also honorary consul general of Iceland in Barcelona (1992-2021).

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

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

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



Henrique de Castro

Non-executive director (independent)

Board member since 2019.

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

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

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

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

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

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

Skills and competencies: Mr de Castro brings to the board valuable international experience in technological and digital strategy due to his executive roles in the world's top technology companies.



Germán de la Fuente Escamilla

Non-executive director (independent)

Board member since 2022.

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

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

Experience: Mr de la Fuente has spent his professional career at Deloitte, where he has been Head of the audit business for the financial services industry (2002–2007), managing partner of Audit & Assurance (2007–2021) in Spain, and Chair and CEO of Deloitte, S.L. (2017–2022). He was also a member of the global board of directors of the firm from 2012 to 2016 and of the global audit and risk services committee until June 2021. He has been involved in auditing major Spanish financial groups and in multiple consulting and advisory projects.

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

Skills and competencies: Mr de la Fuente brings extensive experience in the auditing industry and sound knowledge in auditing, accounting and internal and risk control, and the banking sector, all of which uphold his recognition as a financial expert.



Gina
Díez Barroso Azcárraga
Non-executive director (independent)

Board member since 2020.

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

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

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

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

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

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

Skills and competencies: Ms Díez Barroso brings to the board vast experience in the real estate and education sectors, and has extensive knowledge of, and an ever-lasting commitment to, sustainability, inclusion and responsible business, having been a founder and trustee of foundations that focus on education, gender diversity and social support.



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

Board member since 2020.

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

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

Experience: Mr Isasi began his career at Abengoa, before holding various executive positions at JP Morgan in New York and First National Bank of Chicago in London.

In 1987, he joined Morgan Stanley where he was managing director of investment banking for Europe and Chair and Country Head for Spain (1997-2020) and senior advisor (2020-2023). 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 non-executive Chair of Santander España and of Logista Integral, S.A. (LOGISTA).

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

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

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



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

Board member since 2017.

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

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

Experience: Mr Mato held several roles in Banque BNP Paribas, including Chair of BNP Paribas Group in Spain. Previously, he had held several top roles in Argentaria. He sat on the board of

the Spanish Banking Association (AEB) as representative of Banque BNP Paribas, and of Bolsas y Mercados Españoles, S.A. He has also been a member of the board of trustees of the Fundación Española de Banca para Estudios Financieros (FEBEF).

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

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

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



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

Board member since 2015.

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

Education: Degree in Economics and Business Administration from Universidad Autónoma de Madrid. She is also State Economist for Spain.

Experience: Ms Romana was formerly director general 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 Ministry of Economy. She served as a non-executive director at Banesto and as Executive Chair of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB). She has also been non-executive director of Aviva PLC and Aviva Italia Holding S.p.A.

She has also been co-Chair of the board of trustees of The Digital Future Society and advisory board member at Inetum and TribalData.

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

Membership of board committees: Executive committee, audit committee, nomination committee, risk supervision, regulation and compliance committee (Chair), responsible banking, sustainability and culture committee, and innovation and technology 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 recognized financial expert. Having held key positions in credit institutions and the regulatory and supervisory bodies of the financial industry and securities markets in Spain, she also provides strategic insights into banking, financial regulations and government relations in Spain and Europe.



Pamela Walkden

Non-executive director (independent)

Board member since 2019.

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

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

Experience: Mrs Walkden has served in a number of senior management positions at Standard Chartered Bank, including as Group Head of Human Resources, Chief Risk Officer, Group

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

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

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

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

Skills and competencies: Mrs Walkden qualifies as a financial expert in light of her broad, international experience in banking and auditing.



Jaime Pérez Renovales

General Counsel and secretary of the board

Joined the Group in 2003.

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

Education: Degree in Law and Business Administration from Universidad Pontificia Comillas (ICADE E-3) and State Attorney for Spain.

Experience: Jaime Pérez Renovales was director of the office of the second deputy Prime Minister for Economic Affairs and Minister of Economy, deputy secretary to the Spanish Prime Minister, Chair of the *Spanish State Official Gazette* and the

committee for Government Reform. Previously, he had been Vice General Counsel, vice secretary of the board and Head of Grupo Santander's legal department, General Counsel and secretary of the board at Banesto, and deputy director of legal services at the CNMV. He is the Banco Santander representative on the board of trustees of the Princess of Asturias Foundation and is a member of the jury for its award for Social Sciences. He is Chair of the ICADE Business Club, member of the board of trustees of the Fundación Universitaria Comillas-I.C.A.I. and professor of Constitutional Law in the Faculty of Law at Universidad Pontificia Comillas (ICADE).

Jaime Pérez Renovales is the secretary of every board committee.

4.2 Board composition

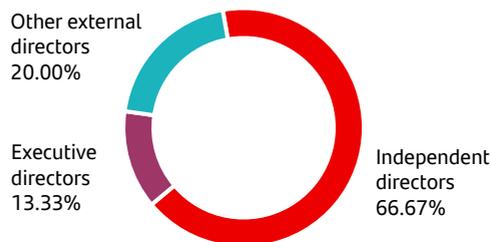
Size

As at 31 December 2023, the board of directors comprised 15 members, whose profile and background are described in section 4.1 'Our directors'. The Bylaws dictate that the board must be composed of not less than 12 and no more than 17 members.

Composition by type of director

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

Our board composition



Executive directors

- Ana Botín, Group Executive Chair
- Héctor Grisi, Chief Executive Officer

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

Independent directors

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

Every year, the nomination committee verifies the independence of the board members. It considers potentially significant business relations that could affect their

independence and other pertinent circumstances. This analysis is described further in section 4.6 '[Nomination committee activities in 2023](#)' and in subsection C.1.3 in section 9.2 '[Statistical information on corporate governance required by the CNMV](#)'.

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

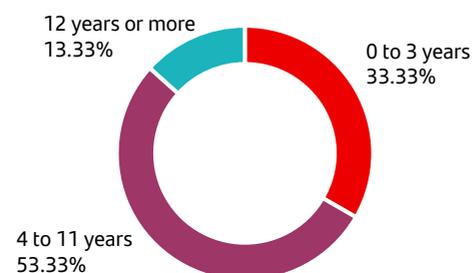
Other external directors

- José Antonio Álvarez
- Javier Botín
- Luis Isasi

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

- Mr Álvarez, because he was the former CEO of Banco Santander until 31 December 2022.
- Mr Botín, because he has been a director for over 12 years.
- Mr Isasi, because it is considered preferable to classify him as an external director under prudent criteria, in view of his remuneration as non-executive chair of Santander España in addition to his remuneration 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, despite the nomination committee and the board believing that he meets the requirements to be classed as an independent director.

Board tenure



At the end of 2023, the average term of directors was 8.17 years and the average term of independent directors was 5.33 years. See '[Board skills and diversity matrix](#)' and '[Tenure and equity ownership](#)' in this section 4.2.

Tenure and equity ownership^A

Board of directors		Tenure			Banco Santander shareholding ^D				
		Date of first appointment ^B	Date of last appointment	End date ^C	Direct	Indirect	Shares represented	Total	% of share capital
Executive Chair	Ana Botín	04/02/1989	31/03/2023	31/03/2026	1,463,276	31,161,724		32,625,000	0.202%
Chief Executive Officer	Héctor Grisi	20/12/2022	31/03/2023	31/03/2026	1,693,710			1,693,710	0.010%
Vice Chair and Lead Independent Director	Glenn Hutchins	20/12/2022	31/03/2023	31/03/2026	524,027			524,027	0.003%
Vice Chair	José Antonio Álvarez	25/11/2014	01/04/2022	01/04/2025	2,497,881			2,497,881	0.015%
	Homaira Akbari	27/09/2016	31/03/2023	31/03/2026	67,826	100,913		168,739	0.001%
	Javier Botín	25/07/2004	26/03/2021	26/03/2024	5,502,083	25,598,851	156,529,169 ^E	187,630,103	1.159%
	Bruce Carnegie-Brown	25/11/2014	26/03/2021	26/03/2024	59,940			59,940	0.000%
	Sol Daurella	25/11/2014	31/03/2023	31/03/2026	149,483	476,837		626,320	0.004%
	Henrique de Castro	12/04/2019	01/04/2022	01/04/2025	2,982			2,982	0.000%
	Germán de la Fuente	01/04/2022	01/04/2022	01/04/2025	10,000			10,000	0.000%
	Gina Díez	22/12/2020	31/03/2023	31/03/2026	27,000			27,000	0.000%
	Luis Isasi	03/04/2020	01/04/2022	01/04/2025					0.000%
	Ramiro Mato	28/11/2017	26/03/2021	26/03/2024	506,860			506,860	0.003%
	Belén Romana	22/12/2015	01/04/2022	01/04/2025	208	4		212	0.000%
	Pamela Walkden	29/10/2019	31/03/2023	31/03/2026	82,608			82,608	0.001%
	Total					12,587,884	57,338,329	156,529,169	193,830,382
General secretary and secretary of the board	Jaime Pérez Renovales								

A. Figures as at 31 December 2023.

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

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

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

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

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. Mixed skills, experiences and points of view create an environment that promotes independent opinion and constructive debate, and ensures proper decision-making. Thus, we seek to achieve a sound balance of technical expertise, experience and broad diversity.

Our policy on the selection, suitability assessment and succession of directors helps make our board more diverse, not only in terms of gender, but also from an age, geographical provenance, experience and knowledge standpoint, without implicit bias that could lead to any form of discrimination, based for instance on disability, race or ethnic origin.

The policy follows the European Banking Authority (EBA) and the European Securities and Markets Authority's (ESMA) joint guidelines on the suitability assessment of board members and key functions holders, as well as the ECB's Guide to fit and proper assessments.

Since 2019, when we added a gender equality target to our policy set by the nomination committee, our board of directors has had a balanced composition of women and men each accounting for between 40% and 60% of its members. In fact, since 2019, 40% of our board members are women. In 2020, the policy was amended to include age as additional diversity criteria to consider in the qualitative composition of the board

amid a review of the succession process for directors and other executive positions following the last amendment of the CNMV's Corporate Governance Code.

Our selection policy aims to diversify the board of directors based on different points of view, in particular:

- **Country of origin/international education.** Selection considers cultural diversity, geographical provenance, and international education and experience, especially in the Group's core markets.
- **Gender.** 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. Our policy promotes selection that maintains a balanced presence of women and men on the board, with a representation of both genders between 40% and 60%.

Women represent 40% of Banco Santander's board members, which is above the average for large listed companies in Spain and Europe. According to figures published by the CNMV in September 2023, the boards of IBEX 35 companies in Spain in 2022 had an average of 37.6% women members. Moreover, according to the European Commission's report on gender equality in the EU dated March 2023, the boards of large listed companies across the European Union had an average of 32.2% women members.

- **Age:** Our policy also considers that selection must promote age diversity. There are no age limits for becoming a director nor for the roles of chair and chief executive officer.
- **Education and career:** Selection considers candidates' academic training and career history to ensure they are qualified to understand our Group's businesses, structure and markets, and that they fit within the Santander culture and other aspects deemed material to the Group.

Board skills and diversity matrix

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

It considers EBA and ESMA guidelines on the suitability assessment of board members and key functions holders, as well as the ECB's Guide to fit and proper assessments.

The matrix follows the structure below:

- We distinguish between **thematic (technical)** and **horizontal skills**.
- We include a separate **diversity section** that details gender, country of origin/ international education, and age.
- We show each member's **tenure**.

The matrix discloses each board member's particular expertise and skills, some of which are further detailed in section [4.1 'Our directors'](#)), and is a sign of our commitment to transparency.

We continuously review the suitability of skills and diversity to ensure a diverse board that can meet Banco Santander's strategy needs. The matrix enables us to pinpoint areas we need to strengthen in succession and election of new board members.

Last, the '[Committees skills and diversity matrix](#)' shows the diverse composition of each committee and members' knowledge and expertise relevant to their committee's remit.

Board skills and diversity matrix

	Ana Botín	Héctor Grisi	Glenn Hutchins	José Antonio Álvarez	Homaira Akbari	Javier Botín	Bruce Carnegie-Brown	Sol Daurella	Henrique de Castro	Germán de la Fuente	Gina Díez Barroso	Luis Isasi	Ramiro Mato	Belén Romana	Pamela Walkden
	Executive Chair	CEO	Vice Chair Lead Independent Director	Vice Chair Non-executive	Independent	Non-executive	Independent	Independent	Independent	Independent	Independent	Non-executive	Independent	Independent	Independent
SKILLS AND EXPERIENCE															
THEMATIC SKILLS															
Banking (93.3%)	•	•	•	•	•	•	•	•		•	•	•	•	•	•
Other financial services (86.7%)	•	•	•	•	•	•	•		•	•	•	•	•	•	•
Accounting, auditing and financial literacy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Retail (80%)	•	•		•	•	•	•	•	•			•	•	•	•
Digital & information technology (60%)	•	•	•	•	•		•		•				•	•	
Risk management (86.7%)	•	•	•	•	•	•	•	•		•		•	•	•	•
Business strategy (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Responsible business & sustainability (73.3%)	•	•	•	•	•	•	•	•			•		•	•	
Human resources, culture, talent & remuneration (93.3%)	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Legal and regulatory (13.3%)			•											•	
Governance and control (86.7%)	•	•	•	•	•	•	•	•	•	•		•	•	•	•
International experience	Continental Europe (73.3%)	•		•	•	•	•	•	•	•		•	•	•	•
	US/UK (93.3%)	•	•	•	•	•	•	•	•	•		•	•	•	•
	Latam (66.7%)	•	•		•	•			•	•	•	•	•	•	•
	Others (40%)						•	•	•	•			•		•
HORIZONTAL SKILLS															
Top management (100%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Government, regulatory and public policy (13.3%)			•											•	
Academia and education (40%)	•				•		•	•			•		•		
Significant directorship tenure (93.3%)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
DIVERSITY															
Gender	Female (40%)	•			•			•			•			•	•
	Male (60%)		•	•	•	•	•		•	•		•	•		
Country of origin/ international education	Continental Europe (60%)	•		•		•		•	•	•		•	•	•	
	US/UK (66.7%)	•		•	•	•	•				•	•	•	•	•
	Latam (13.3%)		•								•				
	Others (6.7%)				•										
Age	Under 55 (6.7%)					•									
	55 to 65 (66.7%)	•	•		•	•	•	•	•	•				•	•
	Over 65 (26.7%)			•							•	•	•		
BOARD TENURE															
0 to 3 years (33.3%)		•	•							•	•	•			
4 to 11 years (53.3%)				•	•		•	•	•				•	•	•
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	Responsible banking, sustainability and culture committee	Innovation and technology committee
SKILLS AND EXPERIENCE								
THEMATIC SKILLS								
Banking		100%	83.3%	100%	80%	100%	100%	85.7%
Other financial services		100%	83.3%	80%	80%	80%	80%	100%
Accounting, auditing and financial literacy		100%	100%	100%	100%	100%	100%	100%
Retail		100%	83.3%	60%	80%	80%	80%	85.7%
Digital and information technology		83.3%	66.7%	60%	60%	40%	60%	100%
Risk management		100%	83.3%	80%	80%	100%	80%	85.7%
Business strategy		100%	100%	100%	100%	100%	100%	100%
Responsible business and sustainability		83.3%	50%	100%	60%	40%	100%	85.7%
Human resources, culture, talent and remuneration		100%	100%	100%	100%	100%	100%	100%
Legal and regulatory		16.7%	16.7%	40%	20%	20%	20%	28.6%
Governance and control		100%	83.3%	80%	80%	100%	80%	85.7%
International experience	Continental Europe	83.3%	83.3%	60%	80%	80%	80%	71.4%
	US/UK	100%	100%	80%	100%	100%	80%	100%
	Latam	83.3%	66.7%	20%	40%	60%	60%	71.4%
	Others	16.7%	66.7%	40%	60%	60%	40%	14.3%
HORIZONTAL SKILLS								
Top management		100%	100%	100%	100%	100%	100%	100%
Government, regulatory and public policy		16.7%	16.7%	40%	20%	20%	20%	28.6%
Academia and education		33.3%	33.3%	60%	40%	20%	80%	28.6%
Significant directorship tenure		100%	83.3%	100%	100%	80%	100%	100%
DIVERSITY								
Gender	Female	33.3%	50%	60%	20%	40%	80%	42.9%
	Male	66.7%	50%	40%	80%	60%	20%	57.1%
Country of origin/international education	Continental Europe	83.3%	66.7%	40%	60%	80%	60%	57.1%
	US/UK	83.3%	66.7%	80%	60%	80%	80%	71.4%
	Latam	16.7%	-	20%	-	-	20%	14.3%
	Others	-	16.7%	-	-	-	20%	14.3%
Age	Under 55	-	-	-	-	-	-	-
	55 to 65	66.7%	83.3%	60%	60%	60%	60%	85.7%
	Over 65	33.3%	16.7%	40%	40%	40%	40%	14.3%
BOARD TENURE								
0 to 3 years		33.3%	16.7%	40%	40%	40%	20%	28.6%
4 to 11 years		50%	83.3%	60%	60%	60%	80%	57.1%
12 years or more		16.7%	-	-	-	-	-	14.3%

Election, appointment, re-election and succession of directors

Election

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

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.

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.

Appointment and re-election

Shareholders appoint and re-elect directors at the general meeting.

Furthermore, if directors step down during their term of office, the board of directors may provisionally designate another director by co-option until the shareholders at the general meeting confirm the appointment at the earliest subsequent meeting.

Each appointment, re-election and ratification of directors is submitted to a separate vote at the general meeting.

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

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

Term and cessation

Our directors are appointed for three-year terms. However, one-third of board members are renewed each year in order of their tenure. Outgoing directors may be re-elected.

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

cessation in office by the general meeting in a letter to the other board members unless they report them at a meeting of the board and this is recorded in the minutes. When appropriate, the resignation shall be publicly disclosed, including sufficient information on the director's reasons or circumstances provided by the director.

Directors must tender their resignation to the board and formally step down from their position if the board, on the nomination committee's recommendation, deems it appropriate in cases that may adversely affect the board's functioning or Banco Santander's credit or reputation. In particular, they must resign if they find themselves in a circumstance of ineligibility or prohibition provided by law, without prejudice to the honourability requirements for directors and the consequences deriving from subsequent failure to meet those requirements, set out in Royal Decree 84/2015, that implements Act 10/2014.

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

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

Succession planning

Succession planning is a key element of our good governance as it ensures orderly role transitions as well as board continuity and stability and its adequate renewal and independence. It is a yearly cycle with a well-defined methodology and timelines, and a clear allocation of responsibilities. Our aim is to identify candidates with the necessary talent for each function and who contribute to the board's proper diversity and balance of skills.

Banco Santander director succession plan focuses on diversity standards and targets and the suitability assessment policy, as well as the regular review of the composition of the board and its committees, and the identification of potential board member candidates.

The policy has specific core performance indicators, reviewed each year, for such aspects as succession effectiveness (vacancies filled by identified candidates); the number of internal and external candidates immediately available to succeed executive directors; training and development plans for potential candidates to succeed executive directors in one to three years; gender diversity and country of origin or international education; updated board member tenure; the strength of the list of successors to executive directors, committee chairs and the Lead Independent Director; and the percentage of candidates to succeed directors who are immediately available (or candidates for a one-to-three year period).

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

4.3 Board functioning and effectiveness

Board functions

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

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

- General policies and strategies (including capital and liquidity; tax; new products, operations and services; corporate culture and values, including policies on responsible business and sustainability and, in particular, on environmental and social matters; crisis management and resolution planning; risk (including tax risk) control and management; remuneration policy; and compliance).
- Financial and non-financial reporting, and - more generally - 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.
- Internal audit plan.
- The selection, succession and remuneration of directors, senior management and other key positions.
- Effectiveness of Grupo Santander's corporate and internal governance system, including the GSGM, corporate frameworks and internal regulations.
- Significant corporate transactions and investments.
- Calling the general shareholders' meeting.
- Related-party transactions.

Board regulation

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

- **Bylaws.** Dictate the basic rules that apply to the composition and operation of the board and its members' duties, and are supplemented and implemented by the Rules and regulations of the board. They can only be amended by shareholders at

the general meeting. See '[Rules for amending our Bylaws](#)' in section 3.2.

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

On 25 July, the board of directors resolved to amend the Rules and regulations of the board of directors with the purpose of:

- adapting them to the new provisions of Act 2/2023 of 20 February on the protection of persons who report violations of the law and the fight against corruption, bringing the responsibility of the board for implementing an internal system (Canal Abierto) and of the audit and risk supervision, regulation and compliance committees for overseeing it;
- aligning them with the EBA guidelines on improving resolvability for institutions and resolution authorities, which apply from January 2024, to outline the board's oversight of crisis management planning, with support from the risk supervision, regulation and compliance committee; and
- introducing technical improvements to increase the board effectiveness in the performance of its duties.

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

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

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

Structure of the board

The board's corporate governance structure ensures that it discharges its duties effectively.

Group Executive Chair and Chief Executive Officer

Our Executive Chair is Ana Botín and our Chief Executive Officer is Héctor Grisi. They are the most senior executives in the Group's strategic and ordinary management, which the board is responsible for overseeing, ensuring that their roles are clearly separated and complementary. Both report exclusively to the board of directors.

The roles of our Executive Chair and Chief Executive Officer can be summarized as follows:

Roles of the Executive Chair and the Chief Executive Officer

Executive Chair

- The Chair is the highest-ranking executive in Grupo Santander and its main representative with regulators, authorities and other major stakeholders.
- The Chair is responsible for the long-term strategy of the Group, including new tech and digital growth engines, namely PagoNxt and the Digital Consumer Bank.
- The Chair is also responsible for other corporate functions and units that help drive the Group's long-term strategy and transformation, comprising Technology and Data & Architecture, Human Resources, Talent, Financial Accounting & Control, Strategy and Corporate Development, General Secretariat and Communications & Corporate Marketing. This reflects the Chair's ultimate accountability for Transformation.
- The Chair also leads the appointment and succession planning of Grupo Santander senior management, to be submitted to the nomination committee and board for approval.

Chief Executive Officer

- The Chief Executive Officer is entrusted with the day-to-day management of the business with the highest executive functions and reports exclusively to the board.
- Accordingly, the Chief Executive Officer's direct reports are the senior managers in charge of the business units: the regional heads (Europe, North America and South America) and those in charge of the global businesses (Wealth Management & Insurance, Corporate & Investment Banking, Payments and Retail & Commercial Banking (including Transformation^A)), encompassing the relevant support and control functions. Whilst the Chair is accountable for Digital Consumer Bank, given that it is a global business, the Group CEO remains fully accountable for the Countries through which Digital Consumer Bank operates.
- As responsible for day-to-day management, the CFO and head of Investment Platforms & Corporate Investments also report to the Chief Executive Officer.
- Additionally, the Chief Executive Officer is responsible for Regulatory & Supervisory Relations and for embedding the Group's sustainability policy in the day-to-day management of Group businesses and the support and control functions.

A. Whilst Retail & Commercial Banking reports directly to the Chief Executive Officer (with no functional line to the Executive Chair), ultimate accountability for Transformation remains with the Executive Chair.

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

- The board and its committees supervise both the Executive Chair and the Chief Executive Officer. Both the Executive Chair and Chief Executive Officer report to the board of directors.
- The board has delegated all its powers to the Executive Chair and the Chief Executive Officer, except for those that cannot be delegated by law and under the Bylaws and the Rules and regulations of the board. The board directly exercises those powers to perform its general supervisory function.
- The Lead Independent Director leads the Group Executive Chair's succession and appointment in coordination with the nomination committee.

- 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 audit; nomination; responsible banking, sustainability and culture; remuneration; and risk supervision, regulation and compliance committees are chaired by, and have a majority of, independent directors. The first three committees are composed entirely of independent directors.
- The Executive Chair may not simultaneously act as Banco Santander's Chief Executive Officer.
- The corporate Risk, Compliance and Conduct, and Internal Audit functions report as independent units to a committee or a member of the board of directors and have direct, unfettered access to the board.

Lead Independent Director

Our Lead Independent Director is Glenn Hutchins as of 1 October 2023. He replaced Bruce Carnegie-Brown, who had been in the role for almost nine years. The Lead Independent Director, who is key to our governance, coordinates the non-executive directors effectively and makes sure they serve as an appropriate counter-balance to the executive directors.

The following chart shows the Lead Independent Director's functions and activities in 2023. Before stepping down, Bruce Carnegie-Brown provided a detailed report to the nomination committee and board of directors on his activities and the discharge of his duties.

Duties of the Lead Independent Director and activities during 2023

Duties	Activities in 2023
Facilitate discussion and open dialogue among independent directors, coordinating private meetings of non-executive directors without the executive directors present and proactively engaging with them to consider their views and opinions.	Held five meetings with non-executive directors where they were able to voice their views and opinions. These meetings provided a valuable opportunity to reflect on the overall board and committee cycle throughout the year, to discuss board training topics, strategy execution, executive director and top management performance and objectives, succession planning and reflections on areas of continuous improvement. Given the appointment of a new Chief Executive Officer, the non-executive directors invited him to one session to gain his views after three months in office. In addition, the Lead Independent Director included in the agenda for these sessions the performance assessment of the CEO, in recognition of his reporting line to the board.
Direct the periodic evaluation of the Chair of the board of directors and coordinate her succession plans.	Bruce Carnegie-Brown led the Executive Chair's annual performance review in order to determine her variable pay. Furthermore, he led her succession planning activity, as additionally facilitated through his chairmanship of the nomination committee.
Engage with shareholders and other investors to learn of their concerns, especially with regard to Banco Santander's corporate governance.	See section 3.1 'Shareholder communication and engagement' for full details of the Lead Independent Director's activities.
Replace the Chair in her absence, with such key rights as the ability to call board meetings under the terms of the Rules and regulations of the board.	Though the Lead Independent Director did not have to replace the Executive Chair at any board meeting, he remained committed to ensure the proper functioning of board meetings.
Request a board meeting or that new items be added to the agenda.	While the Lead Independent Director did not need to request additional board meetings to be called, he remained fully engaged in, and informed of, board meeting agendas to make proposals of items.

Structure of board committees

The board committee supports the board in:

- Managing the Group by exercising decision-making powers through the executive committee.
- Formulating strategy for core areas through the responsible banking, sustainability and culture committee, and the innovation and technology committee.
- Supervising and making important decisions through the audit committee, nomination committee, remuneration committee and risk supervision, regulation and compliance committee.

The board has seven committees with the following structure:



A. Required by law, the Bylaws or the Rules and regulations of the board.

Secretary of the board

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

The secretary of the board is also the General Counsel of Banco Santander. He acts as the secretary of all board committees and facilitates a fluid and effective relationship between the committees and the Group's units that must collaborate with them.

The appointment of the secretary of the board is a matter for the board to approve, taking into account the prior opinion of the nomination committee. The secretary does not need to be a director.

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

Board operation

The board of directors held 15 meetings (12 ordinary and three extraordinary) in 2023. The Rules and regulations of the board dictate that it must hold at least nine annual ordinary meetings and one quarterly meeting.

Although board meetings follow a calendar approved annually and a provisional agenda of items to discuss among the matters that fall under its remit, new items can be added and additional meetings can be called. Directors may also propose items to be added to the agenda and are duly informed of changes to the calendar and meeting agendas.

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

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

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

Directors must attend meetings in person, either physically or virtually, and endeavour to limit their absence to situations of absolute necessity. The nomination committee checks that directors attend at least 75% of board and committee meetings and that any absence has a valid excuse without raising doubt about the director's commitment to good governance. For more details, see ['Board and committee preparation and attendance'](#) in this section 4.3.

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

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

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

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

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

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

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

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

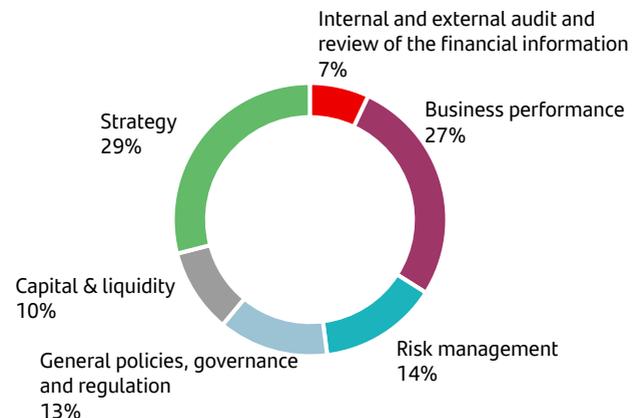
Comparison of number of meetings held^A

	Banco Santander	Spain average	US average	UK average
Board	15	11.3	7.6	8.9
Executive committee	23	8.6	—	—
Audit committee	15	8.5	8.2	5.4
Nomination committee	13	6.8	4.6	4.2
Remuneration committee	12	6.8	5.8	5.4
Risk supervision, regulation and compliance committee	17	NA	NA	NA

A. Source: Spencer Stuart Board Index 2023 (Spain, United States and United Kingdom).
 NA: Not available.

The following chart shows the board's approximate time allocation to each function in 2023.

Approximate allocation of the board's time in 2023



Committee operation

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

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

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

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

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

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

Board and committee preparation and attendance

The following table shows the attendance rate of board and committee meetings in 2023.

Directors	Committees							
	Board	Executive	Audit	Nomination	Remuneration	Risk supervision, regulation and compliance	Responsible banking, sustainability and culture	Innovation and technology
Average attendance	100%	95%	99%	94%	95%	98%	93%	98%
Individual attendance								
Ana Botín	15/15	23/23	-	-	-	-	-	4/4
Héctor Grisi	15/15	22/23	-	-	-	-	-	3/4
Glenn Hutchins	15/15	-	-	13/13	12/12	-	-	4/4
José Antonio Álvarez	15/15	23/23	-	-	-	-	-	4/4
Homaira Akbari	15/15	-	15/15	-	-	-	5/6	4/4
Javier Botín	15/15	-	-	-	-	-	-	-
Bruce Carnegie-Brown ^A	15/15	12/16	-	13/13	12/12	-	-	3/3
Sol Daurella	15/15	-	-	10/13	10/12	-	5/6	-
Henrique de Castro	15/15	-	14/15	-	12/12	-	-	4/4
Germán de la Fuente	15/15	-	15/15	-	-	17/17	-	-
Gina Díez Barroso	15/15	-	-	13/13	-	-	6/6	-
Luis Isasi	15/15	22/23	-	-	11/12	14/17	-	-
Ramiro Mato	15/15	22/23	15/15	-	-	17/17	6/6	-
Belén Romana	15/15	22/23	15/15	-	-	17/17	6/6	4/4
Pamela Walkden	15/15	-	15/15	-	-	17/17	-	-

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

A. Stepped down as member of the executive committee and innovation and technology committee on 1 October 2023.

The following table shows the average preparation of directors in the exercise of their functions on the board and committees in 2023:

	Meetings	Average of hours per member ^A	Average of hours per chair ^A
Board	15	169 ^B	338 ^B
Executive committee	23	138	276
Audit committee	15	150	300
Nomination committee	13	52	104
Remuneration committee	12	48	96
Risk supervision, regulation and compliance committee	17	170	340
Responsible banking, sustainability and culture committee	6	30	60
Innovation and technology committee	4	16	32

A. Includes hours of meeting preparation and attendance.

B. Not including two extraordinary sessions held in 2023 due to their short duration and low impact on the directors' required commitment.

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

Considering the above mentioned criteria, on average, directors dedicate approximately 57 eight-hour days a year to preparing and attending board and committee meetings.

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

The annual suitability reassessment our nomination committee conducts (see section 4.6 'Nomination committee activities in 2023') enables us to update information on the estimated time directors dedicate to roles or professional activities outside the Group and demonstrates their ability to exercise good governance.

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

Director training and induction programmes

The board has an annual training and development programme to help directors continue to develop skills and increase their understanding of the Group and industry, taking into account their experience and expertise. The board chooses contents based on feedback from its members and supervisory and regulatory requirements, among others.

In 2023, programme workshops were delivered collectively to all board members and covered the following topics:

- **Behavioural economics**, with the spotlight on impactful decision-making.
- **Regulatory compliance** and compliance risk review.
- **Cloud**, including an overview of the market and its implications for the financial industry.
- **ESG**, with a focus on regulatory and supervision requirements and greenwashing risk.
- **Financial crime compliance**, bribery and corruption risks, sanctions and anti-money laundering regulation.
- **Risk appetite statement** and associated methodology review.
- **Decentralised Finance (DeFi)**, blockchain and smart contracts.
- **Capital and Provisions Models**.

Moreover, the audit committee requested training on the **Sarbanes-Oxley Act (SOx)** to stay abreast of its core principles; the differences between accounting rules and standards in Europe and the US; and forthcoming SEC regulations and their implications. Though this session was initially designed for the audit committee, board members were also able to attend.

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

Banco Santander shares its training, induction and development methodology with subsidiaries to promote best practices and drive consistency of approach across our footprint. Some executives facilitated special sessions for subsidiary directors throughout the year to keep them up to speed with relevant Group matters such as cybersecurity, ESG, financial crime, governance, talent management, culture and others.

Every board member receives the directors' manual. It is a support guide that provides both new and existing directors with a complete reference of information relevant to their role. In addition, the board has robust induction programmes so new directors can deeply understand the industry and Grupo Santander's business model and structure, risk profile and governance arrangements, taking into account their existing skills, competencies and knowledge. They are completed within

six months after taking up their position as new directors. Induction and development needs are facilitated through different methods, including document reviews, tailored meetings, site visits and training sessions with senior managers of the Group.

In June 2023, Glenn Hutchins completed his induction programme, which was tailored to his experience and particular needs.

Board effectiveness review in 2023

The board undergoes a yearly assessment of its performance and effectiveness, composition, quality of its work and individual performance of its members. The review includes its committees. Every three years, it is conducted by an external consultant, whose independence is verified by the nomination committee. In 2023, the review was conducted by an external independent expert.

External consultant independence

A robust selection process was undertaken to identify an external independent consultant with an in-depth understanding of Spanish and banking markets, and of truly effective boards. As a result, Spencer Stuart was appointed.

Spencer Stuart, a leader in its field, advised the Group in 2023 - occasionally and never exclusively - on identifying, selecting and reviewing managers' skills and potential. The amounts paid to Spencer Stuart in 2023 for these services were:

Entity	Amount (EUR)
Santander Asset Management	360,995
Banco Santander	349,272
TOTAL	710,267

The nomination committee did not consider the referred amounts material in the context of the overall budget for such services, nor that they represented a significant proportion of Spencer Stuart's total fees.

Methodology and scope of the assessment

The Executive Chair and the Chair of the nomination committee led the assessment, which aimed to identify areas of continuous improvement and maximise the board's effectiveness going forward. The review methodology agreed with Spencer Stuart 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; and
- attendance to board and committee meetings as an observer to assess the quality of debate and challenge, dynamics and internal culture.

The review focused on board and committee structure, composition, diversity of board membership and competences, and behaviours, including:

- the quality of their functioning;

- their size, composition and diversity;
- the effectiveness of the executive chair model;
- the performance of the Executive Chair, the CEO, the Lead Independent Director and the secretary of the board, together with the contribution of the remaining individual directors, with particular attention to the Chairs of each committee;
- the frequency and duration of meetings; content of the agenda and time dedicated to each item; quality of the information received; and decision-making processes including appropriate level of challenge; and
- the overall effectiveness of measures introduced in 2022 on the back of a comprehensive review of our governance model.

Findings and action plan

In January 2024, the nomination committee and the board of directors discussed the findings and specific actions to address those findings resulting from the 2023 review, with a consensus view that the results were positive and that the board and its committees operate effectively. Specifically, the review concluded that our governance model is both robust and comprehensive and is continuously monitored and adjusted to meet the highest standards. The review also acknowledged the strong commitment to, and delivery of, continuous improvement, as evidenced by the review findings, which highlighted the following:

- The board remains appropriately composed, with a depth and variety of board skills and expertise, high degree of independence, diversity and appropriate directors' tenure average.
- The board culture is strong, with a collaborative and respectful collective mindset, which facilitates healthy debate and challenge, and rigorous decision-making processes, leveraging the skills and diversity of the board.
- The executive chair model is working effectively and there is a universal understanding of the division of responsibilities between the Executive Chair and the CEO, which is clearly documented. As part of that, the role of the Lead Independent Director is considered critical in providing additional checks and balances.
- The Executive Chair, Chief Executive Officer, Lead Independent Director and General Secretary performed positively, effectively and with the competence expected. The remaining directors performed positively with an overall effective contribution.
- The committee structure, composition and overall functioning is considered to be both effective and efficient and in particular, the support provided to the board is highly appreciated and rated positively.

As a result of the review, the board of directors discussed potential areas for improvement and approved an associated action plan in February 2024. Each committee will be engaged on specific actions applicable to their remit to ensure their ongoing effectiveness and efficient functioning.

The key aspects of the action plan can be summarized as follows:

- **Structure of the board:** as part of any future board refreshment, a continued focus will be placed on maintaining an appropriate international diversity, in recognition of our geographical footprint; and on technology and innovation skills, in accordance with our strategic direction.
- **Effectiveness of the executive chair model:** keep the split of the roles and responsibilities between the Executive Chair and the Group CEO under continuous review and refinement, as appropriate, to ensure its ongoing effectiveness and robustness.
- **Lead Independent Director:** consolidate the orderly transition of the Lead Independent Director's responsibilities in favour of Glenn Hutchins, enabling him to be truly effective in role.
- **Organization and internal culture:** continue to ensure that paper volume and content is sufficient and concise in order to facilitate its understanding and corresponding debate. Furthermore, continue to leverage informal time between board members, acknowledging the value that this brings to board culture.
- **Committees:** keep committee composition under review, ensuring optimal performance and effectiveness. In addition, further develop the role and functioning of the responsible banking, sustainability and culture committee given its important ESG agenda, whilst leveraging on the work of other committees, to ensure that it remains effective.

The review findings and resulting actions are a sign of our ongoing commitment to effective governance. See ['Board effectiveness review and actions to continuously improve'](#) in section 1.2 for further detail.

4.4 Executive committee activities in 2023

COMPOSITION			
Position		Category	Appointed on
Chair	Ana Botín	Executive	11/12/1989 ^A
	Héctor Grisi	Executive	01/01/2023
	José Antonio Álvarez	Other external	13/01/2015
Members	Luis Isasi	Other external	20/05/2020
	Ramiro Mato	Independent	28/11/2017
	Belén Romana	Independent	01/07/2018
Secretary	Jaime Pérez Renovales		

A. Committee Chair since 10 September 2014.

Functions

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

Committee performance

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

The committee frequency ensures the discharge of its duties and it is generally convened every two weeks, although it can meet as many times as required by the Chair.

Main activities in 2023

In 2023, the executive committee addressed a breadth of matters relating to the business of the Group and its main subsidiaries, risk management, corporate transactions and main proposals that were subsequently submitted to the board of directors. It covered the following matters:

- **Results:** Regularly reviewed the Group's results and stakeholder reaction to them.
 - **Business performance:** Regularly received management reports on the performance of the Group's business areas and other related matters.
 - **Information reported by the Executive Chair:** The Executive Chair regularly reported on the Group's management, strategy and institutional issues.
 - **Information reported by the CEO:** The CEO reported on the Group's performance and on the budget and execution of plans for all the units and the global businesses reporting to him.
 - **Corporate transactions:** Analysed and approved, where appropriate, corporate transactions on investments and divestments, joint ventures and capital transactions.
 - **Risks:** Received regular holistic risk and compliance reports. Within the framework of the risk governance model, the committee authorized or declined transactions that it had to review due to their materiality. It paid specific attention to monitor the credit risk impact relating to the war in Ukraine and the conflict in the Middle East, as well as to the global macroeconomic situation.
 - **Global businesses and subsidiaries:** Received updates on global businesses, subsidiaries and other 'business lines' performance against agreed plans. This helped the committee support the board with the oversight and control of its global business and subsidiary operations, and with the fulfillment of the targets announced at the 2023 Investor Day.
 - **Capital and liquidity:** Received regular reports on capital ratio and the optimization measures, pricing (originations) and portfolio profitability. By virtue of the board's delegation and within capital and funding plans, the committee agreed non-convertible debt issuances and securitizations.
 - **Supervisors and regulatory matters:** Reviewed regulatory developments, the yearly supervisory agenda and projects to ensure compliance with supervisory recommendations and regulatory reforms.
- **Governance matters:** Approved specific internal regulation under its remit. In particular, the committee reviewed and approved the key governance changes associated with the new organizational model based on five global businesses, respecting the split of responsibilities established between the Chair and the CEO.

In 2023, the executive committee held 23 meetings. See '[Board and committee preparation and attendance](#)' in section 4.3 for members' meeting attendance and the estimated average time each one spent on meeting preparation and attendance.

2024 priorities

The committee set the following priorities for 2024:

- Monitor the performance of the Group's global businesses and subsidiaries, including progress in the execution of their strategic plans.
- Oversee the deployment and embeddedness of the new organizational model based on five global businesses within the Group as primary reporting segments, with a specific focus on Retail & Commercial Banking and Digital Consumer Bank.
- Continue to assess proposed corporate transactions relating to investments and divestments, joint ventures and capital transactions.
- Continue to oversee the execution and achievement of specific public targets, including those disclosed at the 2023 Investor Day.
- Continue to facilitate timely and efficient decision making, supporting the board and enabling it to focus on general oversight and strategy matters.
- Continue to ensure the committee's effectiveness and efficient coordination with the board, its committees and the executive first level committees.

4.5 Audit committee activities in 2023



Pamela Walkden
Chair of the audit committee

"In 2023, we have remained focused on the effective oversight of the financial information process and internal controls, the effectiveness of our Internal Audit function, while maintaining a professional and open relationship with the external auditors.

The enhancements of our ESG reporting were high on our agenda last year. In particular, significant time was devoted to ensuring its consistency and our preparedness for the greater independent assurance required, closely monitoring the progress in all the units. In addition, we continued to focus on the oversight of the internal audit plan execution, ensuring appropriate amendments to facilitate an ongoing focus on fundamental risks, such as credit risk, and new risks and, in particular, a key focus was given to cyber risk and Internal Audit's approach to it.

We have maintained a close communication with our subsidiary audit committee chairs throughout the year, as it allowed us to share our priorities, concerns and thoughts with them. In addition, the committee continued to benefit from our members' mix of experience and skills, leveraging their collective insights to ensure best possible outcomes.

In the coming year, we will continue to supervise the Group's units and global businesses and especially those more relevant to One Transformation, to ensure that appropriate controls remain in place. In addition, we will review the new primary reporting segments as part of our fundamental responsibility to provide oversight of the integrity of the financial statements. As part of that, we will progress how all the Group's activities across all markets are consolidated under the five global businesses, in which we will continue to strike the right balance of supporting management and ensuring an appropriate level of control for a Group of our size. The committee, in coordination with the responsible banking, sustainability and culture committee, will monitor compliance with new ESG regulatory initiatives and non-financial reporting standards across the world and particularly, in the European Union.

I have been delighted to chair this committee over the last four years and will ensure a smooth transition with my successor so that the committee continues to be effective in the exercise of its duties."

COMPOSITION

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

A. Committee Chair since 26 April 2020.

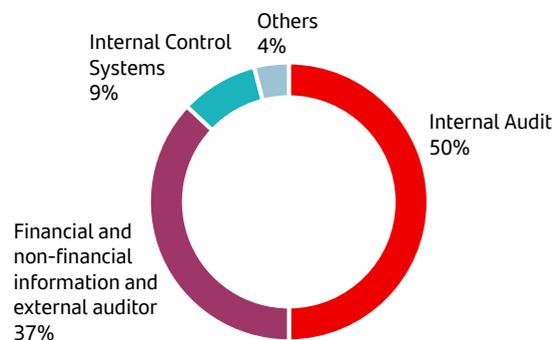
The board of directors appointed the committee's members based on their expertise, skills and experience in the matters the committee handles. For more details, see section 4.1 'Our directors' and 'Board skills and diversity matrix' in section 4.2.

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

TIME ALLOCATION

In 2023, the committee held 15 meetings, including four joint sessions with the risk supervision, regulation and compliance committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2023:



Duties and activities in 2023

This section summarizes the audit committee's activities in 2023.

Duties	Actions taken
Financial and non-financial information	
Review the financial statements and other financial information	<ul style="list-style-type: none"> Reviewed the individual and consolidated financial statements and directors' report for 2023 and submitted them to the board of directors for approval. Monitored compliance with legal requirements and accounting principles, and ensured that the external auditor issued a report on the effectiveness of the Group's system of internal control over financial reporting (ICFR). Reviewed quarterly financial information (dated 31 December 2022, 31 March, 30 June and 30 September 2023, respectively), before being approved by the board and subsequently released to the market and supervisory bodies. Reviewed such other financial information included in the annual report; Universal Registration Document filed with the CNMV; Form 20-F filed with the SEC; and the half-yearly financial information filed with the CNMV and with the SEC as Form 6-K. Reviewed, prior to their submission to the board for approval, the adaptation of the 2022 and 2023 financial information by segments, in line with the agreed change of reporting to the five global businesses as primary segments.
Review the non-financial information	<ul style="list-style-type: none"> Oversaw and assessed the preparation and reporting processes of non-financial reporting, in coordination with the responsible banking, sustainability and culture committee, and informed the board accordingly. Received regular updates on ESG reporting evolution and progress within the Group, including the associated scope of metrics and action plans. Reviewed the Climate Finance Report and the Green Bond Report in coordination with the responsible banking, sustainability and culture committee, prior to its submission to the board for approval, assessing the integrity of such disclosures and the review conducted by the external auditor.
Information on applied tax policies	<ul style="list-style-type: none"> Was informed by the Head of Tax on applied tax policies based on the Code of Good Tax Practices, as well as the annual review of the tax strategy and policy on control and management of risk, including tax risk, prior to their submission to the board for approval. Was informed on the filing of the 2022 Tax transparency report with the Spanish tax agency (<i>Agencia Estatal de Administración Tributaria</i>).
Relations with the external auditor	
Information on the external audit plan	<ul style="list-style-type: none"> Received updates on the planning, progress and execution of the audit plan. Was informed on the impact of new legal and regulatory requirements in connection with financial information. Obtained the external auditor's confirmation of its full access to all information to conduct the audit. Analysed the audits for the annual financial statements before the external auditor submitted them to the board of directors. Received reports on ESG information reporting process, evolution of reporting requirements, their impact on timelines and assurance scope of the independent external verification of such information.
Interaction with the external auditor	<ul style="list-style-type: none"> Met twice with the lead audit partner without executives present to ensure fluent communication and the independent performance of its function. The lead audit partner, who met periodically with the committee Chair, attended all committee meetings, which facilitated effective communication between the external auditor and the board.
Assessment of the external auditor's performance	<ul style="list-style-type: none"> Conducted the final evaluation of the external auditor's performance and how it has contributed to the integrity of the financial information based on its knowledge of the business, the frequency and quality of its communications; its independence; and opinions of the main local audit committee Chairs and controllers of the main local units or relevant subgroups on it, among others. Received PwC's 2023 Transparency report from the lead audit partner, who also informed about the public outcomes of quality controls conducted by the ICAC or other supervisors and any other relevant investigations.

Duties**Actions taken****External auditor 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	2023	2022	2021
Audit	116.8	115.4	106.0
Audit-related services	8.6	6.4	6.0
Tax advisory services	1.6	0.5	0.7
Other services	5.9	4.8	2.4
Total	132.9	127.1	115.1

The audit services and main non-audit services included for each item in the above breakdown are detailed as follows:

- Audit services: audit of the individual and consolidated financial statements of Banco Santander and its subsidiaries (of which PwC or another firm in its network is the statutory auditor); audit of the interim consolidated financial statements of Banco Santander; audit of the integrated audits prepared in order to file Form 20-F for the annual report with the SEC in the US and the internal control audit (SOx) for required Grupo Santander's entities; the limited review of the financial statements; and the regulatory auditor's reports on Grupo Santander's entities.
- Audit-related services: comfort letters; verification of the financial and non-financial information (as required by regulators); and other reviews of documents that, due to their nature, the external auditor provides for submission to domestic or foreign authorities.
- Tax services: tax compliance and advisory services provided to Group companies outside Spain, which have no direct effect on the audited financial statements and are permitted in accordance with independence regulations.
- Other services: agreed-upon procedure reports, assurance reports and special reports performed under the accepted profession's standards; as well as other reports required by the regulator.

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

- Verified that the ratio of PwC's total fees paid for all services for Banco Santander and the Group to its annual revenue in Spain and worldwide did not exceed 15% for three consecutive years. In 2023 the ratio stood at 0.27% of PwC's worldwide total revenues.
- Verified every quarter, according to Regulation (EU) No 537/2014 of the European Parliament and of the Council, that the fees approved in 2023 for non-audit services provided by PricewaterhouseCoopers Auditores, S.L. (PwC), (including for 'Other services' and 'Audit-related services', and not including services that the external auditor is required to perform under domestic or EU laws) were significantly less than 70% of the average fees paid specifically to PwC in the past three consecutive years for the 'Audit' of Banco Santander and its subsidiaries in Spain (not including fees for reviews with more limited assurance than required for accounts auditing, which are included as non-audit services). In 2023, the ratio stood at 31.12%; and it would be 21.05% if services approved for PwC and other firms in its network and provided to Grupo Santander in and outside Spain were included.

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

- In 2023, Grupo Santander contracted for services by audit firms other than PwC in the amount of EUR 174.1 million (EUR 185.5 and 263.8 million in 2022 and 2021, respectively).

Non-audit services

- Approved, on a monthly basis, all non-audit services rendered by the Group's external auditor verifying that all of them met the independence requirements in line with applicable Spanish and European regulation, SEC and Public Company Accounting Oversight Board (PCAOB) rules.

Duties

Actions taken

Personal and financial relations

- Received confirmation from PwC that the designated audit team, PwC as the auditor firm, everyone else that forms part of PwC or of other firms in its network, including all applicable extended relations to them complied with requirements on external auditor independence, analysing possible threats and taking appropriate safeguarding measures in line with their internal policies and procedures.
- Received information about the results of the internal review carried out every six months of possible financial ties between the Group and PwC and its related parties, which concluded that no existing ties compromised the independence of PwC as external auditor.

External auditor independence report

- Verified the external auditor's independence prior to the issuance of the 2023 auditor's report on the financial statements, considering:
 - the remuneration it has received for audit and non-audit services;
 - all non-audit services rendered by the external auditor; and
 - the personal circumstances and financial dealings, that the external auditor or persons performing the audit may have with the Group.
- Received written confirmation from PwC of its independence from Grupo Santander in accordance with applicable European and Spanish law, the SEC and the PCAOB rules.
- Concluded that, by its judgement, it had no objective reason to question the external auditor's independence.

Re-election of the external auditor

Re-election of the external auditor

- Recommended to the board, for subsequent submission to the 2024 AGM, the re-election of PwC as the external auditor of Banco Santander and its consolidated Group for 2024. As from 2021, the lead audit partner is Julián González, PwC's banking sector audit leader who has experience as a global group audit partner (mainly in Spain and the UK) and a strong background in the Spanish financial sector. He also participates in various international banking supervisory and regulatory forums.
- Was informed on the changes introduced by the Law on Auditing in connection with the external auditor's mandate, as well as the associated calendar and selection process milestones for a nomination in 2026.

Internal audit

Oversight of the Internal Audit function

- Supervised the Internal Audit function and ensured its independence and effectiveness in 2023.
- Reviewed the external quality assessment performed by the Institute of Internal Auditors in Spain to further ensure the effectiveness of the function and its alignment with best practice.
- Held meetings with the Group Chief Audit Executive (CAE) and internal audit officers, and one private meeting with the CAE without other executives or the external auditor present.
- Proposed a 2023 Internal Audit function budget, ensuring that the function had the resources needed to discharge its duties effectively.
- Was kept apprised of the hubs created to improve the efficiency of the internal audit works and the internal audit digital initiatives, including artificial intelligence capabilities.
- Assessed the preparedness and effectiveness of the Internal Audit function to fulfil its duties.
- Reviewed and reported to the board on the CAE's 2023 objectives and performance in 2023 and reported to the remuneration committee and board of directors to set his variable remuneration.
- Verified the suitability of the subsidiary CAEs, in coordination with the nomination committee.

Monitoring of internal audit activities

- Reported on the internal audit plan, internal audit recommendations and ratings of units and corporate functions. Each unit CAE reported to the committee at least once in 2023.
- Reviewed the strategic audit plan for 2023-2026 and recommended it to the board for approval, ensuring that it covered the Group's relevant risks.
- Received regular information on the internal audit activities carried out in 2023, monitoring the progress in audit ratings, and further promoting a continued focus on a stronger control environment; and conducted an additional review of issued audit reports, requiring that relevant areas to present action plans.
- Continued promoting the first-line's further involvement in internal audit recommendations and ensured that senior management and the board understood the conclusions of internal audit reports.
- Received holistic reviews of internal audit coverage of cybersecurity, IT risks, financial crime, ESG, model risk, capital and solvency, operational risk, access control and vendor management, amongst other topics, to ensure proper oversight, with first and second line of defence representatives invited to provide additional feedback, as appropriate.

Achievement of 2023 objectives

The committee took these actions planned for 2023:

- Continued to monitor the impact of the volatile environment on key aspects within the committee's remit. These included the macroeconomic scenarios which flow through to the key management judgements and estimates, such as provisioning, that were made in preparing the Group's financial statements, as well as the heightened risks around, for example, supply chain and cyber.
- Continued to supervise, in coordination with the risk supervision, regulation and compliance committee, the Group's units and global businesses, with a special focus on those more relevant to digital transformation, to ensure that appropriate controls were in place. In particular, updates on units and global businesses were provided in joint sessions with the risk supervision, regulation and compliance committee by the relevant CRO, CCO and CAE, with the respective country CEO and/or global business head present, in readiness for their presentation to the board of directors. This facilitated a holistic view of each unit and global business' risks by the committee before a more strategic and business driven discussion was held at the board meeting.
- Continued to focus on the oversight of the internal audit plan execution, ensuring appropriate amendments to address new risks and appropriateness of the internal controls to manage such risks. In particular, a key focus was given to cyber risk, the Internal Audit approach to it and the Group's preparedness to address the challenges associated with it.
- Reviewed our enhanced ESG disclosures to ensure consistency and coherence in a complex legislative framework and monitor the increased independent assurance required in the coming years, by the Corporate Sustainability Reporting Directive. As a result, the committee further reinforced its strong working relationship with the responsible banking, sustainability and culture committee. Specific updates were provided by the Chief Accounting Officer in this respect, with a special focus on the enhancements and progress made by the different units. As part of that, the subsidiary audit committee chairs were also duly apprised on these developments at specific sessions led by the committee Chair throughout the year.
- Remained focused on the independence, quality and effectiveness of both the Internal Audit team and the committee itself, ensuring that their roles were discharged effectively. Specifically, the committee considered the findings and suggested areas for improvement resulting from the 2022 internal board effectiveness review concerning its remit.

2024 priorities

The committee set the following priorities for 2024:

- Continue to supervise the Group's units from a control perspective and specifically, the five global businesses, with a special focus on those more relevant to One Transformation, to ensure that appropriate controls are in place.
- Oversee the change of reporting of financial results to global businesses as primary segments, to better align the way we report with the manner we manage the Group.
- Continue to focus on the oversight of the internal audit plan execution, allowing for the appropriate level of flexibility to face challenges and new risks ahead, including cyber and risk derived from emerging technologies such as artificial intelligence. Remain focused on the independence and effectiveness of the Internal Audit function, ensuring its preparedness to fulfil its duties, including the need for new skillsets and expertise of its workforce.
- Remain focused on analysis and reporting processes for non-financial information and, in particular, to further embed climate related disclosures to meet increasing stakeholders expectations, with a key focus on the implementation of robust processes and controls in the current complex legislative framework, and monitor the greater independent assurance required going forward.
- Oversee and lead proactively an external auditor selection process according to applicable regulation, which will be coordinated by the CAO, with a view to appointing Banco Santander and its consolidated group's external auditor at the 2026 AGM, after expiration of the 10-year term of office of PwC as our external auditor.
- Remain focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner and oversee a smooth transition of committee Chair, given that Pamela Walkden's four-year term of office expires in April 2024.

4.6 Nomination committee activities in 2023



Bruce Carnegie-Brown
Chair of the nomination committee

"Board composition, succession planning, senior appointments, effective governance, career development and talent strategy remained top priorities in our agenda throughout 2023. The committee holds the belief that effective group-wide governance is an essential element of business success, and supported initiatives such as the subsidiary Chairs in-person convention hosted by the Group Executive Chair in Madrid, with a clear focus on the importance of effective governance across the Group, ongoing connectivity and sharing knowledge and associated best practices. We remained focused on robust governance standards aligned to our strategic goals. In this regard, a diverse workforce and an ambitious and compelling employee value proposition are key to both developing the quality of our internal pipeline and attracting the external talent required to deliver our strategic targets.

In particular, significant time was devoted to the robust succession process followed for the Lead Independent Director role, which I passed to Glenn Hutchins on 1 October 2023. This work included the importance of an appropriate

and structured handover process which enabled Glenn seamlessly to assume Lead Director responsibilities.

We also remained focused on board composition, ensuring that its depth of skills, experience and overall make-up remained appropriate and relevant to the needs of the Group. As a result, we strengthened the board with the addition of both Carlos Barrabés and Antonio Weiss, who both bring highly relevant skills and experience.

With respect to senior executive appointments, the committee has supported Héctor Grisi in his first year as the Group's CEO and overseen the recommendations of new senior appointments for the Regional Heads of Europe and North America and for the Global Head of Retail & Commercial Banking, amongst others.

The effectiveness of the board, its committees and our overall governance remained a key priority in the year. We tested our progress on our overall effectiveness through commissioning an external evaluation of the board and its committees. The review, conducted by Spencer Stuart, considered our board to be highly effective. Recommendations resulting from this review have been incorporated into each committee's priorities for 2024.

The committee continued to benefit from a great mix of experience and skills, and we have complemented this with the appointment of Belén Romana as a member with effect from 1 January 2024. It has been a privilege for me to chair this committee over the last nine years and I am confident that my committee Chair successor and colleagues will play their part in supporting the further development of the Group in the years to come."

COMPOSITION

Position	Category	Appointed on
Chair	Bruce Carnegie-Brown	Independent 12/02/2015 ^A
	Sol Daurella	Independent 23/02/2015
Members	Gina Díez Barroso	Independent 22/12/2021
	Glenn Hutchins	Independent 20/12/2022
	Belén Romana	Independent 01/01/2024
Secretary	Jaime Pérez Renovales	

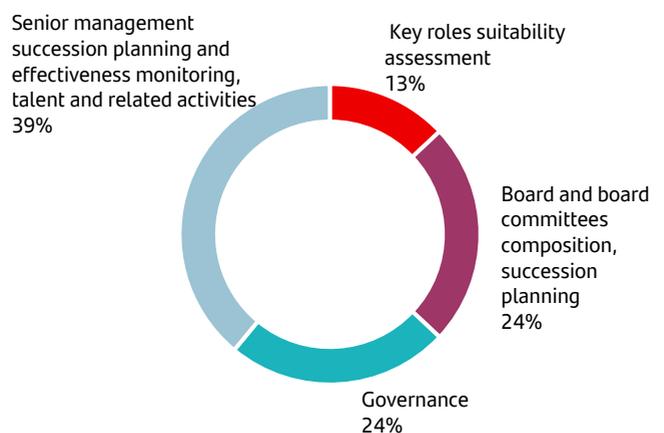
A. Committee Chair since 12 February 2015.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters the committee handles. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2023, the committee held 13 meetings. See '[Board and committee preparation and attendance](#)' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2023:



Duties and activities in 2023

This section summarizes the nomination committee's activities in 2023.

Duties	Actions taken
Board and committees composition and succession planning	
Selection and succession of the board and its committees	<ul style="list-style-type: none"> Ensured board member selection procedures guaranteed directors' individual and collective suitability; fostered diversity in its broadest sense; and analysed the required expertise, skills and time commitment for effective board membership. Continued to be involved, together with the Group Executive Chair, in succession planning activities for the board. Assessed the composition of the board committees and the international advisory board in order to ensure they had the right skills and experience to perform their duties successfully. Continued monitoring the board of directors' overall skills and competencies, ensuring that the collective board and its committees composition remains appropriate to oversee and lead the strategic direction of the Group. Ensured that any proposed appointment had been drawn from a depth of candidate pool which recognised diversity in its broadest sense.
Appointment, re-election and ratification of directors and committee members	<ul style="list-style-type: none"> Considered areas of expertise and experience required to complement the board of directors by reference to the board skills and diversity matrix as well as the annual board effectiveness review in order to target the relevant recruitment. Recommended the appointments of Carlos Barrabés and Antonio Weiss, as independent directors, effective from the 2024 AGM, subject to regulatory approval. Oversaw a rigorous and comprehensive process to facilitate the orderly succession of the Lead Independent Director position, taking into account and constructively challenging all relevant factors. As a result, confirmed the suitability of Glenn Hutchins for the position and proposed his nomination to the board. Proposed composition changes for certain committees to further enhance their performance and support to the board in their areas of authority. See section 1.1 'Board skills and diversity'. Recommended the nominations of Carolyn Everson and Juan Ignacio Gallardo Thurlow as members of the international advisory board.
Annual verification of the status of directors	<ul style="list-style-type: none"> Verified each director category (i.e. executive, independent and other external) and submitted a proposal to the board of directors for it to be confirmed in the annual corporate governance report and at the 2024 AGM. See section 4.2 'Board composition'. Assessed directors' independence, verifying there were no significant business ties between the Group and companies in which they are or have been significant shareholders, directors or senior managers, in particular regarding financing extended by the Group to such companies. In all cases, the committee concluded that existing ties were not significant because (i) financing (a) did not constitute economic dependency for such companies because other sources of funding were available, and (b) was consistent with the Group's share of the relevant market; and because (ii) business ties did not reach comparable materiality thresholds used in other jurisdictions as benchmarks (e.g. New York Stock Exchange (NYSE), Nasdaq and Canada's Bank Act), among other reasons.
Directors' potential conflicts of interest and other professional activities	<ul style="list-style-type: none"> Examined the information provided by directors about their intention to carry out other professional activities or positions outside the Group and the related time commitment. Concluded that those commitments were compliant with applicable legislation regarding the maximum number of boards to which they may belong, and did not interfere with their obligations as Banco Santander directors nor entail any conflict of interest.
Director induction, training and development programmes	<ul style="list-style-type: none"> Assessed the effectiveness of the director induction, training and development programmes, guaranteeing that such programmes are designed according to each director's circumstances and needs. Identified areas for improvement and additional training topics for the 2024 training programme.
Senior management succession planning and effectiveness monitoring, talent and related activities	
Succession planning for executive directors and senior management	<ul style="list-style-type: none"> Oversaw the discipline applied to senior executive succession planning, which included key positions in subsidiaries, and made sure plans were being implemented for the orderly succession of senior managers through a rigorous, transparent, merit-based and objective process that promotes diversity in its broadest sense. Oversaw appointments of key positions and monitored the effectiveness of the top management succession plans.
Appointment of key officers	<ul style="list-style-type: none"> Recommended the following nominees, later agreed by the board: <ul style="list-style-type: none"> Pedro Castro e Almeida, as Regional Head for Europe. Christiana Riley, as Regional Head for North America. Daniel Barriuso, as Global Head of Retail & Commercial Banking and Group Chief Transformation Officer. José Luis de Mora, as Global Head of Digital Consumer Bank.

Duties	Actions taken
Talent and culture	<ul style="list-style-type: none"> Discussed Human Resources' activities and progress and proposals regarding diversity, equity and inclusion; and reviewed the Group's STEM (science, technology, engineering and mathematics) talent strategy. Assessed and challenged proposals on top-leadership goals, career development plans and mobility.
Governance	
Board effectiveness review	<ul style="list-style-type: none"> Reviewed the execution of the action plan to address the areas for improvement revealed in the 2022 board effectiveness annual review. Oversaw the 2023 board effectiveness review, which was conducted with the collaboration of an independent external consultant (Spencer Stuart), whose independence was verified by the committee upon analysing its business relations with the Group and, in particular, the services rendered and the amounts received. See 'Board effectiveness review in 2023' in section 4.3.
Internal governance	<ul style="list-style-type: none"> Assessed the suitability of certain proposed key position appointments for the subsidiaries, subject to the Group's appointments and suitability procedure. Oversaw subsidiary board composition to ensure consistent suitability in line with expectations across the Group. Endorsed Group director nominations for subsidiary boards to ensure they were suitable and correctly perform their duties. Verified the suitability of the subsidiary CAEs, CROs and CCOs with the Group audit and risk supervision, regulation and compliance committees. Remained apprised on new governance regulation, trends, best practices and implications for the Group. Verified that subsidiaries followed the provisions of the GSGM relating to board and committee structure and their functions pursuant to best practices. In addition, the committee tracked subsidiary actions and progress in implementing internal regulation required by the Group. See section 7. 'Group structure and internal governance'. Reviewed the subsidiary board and board Chairs annual effectiveness reviews.
Corporate governance	<ul style="list-style-type: none"> Reviewed the key highlights of the 2023 AGM. Reviewed the activities conducted by the Lead Independent Director, ensuring the discharge of his duties, as evidenced through a summary of his activities in the year, which was also submitted to the board. Reviewed the activities conducted by the Shareholder and Investor Relations team, as well as the Lead Independent Director's engagement with investors, shareholders and proxy advisors, and their feedback on the Group's corporate governance arrangements. Reviewed the independence of the external advisers hired by the nomination committee and the remuneration committee in 2023, analysing their services, the amounts they received and other items. Reviewed the annual corporate governance report to verify that information contained therein conforms to the applicable law and that the corporate governance system promotes corporate interests and considers all stakeholders' expectations. Endorsed the proposed amendments to the Rules and regulations of the board which were submitted to the board for approval.
Suitability assessment	
Annual suitability assessment of directors and key function holders	<ul style="list-style-type: none"> Assessed the suitability of directors, senior management, heads of internal control functions and the Group's key position holders, confirming their continued business and professional good reputes and appropriate knowledge and experience to perform their duties. Concluded that board members are capable of good governance. To this effect, it supervised, amongst others, the attendance of the directors at the meetings of the board and the committees, ensuring that it was not less than 75% and, in the specific cases of lower attendance, that the absences were duly justified and do not undermine their capacity to devote sufficient time to discharge their functions. Furthermore, average board attendance was verified as 100%. See 'Board and committee preparation and attendance' in section 4.3. Confirmed the absence of circumstances that could harm the Group's credit and reputation, based on the information received from directors.
Information for general meetings and corporate documents	
Shareholder information	<ul style="list-style-type: none"> Was represented by Bruce Carnegie-Brown, in his capacity as committee Chair, to report at the 2023 AGM on the committee's activities in 2022.
Corporate documents for 2023	<ul style="list-style-type: none"> Prepared this activities report on 12 February 2024, which includes a performance review of the committee's functions and key priorities identified for 2024. The board of directors approved it on 19 February 2024.

Achievement of 2023 objectives

The committee took these actions planned for 2023:

- Continued to review the board member and senior executive succession plans based on the strategic direction of the Group and ensuring that the collective board composition remained commensurate with the required skills, experience and diversity required to oversee and drive such strategy, including understanding of the operating context of the Group. The committee approach to succession planning also ensured the continued development of a robust internal succession pipeline.
- Continued to promote internal mobility within the Group and diversity in its broadest sense in our succession policy and talent strategy, acknowledging that building a more diverse and inclusive workforce is critical to business sustainability and success.
- Continued to monitor board members' expertise and training needs, as well as the board's development, to continuously improve the knowledge of the most important topics of the organisation and industry.
- Led the process for the appointment of a successor to the Lead Independent Director, which resulted in the appointment of Glenn Hutchins. He was also appointed as Vice Chair of the board with effect from 1 October 2023. As part of that, the committee received updated information throughout the year to ensure the robustness of the process followed, which included, amongst others, the suitability of the candidates considered, the associated timeline, the transition process and the associated impact to committee composition.
- Kept corporate governance arrangements under constant review, ensuring that the expectations of all stakeholders with strategic relevance for the Group were considered. In particular, the committee closely monitored shareholder engagement and considered their feedback and insights together with the Lead Independent Director.
- Continued to ensure the ongoing application of the GSGM and related internal regulation across the Group, and as a consequence, robust oversight and control of the Group's subsidiaries, with a key focus on the effectiveness of local boards and their annual board effectiveness assessment disciplines and associated action plans.
- Remained focused on the overall effectiveness of the committee, ensuring that its role was discharged with appropriate rigour. As part of that, the committee considered the findings and suggested areas for improvement resulting from the 2022 internal board effectiveness review. In addition, the committee oversaw the selection process of the external review firm and coordinated the 2023 board effectiveness review. See '[Board effectiveness review in 2023](#)' in section 4.3.

2024 priorities

The committee set the following priorities for 2024:

- Continue to apply and supervise succession arrangements for the board as a whole, playing an important role in ensuring that succession planning more generally is discharged in an effective manner. Continue to take its proactive approach to board refreshment and associated succession planning.
- Keep a proactive focus on senior executive succession planning based on the Group's strategic needs and the potential challenges the business may face, maintaining our key focus on the continued development of our internal succession pipeline.
- Continue to place a great focus on diversity in its broadest sense as part of our talent strategy and, in particular, in gender diversity, to ensure a balanced representation of both genders. Further promote international mobility to ensure we leverage on the possibilities that being a group of our size represents for talent development purposes.
- Monitor the effective implementation of the action plan derived from the 2023 board effectiveness review, in line with our commitment to continuous governance improvements.
- Remain focused on the overall effectiveness of the board and its committees, ensuring that their role is discharged in the most tangible and effective manner. This will be particularly important to ensure our continued positive business performance and success. In addition, oversee a smooth transition of committee Chair, given that Bruce Carnegie-Brown has expressed his intention not to stand for re-election at the 2024 AGM, stepping down with effect from that same date.

4.7 Remuneration committee activities in 2023



Glenn Hutchins
 Chair of the remuneration committee

"Our role, in coordination with the nomination committee, is to attract and retain key talent to support the Group's transformation agenda and strategic ambitions in order to increase shareholder value. Our remuneration philosophy involves enhancing our employee value proposition while simultaneously meeting supervisory expectations and serving all of our stakeholders' best interests. This requires us to

balance key objectives such as fair pay, effective risk management, sustainability, meritocracy, and cross-collaboration - all the while taking stakeholder feedback into account.

The committee continued to benefit from a good mix of experience and skills of our members, each providing valuable advice and challenge to management. As in previous years, we received the confirmation from an external provider that the Group's policies, procedures and practices fully comply with applicable legislation.

I would like especially to thank Bruce Carnegie-Brown for his service over the last years as Chair of the committee until I took over in October 2023, and his continued membership until the 2024 AGM. He has been an effective steward of the interest of our stakeholder community."

COMPOSITION

Position		Category	Appointed on
Chair	Glenn Hutchins	Independent	20/12/2022
	Bruce Carnegie-Brown	Independent	12/02/2015
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		

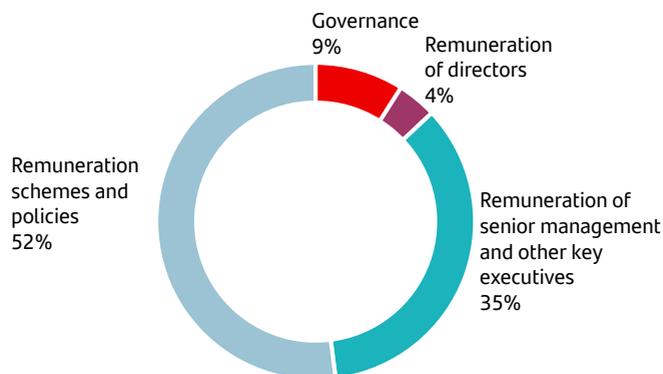
A. Committee Chair since 1 October 2023.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters the committee handles. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2023, the committee held 12 meetings, including one joint session with the risk supervision, regulation and compliance committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2023:



Duties and activities in 2023

This section summarizes the remuneration committee's activities in 2023.

Duties	Actions taken
Remuneration schemes and policies	
Remuneration policy for executive directors, senior management and other key executives	<ul style="list-style-type: none"> Remained focused on simplifying executive directors and senior management remuneration, shaping remuneration schemes consistent with Banco Santander's Simple, Personal and Fair values, and updated the long-term ESG-related metrics in coordination with the responsible banking, sustainability and culture committee. Recommended the 2022 individual variable remuneration of members of senior management, based on annual performance targets and their weightings as set by the board. Proposed to the board the global annual variable remuneration for 2023 (payable immediately and deferred executive remuneration), based on achievement of previously set quantitative and qualitative targets. Recommended to the board the annual performance indicators to calculate variable remuneration for 2024 with limited variations versus previous years in order to maintain focus on customer centricity, risk, capital, profitable sustainable growth and cost discipline. Set the achievement scales for the annual and multi-year performance targets and weightings for submission to the board. Endorsed specific enhancements in the performance management process for senior management to further promote the latter as corporate culture representatives and supporters of the effective transformation of the business.
Assist the board of directors in supervising compliance with remuneration policies	<ul style="list-style-type: none"> Checked that remuneration schemes were appropriate to the Group's results, corporate culture and risk appetite and created no incentive to breach risk appetite. Reported to the board on Group remuneration practices and assessed their effectiveness, receiving confirmation on their alignment with the Group remuneration policy. Reported to the board that an external advisor assessment on the remuneration policy found that the Group's policies, procedures and practices comply with the regulatory requirements for credit institutions. Endorsed proposed changes to the remuneration policy to adapt it to the SEC Remuneration Recoupment ('clawback') rules, amongst others. Reviewed the adoption of ex-post risk adjustments, including the application of malus and clawback arrangements within the Group.
Diversity, equity and inclusion	<ul style="list-style-type: none"> Reviewed gender pay gap reduction and equal pay with a view to promoting greater diversity in its broadest sense, acknowledging progress made in the number of women in senior positions. Reviewed internal 'equal pay for equal work' data against the previous year and targets and focused on measures to enhance them in each unit. Received information on inclusion indicators and initiatives launched to continue promoting a culture of inclusion in the Group and ensured the avoidance of pay gaps in this regard.
Remuneration of senior management and other key executives	
Performance assessments	<ul style="list-style-type: none"> Reviewed the calibration of executives' performance reviews for the senior management and, in particular, for the Executive Chair, the CEO and the main executives in coordination with non-executive directors; for the CRO and CCO with the risk supervision, regulation and compliance committee; and for the CAE with the audit committee.
Fixed remuneration for executive directors and senior management	<ul style="list-style-type: none"> Checked that executive directors' fixed remuneration remained appropriate to their duties based on market rates. Made sure remuneration for senior management remained fair and competitive, recommending adjustments where appropriate to the board, based on a benchmark analysis and specific pay principles.
Variable remuneration for executive directors and senior management	<ul style="list-style-type: none"> Proposed to the board variable remuneration for the preceding year payable either immediately or in deferred amounts.
Share plans	<ul style="list-style-type: none"> Submitted a proposal to the board for approval and subsequently for vote at the 2023 AGM on remuneration plans that involve the delivery to executive directors of shares or share options (deferred multiyear target variable remuneration plan; deferred and conditional variable remuneration plan; application of the Group buy-out policy). Analysed and submitted to the board tailored incentive schemes for different units to drive talent retention and alignment with the Group's strategic priorities.

Duties

Actions taken

Remuneration of directors

Individual remuneration of directors in their capacity as such

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

Remuneration of Identified Staff

Remuneration of other executives who are Identified Staff

- Reviewed the volume of the Identified Staff (Material Risk Takers) in 2023, trends versus previous years and checked that fixed and variable remuneration ratios for control functions remained consistent with regulation and targets.
- Set key remuneration components for Identified Staff in coordination with the risk supervision, regulation and compliance committee.
- Submitted a proposal to the board, for subsequent submission to the 2023 AGM, regarding the approval of maximum variable remuneration of up to 200% of the fixed component for certain e Identified Staff, including executive directors and senior management.
- Checked that remuneration schemes supported attraction and retention of key talent to help drive the Group's strategy, the application of the incentives implemented in the Group, and the level of achievement of long-term deferred remuneration metrics.

Governance

Coordination with subsidiaries

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

Director remuneration policy report

- Reviewed the Lead Independent Director's report on engagement with key shareholders and proxy advisors regarding executive director remuneration.
- Reviewed and proposed to the board the annual directors' remuneration report for an advisory vote at the 2023 AGM.
- Assisted the board in overseeing compliance with the director remuneration policy.
- Positively recommended the proposal for the directors' remuneration policy for 2024, 2025 and 2026 that will be submitted by the board of directors at the 2024 AGM as a separate item on the agenda pursuant to Article 529 *novodecies* of the Spanish Companies Act and is an integral part of this report. See sections [6.4 Directors' remuneration policy for 2024, 2025 and 2026](#) and [6.5 'Preparatory work and decision-making for the remuneration policy; remuneration committee involvement'](#). As part of that, the committee considered the inputs from shareholder and stakeholder engagement during the year. It also considered any recommendations from regulators, legal requirements or applicable regulation concerning remuneration matters and verified that the policy is consistent with the Group's culture and Simple, Personal and Fair values.
- Confirmed that the directors' remuneration policy for 2024, 2025 and 2026 is consistent with the Group's remuneration policy and with the remuneration scheme outlined in the Bylaws. The main changes included are as follows: the simplification of the short-term bonus pool scorecard, moving the multiplier approved in 2023 to the qualitative adjustment going forward, with an associated weight of +/-10%. In addition, we reinforced the focus on our solid cost discipline as a measure to succeed in transformation. We also eliminated the stock options for the executive directors.

Information for general meetings and corporate documents

Shareholders information

- Was represented by Bruce Carnegie-Brown, in his capacity as committee Chair, to report at the 2023 AGM on the committee's activities in 2022.

Corporate documents for 2023

- Prepared this report on 12 February 2024, which includes a performance review of the committee's functions and key priorities identified for 2024. The board of directors approved it on 19 February 2024.

Achievement of 2023 objectives

The committee took these actions planned for 2023:

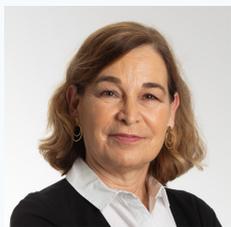
- Kept incentive measures under continuous review to ensure that they continue to align with our strategic aims. In particular, this included a continued focus on customers and sustainable profitability, carefully considering our corporate culture and behaviours, balancing the needs of our different stakeholders. As part of that, the committee established the annual performance indicators to calculate variable remuneration for 2024 with limited variations versus the previous year in order to maintain focus on customer centricity, risk, capital, profitable sustainable growth and cost discipline. In addition, it recommended to the board for approval specific changes in the performance management process for our top management to ensure they lead by example.
- Continued to monitor external developments in executive remuneration best practices in the financial industry and broader market within regulation to enhance our employee value proposition. The committee continued to focus on ensuring that our remuneration schemes remain effective for attracting and retaining key talent for the Group's strategic ambitions, and that they promote meritocracy and effective risk management. In particular, it received specific deep-dives on remuneration matters for key segments, such as STEM talent, or certain countries.
- Continued to focus on accelerating pay equality in the Group to support our commitment to diversity, equity and inclusion. Checked that the methodology to calculate diversity metrics was accurate and action plans effectively promote a more diverse composition of our employee population.
- Remained focused on the overall effectiveness of the committee, ensuring that its role is discharged with appropriate rigour. Specifically, the committee considered the findings and suggested areas for improvement resulting from the internal board effectiveness review conducted in 2022 concerning its remit.

2024 priorities

The committee set the following priorities for 2024:

- Keep incentive measures under continuous review to ensure that they continue to align with our organization based on segments and global businesses, and shareholder value creation ambition. This will include a continued focus on customers and sustainable profitability and an assessment on how they drive our corporate culture and behaviours, balancing the needs of our different stakeholders.
- Continue to monitor trends and best practices in executive remuneration to further enhance our employee value proposition, promoting effective attraction and retention of key talent to deliver the Group's strategy while maintaining the strong shareholder support received and appreciation from investors and proxy advisors.
- Ensure that remuneration schemes support attraction and retention of key talent to help us deliver against our agreed strategy and associated targets, including our transformation agenda.
- Continue focusing on diversity, equity and inclusion across the Group, ensuring the avoidance of pay gaps in this regard. As part of that, review the implementation of new regulation regarding remuneration and salary equity information to be included in our non-financial disclosures.
- Remain focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner.

4.8 Risk supervision, regulation and compliance committee activities in 2023



Belén Romana
Chair of the risk supervision, regulation and compliance committee

"In 2023, we navigated a complex and dynamic risk landscape, characterised by macroeconomic and industry-specific challenges, primarily driven by rising inflation and interest rates, as well as a volatile geopolitical landscape. As part of this, the committee has closely monitored the actions taken by management to address these circumstances.

During the year, the committee has ensured that we maintained prudent lending practices to achieve adequate credit quality of our loan portfolio and that the exposure remained within acceptable limits. The committee has kept its

strong commitment to compliance and conduct risk to safeguard our reputation and integrity, with an ongoing focus on financial crime compliance.

We have also reflected and acknowledged how critical it is, in the current environment, to enhance cross-country collaboration. As a result, we have shared our concerns, best practices and views by organising a convention with the Chairs of the subsidiary risk supervision, regulation and compliance committees. In addition, the committee has maintained a key focus on identifying emerging and non-traditional risks in order to anticipate potential impacts on our business model; as in previous years, this featured the committee's strategy meeting agenda.

The committee continues to benefit from a good mix of experience and skills, and I am confident that this would help us to successfully navigate the challenges ahead. In the coming year, the committee will remain vigilant on the main risks of the Group, including credit, operational, financial crime compliance and model risks and also the risks related to the transformation of the Group, amongst others."

COMPOSITION

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

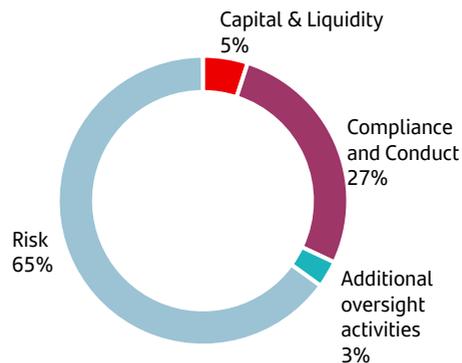
A. Committee Chair since 1 April 2021.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters the committee handles. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2023, the committee held 17 meetings, including one strategy session, four joint sessions with the audit committee and one joint session with the remuneration committee. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2023:



Duties and activities in 2023

This section summarizes the risk supervision, regulation and compliance committee's activities in 2023.

Duties	Actions taken
Risk	
Assist the board in (i) defining the Group's risks policies, (ii) determining the risk appetite strategy and culture, and (iii) supervising their alignment with the Group's corporate values	<ul style="list-style-type: none"> Reviewed and proposed to the board for approval the annual risk appetite statement proposal, and the analysis of proposed new metrics and limits. Reviewed risk appetite metrics, compliance with the limits and any breaches in the year on a quarterly basis. Reviewed the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP), the Strategic Plan, the three-year strategic financial plan, the annual budget and the recovery and resolution plans before the board of directors approved them. Reviewed and challenged the identified risks and mitigating factors associated with those key processes, their consistency, and their alignment to the Group' risk appetite.
Risk management and control	<ul style="list-style-type: none"> Reviewed the Group's main risks by unit and risk type, with a special focus on credit risk, operational risk and financial crime. Analysed the subsidiaries and businesses risk management and control periodically, in coordination with the audit committee. Reviewed the risks of strategic projects before their submission to the board of directors, and their mitigation measures, with a special focus on the new global businesses and strategic initiatives. Checked that the Group's risk control management, most notably the risk profile assessment (RPA) and the risk control self-assessment (RCSA), remained robust. Analysed the potential impact and opportunities associated with emerging risks and how they would affect different geographies, our subsidiaries and businesses. Supported the board in conducting stress tests of Banco Santander through the assessment of scenarios and assumptions, analysing the results and the measures proposed by the Risk function. Ensured that the stress test programme was aligned with the EBA Guidelines 2018/04 on institutions' stress testing. Received and analysed specific information on credit risk, with a special focus on non-performing assets; market risk, structural and counterparty risk; operational risk, specially the risks derived from the cybersecurity and technological obsolescence, with a key focus on legal, reputational, social and environmental risks. The analysis on each matter was conducted in coordination with the audit and innovation and technology committees. The committee reviewed the business continuity and contingency plans with the latter. Supervised, together with the responsible banking, sustainability and culture committee, (i) the alignment of risk appetite and limits with corporate culture and values; (ii) non-financial risks; and (iii) new metrics related to climate that were proposed under the Risk Appetite Statement annual proposal. Supported the board in the supervision of crisis management and resolution planning.
Supervise the Risk function	<ul style="list-style-type: none"> Reviewed the Risk function's activities, strategy, strengths and potential areas for improvement. Ensured the ongoing independence and effectiveness of the Risk function, including the assessment of the sufficiency and appropriateness of its resourcing. Reported to the board on the CRO's 2023 objectives and reviewed his performance against those, and reported to the remuneration committee and board of directors to set his variable remuneration. Verified the suitability of the subsidiary CROs, in coordination with the nomination committee of the Group.
Collaboration to establish rational remuneration policies and practices	<ul style="list-style-type: none"> Held a joint session with the remuneration committee to review the subsidiary action plans on internal sales force pay and conduct risk for the external sales force. Verified that remuneration schemes factor in capital and liquidity, and do not offer incentives to assume risks that exceed Banco Santander's tolerance, thus promoting and being compatible with adequate and effective risk management. Reviewed the ex-ante risk adjustment of total variable remuneration assigned to the units, based on actual risk outcomes and their management, in conjunction with the remuneration committee. Reviewed the 2023 bonus pool and results of the exercise carried out annually to identify employees whose professional activities had a material impact on the Group's risk profile (Identified Staff).
Regulatory and supervisory relations	<ul style="list-style-type: none"> Reviewed relevant developments regarding regulatory and supervisory relations and maintained focus on the most relevant developments related to the Single Supervisory Mechanism (SSM), the Single Resolution Board (SRB), the supervisors of all the Group's subsidiaries and the Supervisory Review and Evaluation Process (SREP) and specific on-site inspections related to risk and compliance matters, as appropriate.

Duties

Actions taken

Compliance and conduct

Supervise the Compliance and Conduct function

- Supervised the Compliance and Conduct function's activities, strategy, strength and potential areas of improvement, as well as the development of the 2023 compliance programme.
- Ensured the ongoing independence and effectiveness of the Compliance and Conduct function, including the assessment of its staffing levels and overall appropriateness of its resourcing.
- Reviewed monthly reports on regulatory issues, product governance and consumer protection, reputational risk, internal and external events, notifications and inspections by supervisors, updates on the One Financial Crime Compliance (One FCC) programme, amongst others.
- Received updates on compliance and conduct risks from the Group's main subsidiaries and global businesses, with a special focus on the status of the implementation of the One FCC programme.
- Met with the CCO (twice in private session, in addition to other informal meetings) to discuss strategic compliance topics as well as to discuss independently and directly any potential material issue relating to the Compliance and Conduct function.
- Reported to the board on the CCO's 2023 objectives and reviewed her performance against those, and reported to the remuneration committee and board to set her variable remuneration.
- Verified the suitability of the subsidiary CCOs, in coordination with the nomination committee of the Group.

Regulatory compliance including Canal Abierto

- Reviewed the situation of compliance with data protection regulation across Grupo Santander and received the data protection officer's annual report.
- Endorsed, prior to presentation to the board, the changes to the general code of conduct.
- Received information, in a joint meeting with the audit committee, on Canal Abierto, the Group's whistleblowing channel with a special focus on matters within the committee's area of authority to ensure the Group's culture empowers employees and other persons related to Banco Santander can talk straight, be heard and report irregular practices without fear of reprisal.

Financial crime compliance (FCC)

- Oversaw the Group's observance of FCC regulations as well as the activities carried out by the function:
 - Was provided with quarterly updates on progress on the One FCC implementation and reviewed the sanctions screening activity.
 - Received recommendations and observations stemming from the annual independent expert report on Banco Santander in accordance with Act 10/2010 and Royal Decree 304/2014 (on anti-money laundering and terrorism financing).

Product governance and consumer protection

- Reviewed reports on customer complaints, their causes and action plans launched to reduce and mitigate the identified deficiencies, in coordination with the responsible banking, sustainability and culture committee.
- Reviewed risk management and the main risks identified, as well as the concerns, priorities and actions taken by the Product Governance and Consumer Protection area regarding conduct risk with retail and vulnerable customers.

Capital and liquidity

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

- Reviewed and reported to the board on the annual ICAAP run by the Finance division and challenged by the Risk function in accordance with industry best practices and supervisory guidelines.
- Reviewed a capital plan according to the scenarios envisaged over a three-year period.
- Reviewed and reported to the board on the ILAAP, which was challenged by the Risk function and developed in line with the Group's business model and its liquidity needs.
- Reviewed liquidity risk and liquidity levels of the Group and its subsidiaries.
- Continuously monitored capital levels, capital management and associated tools, the 2023 securitizations plan and the analysis of the portfolio profitability versus the risk undertaken.

Additional oversight activities

Additional oversight activities

- Held four joint meetings with the audit committee to review risk, compliance and internal audit aspects of the different regions and global businesses, with first line of defence representatives present.
- Collectively discussed with the audit committee additional topics of mutual interest, such as risk culture, third-party supplier risk management and SEC cybersecurity rules, and received an update on internal audit matters of the Risk and Compliance and Conduct functions.
- Received reports from the Santander España risk committee on the main items covered at its meetings throughout the year.
- The committee Chair attended specific subsidiary risk supervision, regulation and compliance committee to further enhance communication between them.
- Received updates on the matters discussed at the responsible banking, sustainability and culture committee by the Chair of that committee.
- Received monthly updates from the CRO and CCO on the work conducted by both the risk control and the compliance and conduct committees in their capacity as Chairs, respectively.
- The Chairs of the audit committee and of the risk supervision, regulation and compliance committee met regularly, ensuring ongoing coordination and collaboration.

Duties

Actions taken

Information for general meetings and corporate documents

Shareholder information	<ul style="list-style-type: none"> Was represented by Belén Romana, in her capacity as committee Chair, to report at the 2023 AGM committee's activities in 2022.
Corporate documents for 2023	<ul style="list-style-type: none"> Prepared this activities report on 14 February 2024, which includes a performance review of the committee's functions and key priorities identified for 2024. The board of directors approved it on 19 February 2024.

Achievement of 2023 objectives

The committee took these actions planned for 2023:

- Monitored the macroeconomic conditions, especially the energy crisis, inflation, interest rates hikes and potential recession in certain countries, and the potential impact on the Group. In particular, the committee continued to supervise, in coordination with the audit committee, the Group's units and global businesses to ensure that there was an appropriate focus on local nuances and risks. In particular, updates on global businesses and units were provided in joint sessions with the audit committee by the relevant CRO, CCO and CAE, with the respective global business head and/or country CEO present, in readiness for their presentation to the board of directors. This facilitated a holistic view on each unit and global business' risks by the committee before a more strategic and business driven discussion was held at the board meeting.
- Oversaw the risks associated with PagoNxt and Digital Consumer Bank, and reviewed specific deep dives on financial crime and money laundering prevention, IT obsolescence, climate change and model risk. As part of that, specific deep-dives were scheduled throughout the year to facilitate discussion and oversight of these risks.
- Monitored the Group's top risks, early warning indicators and mitigation actions to manage risks and the Group's risk profile effectively and within risk appetite.
- Identified emerging and non-traditional risks to anticipate potential impacts on our business model. In particular, the committee held a strategy session where those items were covered, with a key focus on the geopolitical risks and regulatory and supervisory developments.
- Enhanced coordination and information exchange with core units and divisions, with Group and subsidiary-level committee Chairs taking part in each other's risk supervision, regulation and compliance committee meetings. As part of that, a convention of the Chairs of the risk supervision, regulation and compliance committees of the Group was held at our headquarters to discuss global initiatives, expectations and common relevant issues for them.
- Monitored and oversaw the smooth transition of the new CRO and ensured that his onboarding was robust and effective, enabling him to be truly effective in his role. He attended all the 2023 committee meetings and frequently met with the committee Chair.

- Remained focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner. Specifically, the committee considered the findings and suggested areas for improvement resulting from the 2022 internal board effectiveness review concerning its remit.

2024 Priorities

The committee set the following priorities for 2024:

- Continue to supervise and monitor the macroeconomic conditions, especially interest rates, the consequences of the energy crisis, inflation and the geopolitical landscape, including armed conflicts.
- Continue to monitor all risks of the Group, with specific focus on credit, operational, market, model, IT, cyber and risk derived from emerging technologies such as artificial intelligence and financial crime compliance, to ensure that those risks remain within our approved risk appetite. In addition, continue to identify the emerging and non-traditional risks in order to anticipate potential impacts on our business model.
- Supervise the main risks associated with the transformation and the five global businesses, ensuring that we maintain and even strengthen risk management under the new organization, at any time.
- Promote ongoing communication mechanisms between the Chair of the risk supervision, regulation and compliance committees of the Group and her counterparts in the subsidiaries to discuss areas of mutual interest, including risks that may have a greater impact at a Group level, exchange concerns and best practices.
- Remain focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner.

4.9 Responsible banking, sustainability and culture committee activities in 2023



Ramiro Mato
Chair of the responsible banking, sustainability and culture committee

"As in previous years, the committee's main focus was to assist the board in driving ESG to build a more responsible bank. As part of this, in 2023 we have remained focused on delivering our Net Zero ambition by 2050, while we continue helping customers transition to a low carbon economy, developing best-in-class sustainable propositions, and doing things in a Simple, Personal and Fair way.

Specifically, the committee oversaw actions, recommendations and targets to help Santander to become a global leader in green finance and an engine of profitable growth for the Group, helping our clients in their green transition. The committee monitored progress and key

initiatives to effectively integrate green finance within risk management. Furthermore, the inevitable range of challenges faced in the countries where Santander is present (geopolitical environment, regulatory fragmentation, different governmental support, etc) were considered by the committee to ensure the right approach to achieve the best possible outcomes, including achieving our established targets.

In addition, education and our communities also remained high on our agenda. We further reinforced our working relationship with the audit committee by reviewing the preparation and presentation of non-financial information according to the applicable regulations and international standards.

Members' skills and experience helped the committee to operate effectively and to provide appropriate constructive challenge to management, and to assist the board with the significant ESG challenges ahead. In addition, we shared concerns and views with our subsidiary responsible banking, sustainability and culture committees throughout the year, which enabled us to harness their vast collective expertise.

Going forward, we will remain focused on progressing our climate change strategy and monitoring the development of our green and sustainable finance proposition."

COMPOSITION

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

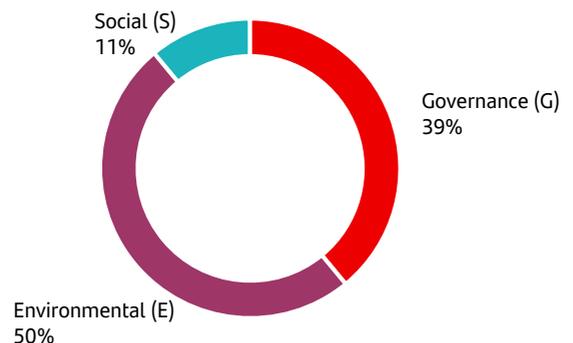
A. Committee Chair since 1 July 2018.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters the committee handles. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2023, the committee held six meetings. See ['Board and committee preparation and attendance'](#) in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2023:



Duties and activities in 2023

This section summarizes the responsible banking, sustainability and culture committee's activities in 2023.

Duties	Actions taken
Environmental (E)	
Portfolio alignment with Net Zero by 2050	<ul style="list-style-type: none"> Reviewed the Group's climate change strategy, providing challenge to it to ensure that it remained a key enabler to achieve our ambition of net zero emissions by 2050. Reviewed decarbonization targets in the thermal coal, power generation, energy (oil and gas), aviation and steel sectors and discussed and recommended to the board for approval new decarbonization targets for auto manufacturers (SCIB) and auto lending portfolio in Europe (SCF). Reviewed the decarbonization plans of the subsidiaries, covering activity regarding mortgages, commercial real estate and agriculture to further develop our roadmap towards net zero while we address supervisory expectations. Endorsed the Group priorities for 2023 in relation to responsible banking, including supporting our customers in their green transition and promoting a sustainable culture. Reviewed actions proposed to align with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and the transition plans and its communication needed in relation to the Glasgow Financial Alliance for Net Zero (GFANZ).
ESG in risk management	<ul style="list-style-type: none"> Reviewed ESG factors introduced in the credit approval process, associated action plans and related achievements. Reviewed the proposed risk appetite statement to support the reduction of carbon emissions relative to thermal coal, power generation, energy (oil and gas), aviation and steel sectors.
Green Finance	<ul style="list-style-type: none"> Review the green finance strategy and its execution, including the Group's exposure in green finance more generally.
Biodiversity	<ul style="list-style-type: none"> Reviewed a disclosure proposal concerning Banco Santander's position on nature and biodiversity and submitted it to the board of directors for approval. Reviewed Santander's participation with respect to the Febraban Protocol, which includes standards for managing the risk of illegal deforestation in Brazil and defines guidelines to be adopted by its signatories.
Environmental Footprint	<ul style="list-style-type: none"> Reviewed our 2022-2025 Environmental Footprint Plan and carbon emissions offset criteria. Monitored carbon footprint offsetting projects across the Group to fulfil public targets.
Regulatory landscape	<ul style="list-style-type: none"> Reviewed the main European and international financial regulatory and supervisory initiatives and priorities related to ESG under discussion for 2023 and 2024, to maximize investment in the transition to a low carbon economy by 2050 and increase transparency on business models and operations.
Social (S)	
Social agenda	<ul style="list-style-type: none"> Reviewed our social agenda, which includes financial inclusion; financial health; business with social output; and corporate social responsibility or philanthropic activities.
Education and other support to communities	<ul style="list-style-type: none"> Reviewed the strategy, objectives, and performance indicators in relation to Universia's activity in the communities, in the context of the Group's social agenda, which includes our support to universities in education, employability and entrepreneurship. Reviewed and challenged communication strategy in relation to universities.

Duties

Actions taken

Governance (G)

Corporate governance

- Assisted the board in ensuring that responsible banking targets and metrics were embedded in the Group's remuneration schemes. As part of that, reviewed, in coordination with the remuneration committee, a proposal to further increase the alignment of the long-term incentive for 2023-2025 with our ESG agenda.
- Monitored and assessed the Group's progress on its public targets to ensure that its KPIs remained relevant and aligned with committee expectations.
- Worked with the risk supervision, regulation and compliance committee to review the progress made in embedding climate-related and environmental risks, as well as to monitor the implementation of controls and processes to mitigate ESG risks, including greenwashing.
- Reviewed responsible banking progress in the regions, units, global businesses and corporate areas on a regular basis to ensure best practices globally.
- Identified priority ESG areas for action based on the outcomes of a materiality assessment exercise, which the Responsible Banking team conducts every year.
- Verified that the proposed responsible banking agenda and targets remain aligned with Santander's strategy.
- Reviewed ESG global ratings' assessments of Banco Santander, identifying strengths, areas for improvement and areas of focus. Reviewed any resultant action plans after engaging with investors and NGOs on ESG matters.
- Reviewed reports on customer complaints, their causes and associated action plans launched to reduce and mitigate the identified deficiencies, in coordination with the risk supervision, regulation and compliance committee.
- Revised the environmental, social and climate change risk management policy and the responsible banking and sustainability policy.

ESG reporting

- Supported the audit committee on the supervision and assessment of the process of preparation and presentation of non-financial information according to the applicable regulations and international standards.
- Reviewed the 2023 Group statement on non-financial information and the independent expert's report. See the '[Responsible banking](#)' chapter.
- Reviewed the Climate Finance Report in coordination with the audit committee, prior to its submission to the board for approval, including new targets for the energy, metal and aviation sectors, the action plan for the power generation sector and the disclosures for nature and biodiversity.
- Reviewed the Green Bond Report in coordination with the audit committee, prior to its submission to the board for approval.
- Analysed industry practices in ESG reporting under the Pilar III framework.

Others

- The Chair of the committee periodically reported on its activities to the risk supervision, regulation and compliance committee.
- Invited subsidiary responsible banking, sustainability and culture Chairs to specific committee meetings throughout the year and, in turn, the committee Chair attended specific subsidiary responsible banking, sustainability and culture committee meetings to further enhance communication between them.

Information for general meetings and corporate documents

Shareholder information

- Was represented by Ramiro Mato, in his capacity as committee Chair, to report at the 2023 AGM committee's activities in 2022.

Corporate documents for 2023

- Prepared this activities report on 13 February 2024, which includes a performance review of the committee's functions and key priorities identified for 2024. The board of directors approved it on 19 February 2024.

Achievement of 2023 objectives

The committee took these actions planned for 2023:

- Continued to advise the board on the climate change strategy and our ambition to be net zero by 2050, monitoring the development of our green and sustainable finance proposition and customers' transition to a low-carbon economy. As part of that, the committee oversaw progress in relation to the implementation of the TCFD recommendations, including the introduction of targets to reduce emissions in certain climate-intensive sectors and the decarbonization plans. As part of that, the committee considered the challenges that the overall economic and geopolitical context entail in this respect.
- Continued to monitor financial health and financial inclusion by reviewing the progress made on specific social metrics and KPIs, such as people financially included in the year and microcredits provided to microentrepreneurs.
- Reviewed the Group's performance assessed by ESG analysts, and supervised the actions for improvement in this respect.
- Monitored the implementation of enablers to further embed ESG in the business and business-as-usual, including Banco Santander's performance of our responsible banking targets and KPIs.
- Provided support to the board in analysing and providing feedback on ESG information for reporting, disclosure, and management purposes, in coordination with the audit committee. Specific updates were provided by the Group's CAO in this respect, with a special focus on the enhancements and progress made by the different units.
- Remained focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner. Specifically, it considered the findings and suggested areas for improvement resulting from the 2022 internal board effectiveness review concerning its remit.

2024 Priorities

The committee set the following priorities for 2024:

- Continue to advise the board on the climate change strategy and our ambition to be net zero by 2050, monitoring the development of our green finance proposition and how the global businesses support our customers' transition to a low-carbon economy.
- Oversee that actions and targets for climate material exposure and decarbonization strategy are consistent with the TCFD recommendations and support the delivery of our public targets.
- Continue to focus on our sustainable finance proposition to continue promoting customer welfare.
- Analyse the heterogeneity in public policies and actions of authorities and institutions in the countries across our footprint, as well as their associated risks, and the potential impact on our ESG strategy.
- Continue to enhance data quality and monitor ESG disclosures and associated strategy in coordination with the audit committee, in order to meet increasing expectations from stakeholders in the current complex legislative framework.
- Remain focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner.

4.10 Innovation and technology committee activities in 2023



Ana Botín
Chair of the innovation and technology committee

"We aim to be the best open financial services platform by acting responsibly. We continued our work on enhancing our technology capabilities to drive the improvement of our customer's experience when banking with us, while delivering significant efficiencies through cutting-edge technologies and end-to-end automation. In this regard, we remained focused on overseeing the execution and progress of One Transformation and its overall alignment with the 2023 Investor Day targets and the Group's strategy.

Cybersecurity and data strategy remained a top priority of our agenda during the year, recognising the importance of having adequate defences and security controls in place against increasing threats; and how data contributes to improve business growth and customer experience.

In addition, we addressed the challenges and opportunities that artificial intelligence poses to the Group, ensuring that its use promotes effective risk management. In the coming year, we will continue to focus on how innovation and technology can help us deliver on our strategic ambitions, particularly linked to our newly created Retail & Commercial Banking and Digital Consumer Bank global businesses.

An appropriate mix of members' skills ensured that the committee remained well positioned to fulfil its responsibilities and operate effectively. I would like to thank Bruce Carnegie-Brown, who left the committee in October 2023, for his hard work, contribution, and commitment."

COMPOSITION

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

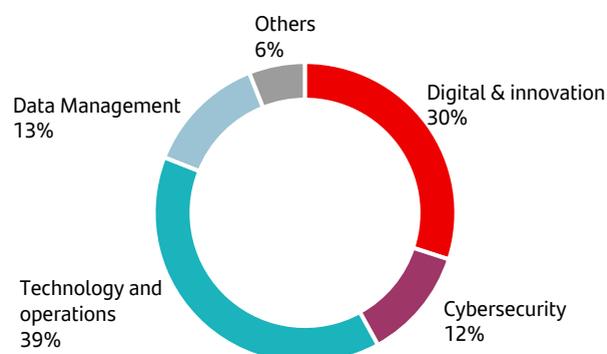
A. Committee Chair since 19 April 2022.

The board of directors appointed the committee's members based on their expertise, skills and experience in the matters the committee handles. For more details, see section 4.1 'Our directors' and 'Board and committees skills and diversity matrix' in section 4.2.

TIME ALLOCATION

In 2023, the committee held four meetings. See 'Board and committee preparation and attendance' in section 4.3 for members' attendance and the estimated average time each one spent on meeting preparation and attendance.

The chart below shows the committee's approximate time allocation in 2023:



Duties and activities in 2023

This section summarizes the innovation and technology committee's activities in 2023.

Duties	Actions taken
Digital & innovation	
Digital	<ul style="list-style-type: none"> • Monitored metrics in connection with the digital evolution and associated transformation, with a special focus on customer experience, simplification and efficiency. • Reviewed core digital strategies to transform the business and accelerate new businesses growth. • Reviewed strategic technological tools developed internally to further increase value creation across the Group, improving efficiency and driving appropriate synergies. • Reviewed the execution and progress of One Transformation and its overall alignment with our strategy and targets disclosed at the 2023 Investor Day.
Cloud	<ul style="list-style-type: none"> • Reviewed the cloud strategy focused on improving innovation, time-to-market and efficiency with a business-based approach.
Innovation framework	<ul style="list-style-type: none"> • Reviewed the implementation of the technological and strategic plan and Group's innovation agenda, leveraging on our digital and data management capabilities. • Identified the challenges and capabilities in terms of innovation in order to increase end-to-end business agile transformation. • Identified new opportunities for accelerated innovation across the Group and increased the likelihood of success in new business models, technologies, systems and platforms.
Technology and operations	
Technology and operations (T&O)	<ul style="list-style-type: none"> • Assisted the board in supervising technological risks in coordination with the risk supervision, regulation and compliance and audit committees. • Reviewed the global technology strategy plan, reported to the board on T&O planning and activities, and ensured that T&O strategy was properly focused on the Group's relevant priorities, supervising its execution progress through defined top-level strategic KPIs, including those specific to the execution of One Transformation. • Endorsed the Group's core strategic technology priorities to integrate key digital capabilities, leveraging five pillars: agile, cloud, core systems evolution, artificial intelligence and deep technology related skills and data. • Continued to oversee the implementation of a new operating model and a common architecture. • Analysed the priorities of the T&O function and specifically, their alignment with the Group's ambition to become a 'digital bank with branches', with a special focus on the contact centres' contribution for such purposes and alternatives for further optimization, simplification and improvement of processes.
Cybersecurity	
Strategy	<ul style="list-style-type: none"> • Reviewed the cybersecurity strategy and the progress made on its main action lines: protecting the Group, bolstering its defences, and generating trust among stakeholders, customers, and society in general. • Monitored the status and progress made on the fraud prevention plan, including its associated impacts and the actions underway to further harmonize fraud prevention capabilities across the Group.
Risk management oversight	<ul style="list-style-type: none"> • Assisted the board in the supervision of cybersecurity risks in coordination with the risk supervision, regulation and compliance and audit committees. • Supervised defences against increasing threats and reviewed security controls and automated security processes. • Analysed cyber incidents and specific incidents outside the Group according to their relevance and impact, as appropriate. • Monitored closely the global cybersecurity threat landscape and continued to monitor the associated impacts of the Ukraine war and the conflict in the Middle East. • Received quarterly updates on cybersecurity risks, with a special focus on crisis simulation exercises and internal data leakage protection. • Reviewed external threats such as ransomware and analysed the strategy designed to shorten data recovery time and reduce its potential impact.
Data management	
Data management	<ul style="list-style-type: none"> • Reviewed data management strategy and the Models & Data unit's priorities for the year, focusing on the business model and how data contributes to improve the business growth and customer experience. • Reviewed the Group approach to artificial intelligence usage based on a specific governance and risk management framework.

Duties

Actions taken

Information for general meetings and corporate documents

Corporate documents for 2023	<ul style="list-style-type: none"> Prepared this activities report on 25 January 2024, which includes a performance review of the committee's functions and key priorities identified for 2024. The board of directors approved it on 19 February 2024.
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Achievement of 2023 objectives

The committee took these actions planned for 2023:

- Reviewed the Group innovation strategy, driving support and coordination to the global businesses and to the development of a global technological platform.
- Continued to review the effectiveness of data management and analytics as enablers for the Group to fulfil strategic priorities, focusing on the main business use cases and the use of the artificial intelligence considering the international advisory board's feedback, amongst others, to ensure appropriate support to the Group's strategy.
- Continued to strengthen the Group's cybersecurity and fraud ecosystems, proposing strategies to respond to a constantly changing threat environment, while creating additional commercial value and a safe environment for clients.
- Continued to assess and provide suggestions on initiatives, targets, commitments, KPIs and proposed metrics on cross-cutting projects that conformed with the Group's digital strategy, reviewing them to ensure full alignment with the operating model of the Group.
- Remained focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner. Specifically, the committee considered the findings and suggested areas for improvement resulting from the 2022 internal board effectiveness review concerning its remit.

2024 Priorities

The committee set the following priorities for 2024:

- Continue to support the Group's innovation strategy, aligned with our global businesses, to develop our five technological pillars, supported by our operating model, common architecture and global platforms.
- Continue to drive a culture of innovation that positions data and analytics at the core of our business strategy while meeting regulatory expectations on data management and taking advantage of the benefits of using artificial intelligence.
- Continue to evolve our cyber security defences, with a special focus on emerging threats, as well as to continue to monitor the implementation of the technology and operations transformation model.
- Remain focused on the overall effectiveness of the committee, ensuring that its role is discharged in the most tangible and effective manner.

4.11 International advisory board

Composition

Position		Background
Chair	Larry Summers	Former Secretary of the US Treasury and President Emeritus and Charles W. Eliot University Professor of Harvard University
Members	Sheila C. Bair	Former Chair of the Federal Deposit Insurance Corporation and former President of Washington College
	Mike Rhodin	Supervisory board member of TomTom and director of HzO. Former IBM Watson Senior Vice President
	Francisco D'Souza	Managing Partner and co-founder at Recognize
	James Whitehurst	Senior Advisor at IBM and former CEO of Red Hat
	George Kurtz	CEO and co-founder of CrowdStrike. Former Chief Technology Officer of McAfee
	Nadia Schadow	Former Deputy National Security Advisor for Strategy and former Assistant to the President of the United States
	Andreas Dombret	Former board member of Deutsche Bundesbank, of Supervisory Board of the ECB and of Bank International Settlements and former Vice Chair of Bank of America in Europe
	Carolyn Everson	Director at The Coca-Cola Company and The Walt Disney Company. Former chair of Instacart and former vice-president of Global Business Group at Facebook (Meta)
	Juan Ignacio Gallardo Thurlow	Chair of Organización Cultiba, Grupo Azucarero México and Grupo GEPP (PepsiCo bottling company in Mexico)
Secretary	Jaime Pérez Renovales	

Functions

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

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

Meetings

The international advisory board meets at least twice a year. In 2023, it met in May and October. It addressed key strategic trending topics for the near future within the overall context of our transformation agenda and our global-local organization with five global businesses. In particular, it covered specific topics such as the advantages and repercussion of the use of

artificial intelligence in the financial sector; our brand and its strategic implications; digital assets, crypto trends and business opportunities; the overall global business structure and the cyber threat landscape, amongst others.

4.12 Related-party transactions and other conflicts of interest

Related-party transactions

This section contains the related-party transactions report referred to in recommendation six of the CNMV's Corporate Governance Code, the audit committee prepared on 13 February 2024.

Directors, senior managers and shareholders

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

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

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

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

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

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

approved under the board's delegated authority and meet the audit committee's requirements.

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

In 2023, the audit committee found that no director or related party, in the terms of International Financial Reporting Standards, carried out transactions deemed 'significant' or material to Santander and the related party, or under non-market conditions.

The audit committee confirmed that all related-party transactions in 2023 had been performed correctly after conducting a bi-annual review on their conformity to the law, the Rules and regulations of the board and the conditions set by board resolution, and met the requirements to be considered fair, reasonable and under market conditions (see the audit committee activities report under section [4.5 'Audit committee activities in 2023'](#)).

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

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

Note [5.f\) 'Loans'](#) to the consolidated financial statements describes the direct risk Grupo Santander maintained with board members as at 31 December 2023. Those transactions are consistent with market conditions, have the same terms and conditions as transactions with employees, and allocate payments in kind where appropriate.

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

Intra-group transactions

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

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

Note 53 'Related parties' to the consolidated financial statements and note 47 'Related parties' to the individual financial statements state the balance of transactions with subsidiaries, affiliates, jointly-owned entities, directors, senior managers and related parties.

Other conflicts of interest

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

Directors and senior managers

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

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

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

In 2023, no director reported a conflict of interest with Santander. Nonetheless, there were 52 abstentions in votes on matters deliberated at board and committee meetings, including 28 instances where directors did not vote on resolutions on nominations, re-elections or board committee assignments; 10 instances concerning remuneration; four instances relating to a transaction between Banco Santander and a director or a close relative of a director; and 10 instances where directors removed themselves during the review of their status and suitability.

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

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

The CCSM also dictates that directors, senior managers and related parties should not trade Grupo Santander's securities within 30 days either from the time they are bought or sold or

before the quarterly, half-year or annual results are announced and published.

The CCSM can be found on our corporate website.

Group companies

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

In a conflict of interest with a listed subsidiary, Banco Santander, as the parent company, must consider the interests of all its subsidiaries and how the conflict may affect the long-term interests of the Group. Subsidiaries should also consider the interests of Grupo Santander when making decisions within their competence.

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

5. Senior management team

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

Name	Position	Profile
Maresh Aditya	GROUP CHIEF RISK OFFICER	Born in 1962, Maresh Aditya joined Grupo Santander in 2017 as Chief Operating Officer of Santander Holdings USA. He became Chief Risk Officer in 2018 and Chief Executive Officer of Santander Consumer USA in 2019. Previously, he had been Chief Risk Officer at Visa (2017-2019) and Chief Risk Officer of Retail & Mortgage Banking at JP Morgan, Capital One and Citibank. He was appointed Group Chief Risk Officer in 2023.
Daniel Barriuso	GLOBAL HEAD OF RETAIL & COMMERCIAL BANKING AND GROUP CHIEF TRANSFORMATION OFFICER	Born in 1973, Daniel Barriuso joined Grupo Santander in 2017 as Global Head of Cyber Security (CISO) and Fraud Prevention. In 2023, he was named Senior Executive Vice President, Chief Transformation Officer, and Global Head of Retail and Commercial Banking. Previously, he had held several executive roles at BP, Credit Suisse and ABN AMRO.
Alexandra Brandão	GROUP 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. She was Global Head of Knowledge and Development at the Grupo Santander Corporate Centre (2012-2016); Head of Human Resources (2016-2018); and Head of Commercial Management and Segments at Santander Portugal (2019-2020). She was appointed Group Head of Human Resources in 2021.
Juan Manuel Cendoya	GROUP HEAD OF COMMUNICATIONS, CORPORATE MARKETING AND RESEARCH	Born in 1967, Juan Manuel Cendoya joined Grupo Santander in 2001 as Senior Executive Vice President and Group Head of the Communications, Corporate Marketing and Research division. In 2016, he was appointed Vice Chair of the board of directors and Head of Institutional and Media Relations of Santander España. Previously, he had been Head of the Legal and Tax department of Bankinter, S.A. He is also a State Attorney for Spain.
José Doncel	GROUP CHIEF ACCOUNTING OFFICER	Born in 1961, José Doncel joined Grupo Santander in 1989 as Head of Accounting. He had also served as Head of Accounting and Financial Management at Banesto (1994-2013). He was appointed Senior Executive Vice President and Head of the Internal Audit division in 2013 and Group Chief Accounting Officer in 2014.
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 Banesto and was appointed CEO in 2006. Previously, he had served on the executive committee of Citigroup EMEA, as well as on the board of directors of Citigroup Capital Markets, Ltd and Citigroup Capital Markets UK. He was appointed Senior Executive Vice President of Global Corporate Banking in 2012 and Group Chief Financial Officer in 2015.
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. and was also General Counsel and secretary of the board of Santander Investment, S.A. and Banco Santander de Negocios, S.A. In 2002, he was appointed Vice General Counsel of Banco Santander. In 2013, he was Head of Banco Santander's Risk division. In 2014, he was appointed Group Chief Audit Executive. He is also a State Attorney for Spain.

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. (1993-1994). He worked as Senior Vice President and senior equity analyst at Oppenheimer & Co. (1994-1997), as well as director and senior equity analyst at Société Générale (1997-1999). He joined J.P. Morgan in 1999 and was subsequently appointed managing director and Head of Global Corporate Banking at J.P. Morgan Chase & Co. (2011-2017).
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 Banesto. Previously, she had been General Counsel at Aldeasa, S.A. She also was General Counsel at Bankinter, S.A., as well as independent director at Abertis Infraestructuras, S.A. In 2015, she was appointed Senior Executive Vice President of Banco Santander and Group Chief Compliance Officer until her appointment in 2019 as Group Head of Supervisory and Regulatory Relations. She is also a State Attorney for Spain.
Dirk Marzluf	GROUP CHIEF OPERATING & TECHNOLOGY OFFICER	Born in 1970, Dirk Marzluf joined Grupo Santander in 2018 as Senior Executive Vice President and Head of IT and Operations. Previously, he had held several roles at AXA Group, where he became CIO, leading the insurance group's technology and information security transformation and co-sponsoring its digital strategy. He also held global senior management roles at Accenture, Daimler Chrysler and Winterthur Group.
Víctor 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 until his appointment in 2017 as global Head of Wealth Management & Insurance. Previously, he held several management roles at McKinsey & Company, where he had become partner.
José Luis de Mora	GLOBAL HEAD OF DIGITAL CONSUMER BANK AND GROUP HEAD OF CORPORATE DEVELOPMENT AND FINANCIAL PLANNING	Born in 1966, José Luis de Mora joined Grupo Santander in 2003 to Head the Group's Strategic Plan Development and Acquisitions. In 2015, he was appointed Senior Executive Vice President and Group Head of Financial Planning and Corporate Development. In 2020, he was named Head of Consumer Finance (now Digital Consumer Bank). He was also Head of Strategy (2019-2023).
Jaime Pérez Renovales	GROUP GENERAL COUNSEL	See profile in section 4.1 'Our directors' .
Marjolein van Hellemond-Gerdingh	GROUP CHIEF COMPLIANCE OFFICER	Born in 1964, Marjolein van Hellemond-Gerdingh joined Grupo Santander in 2019 as Senior Executive Vice President and Group Chief Compliance Officer. Previously, she had been Chief Compliance Officer of several banking and financial entities such as NN Group, Zurich Insurance Company and De Lage Landen International B.V.

6. Remuneration

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

In addition, sections [6.4](#) and [6.5](#) sets out the directors' remuneration policy for 2024, 2025 and 2026, which is to be put to a vote at the general shareholders' meeting, which is binding.

The annual report on directors' remuneration and the directors' remuneration policy for 2024, 2025 and 2026 were approved by our board of directors on 19 February 2024. All directors were present at the time of vote casting and voted in favour.

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

6.1 Principles of the remuneration policy

Directors' remuneration in their capacity as such

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

Remuneration of directors for executive duties

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

- 1 Remuneration must be in line with shareholders and customers' interests, conducive to creating long-term value and compatible with our rigorous risk management, long-term strategy and values, as well as with maintaining a sound capital base.
- 2 Fixed remuneration must make up a significant proportion of total compensation.
- 3 Variable remuneration must reward performance for achieving individual, local company and, as the case may be, Group targets.

4 The global remuneration package and its structure must be competitive in order to attract and retain talent.

5 Remuneration decisions must be free of conflicts of interest and discrimination of any kind different from that based on the performance assessment of objectives and corporate behaviours. Remuneration must be free of gender-based bias and help eliminate inequalities that could result from it.

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

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

For more details, see section 6.3 about the policy's application in 2023 and section 6.4 about the remuneration policy for 2024 and subsequent years.

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

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

6.2 Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2023

A. Composition and limits

According to our Bylaws, the remuneration of directors in their roles consists of a fixed annual amount set at the general shareholders' meeting. This amount remains in effect until shareholders vote to amend it, even though the board may reduce it in the years it deems appropriate. At the annual general shareholders' meeting, remuneration for 2023 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 and other executives of the Group, subject to usual terms proportionate to its circumstances.

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

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

In 2023, we worked alongside an independent expert to conduct a comparative market analysis on the remuneration of non-executive board members at 20 banks across the world, including Santander's nine official peers. This analysis concludes that the high dedication of Santander's board members significantly exceeds the average time commitment of directors at the peer banks analysed, with the hourly rate thus standing between the 25th and the 50th percentile of the sample.

B. Annual allotment

Each director received the amounts for serving on the board and its committees and positions held in them included in the chart below for 2022 and 2023.

In accordance with the remuneration policy approved at the general shareholders' meeting on 31 March 2023, the annual allotment for board and committee membership (except for the executive committee) increased EUR 3,000 compared to the amounts for 2022. Applicable amounts were:

Amount per director in euros	2023	2022
Members of the board of directors	98,000	95,000
Members of the executive committee	170,000	170,000
Members of the audit committee	43,000	40,000
Members of the nomination committee	28,000	25,000
Members of the remuneration committee	28,000	25,000
Members of the risk supervision, regulation and compliance committee	43,000	40,000
Members of the responsible banking, sustainability and culture committee	18,000	15,000
Members of the innovation and technology committee	28,000	25,000
Chair of the audit committee	70,000	70,000
Chair of the nomination committee	50,000	50,000
Chair of the remuneration committee	50,000	50,000
Chair of the risk supervision, regulation and compliance committee	70,000	70,000
Chair of the responsible banking, sustainability and culture committee	50,000	50,000
Chair of the innovation and technology committee	70,000	70,000
Lead independent director ^A	110,000	110,000
Non-executive Vice Chair	30,000	30,000

A. Since 2015, Bruce Carnegie-Brown has been allocated EUR 700,000 (including annual allowances and attendance fees) in minimum total annual pay set for the lead independent director, for his services to the board and its committees, particularly as Chair of the nomination and remuneration committees and also as lead independent director; and for the required time and dedication to perform these roles. Bruce Carnegie-Brown has stepped down from his role of Lead Independent Director on 1 October 2023, when he has been succeeded in this position by Glenn Hutchins.

C. Attendance fees

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

The fees have not been modified since 2016. And for 2023, the board voted to keep the same amounts set out in the 2022 policy.

Attendance fees per director per meeting in euros	2023	2022
Board of directors	2,600	2,600
Audit committee and risk supervision, regulation and compliance committee	1,700	1,700
Other committees (excluding executive committee)	1,500	1,500

D. Breakdown of Bylaw-stipulated emoluments

Total director Bylaw-stipulated emoluments and attendance fees received in 2023 amounted to EUR 5.3 million (EUR 4.7 million in 2022). This is 11% less than the amount approved at the general meeting. The increase compared to the previous year is mainly due to the fact that the executive committee has incorporated Hector Grisi as CEO of the Bank, and the higher number of board meetings and commissions held in 2023 (15 board meetings in 2023 versus 14 in 2022 and 67 board committee meetings in 2023 versus 62 in 2022, excluding executive committee meetings). Each director earned the following amounts for these items:

		Amount in euros												
		2023											2022	
Directors	Category	Annual allotment									Total	Board and committee attendance fees	Total By-law stipulated emoluments and attendance fees	
		Board ^G	EC	AC	NC	RC	RSRCC	RBSCC	ITC					
Ana Botín	Executive	98,000	170,000	—	—	—	—	—	98,000	366,000	45,000	411,000	379,900	
Héctor Grisi ^A	Executive	98,000	170,000	—	—	—	—	28,000	296,000	43,500	339,500	—		
José Antonio Álvarez	Other external	128,000	170,000	—	—	—	—	28,000	326,000	45,000	371,000	329,400		
Bruce Carnegie-Brown	Independent	203,000	127,500	—	78,000	65,500	—	—	21,000	495,000	81,000	576,000	700,000	
Homaira Akbari	Independent	98,000	—	43,000	—	—	—	18,000	28,000	187,000	78,000	265,000	243,800	
Javier Botín ^B	Other external	98,000	—	—	—	—	—	—	98,000	39,000	137,000	128,800		
Sol Daurella	Independent	98,000	—	—	28,000	28,000	—	18,000	—	172,000	76,500	248,500	229,800	
Henrique de Castro	Independent	98,000	—	43,000	—	28,000	—	—	28,000	197,000	86,800	283,800	261,100	
Gina Díez	Independent	98,000	—	—	28,000	—	—	16,550	—	142,550	67,500	210,050	171,800	
Luis Isasi	Other external	98,000	170,000	—	—	28,000	43,000	—	—	339,000	77,800	416,800	411,600	
Ramiro Mato	Independent	98,000	170,000	43,000	—	—	43,000	68,000	—	422,000	95,600	517,600	499,800	
Belén Romana	Independent	98,000	170,000	43,000	—	—	113,000	18,000	28,000	470,000	101,600	571,600	549,300	
Pamela Walkden	Independent	98,000	—	113,000	—	—	43,000	—	—	254,000	86,600	340,600	323,000	
Germán de la Fuente	Independent	98,000	—	43,000	—	—	43,000	—	—	184,000	86,600	270,600	136,683	
Glenn Hutchins ^C	Independent	192,600	—	—	28,000	40,500	—	—	28,000	289,100	82,500	371,600	9,689	
Álvaro Cardoso ^D	Independent	—	—	—	—	—	—	—	—	—	—	—	38,601	
R. Martín Chávez ^E	Independent	—	—	—	—	—	—	—	—	—	—	—	146,447	
Sergio Rial ^F	Other external	—	—	—	—	—	—	—	—	—	—	—	131,400	
		1,699,600	1,147,500	328,000	162,000	190,000	285,000	138,550	287,000	4,237,650	1,093,000	5,330,650	4,691,121	

A. Member of board of directors since 1 January 2023.

B. All amounts received were reimbursed to Fundación Botín.

C. From 1 October 2023 the Lead Independent Director, non-executive Vice Chair and Chair of remuneration committee is Mr. Glenn Hutchins, succeeding Mr. Carnegie-Brown.

D. Stepped down as director on 1 April 2022.

E. Stepped down as director on 1 July 2022.

F. Stepped down as director on 1 January 2023.

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

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

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

RSRCC: risk supervision, regulation and compliance committee. RBSCC: responsible Banking, sustainability and culture committee. ITC: innovation and technology committee.

6.3 Remuneration of directors for executive duties

The policy on directors' remuneration for executive duties in 2023 was approved by the board of directors and put to a binding vote at the 2023 general shareholders' meeting, with 90.78% votes in favour. The table below summarizes the remuneration policy of Ana Botín and Héctor Grisi.

Component	Type	Policy	Effective in 2023
Gross annual salary	Fixed	→ Paid in cash on a monthly basis.	Ana Botin: EUR 3,271 thousand. Héctor Grisi: EUR 3,000 thousand.
Variable remuneration	Variable	<ul style="list-style-type: none"> → Individual benchmark reference → Calculated against annual quantitative metrics, a multiplier and a qualitative assessment, and taking into account individual performance. → 50% of each payment is instruments, consisting of Banco Santander, S.A instruments, and restricted stock units (RSUs) of PagoNxt, S.A., split as: <ul style="list-style-type: none"> ◦ the amount of PagoNxt RSUs set for each executive director; and ◦ the rest, all in shares of Banco Santander, S.A. → The number of instruments is set at the time of the award. → 40% paid in 2024. → 60% deferred in five years. <ul style="list-style-type: none"> ◦ 24% paid in equal parts in 2025 and 2026. ◦ 36% paid in equal parts in 2027, 2028 and 2029, provided certain long-term objectives are met (2023-2025). 	<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	→ Annual contribution of 22% of base salary.	• No changes.
	Variable	→ Annual contribution of 22% of 30% of the average of variable remuneration in the last three years.	• 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 for the Executive Chair 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"> • Regarding fixed remuneration supplement, no change for Ana Botín since 2018. • Héctor Grisi will not receive supplement in his fixed remuneration.
		→ Payment for non-compete commitment	No changes.
Shareholding policy	N/A	→ Executive directors also have the obligation to hold them for three years from their award date, unless the director already holds shares for an amount equivalent to 200% of their net annual salary (calculated on the basis of their gross annual salary). In such case, the regulatory obligation to hold shares is for one year from their grant date.	<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. • Both Ana Botín and Héctor Grisi maintain an amount in shares higher than 200% of their fixed pay.

A. Gross annual salary

After five years with no review of gross annual salary, the board resolved that Ana Botín's gross annual salary would increase a 3% in respect of 2022. In turn, the board approved for Héctor Grisi (new CEO with effect from 1 January 2023), a gross annual salary of EUR 3 million, which means he will maintain a similar total fixed remuneration amount as his predecessor.

It also maintained the fixed pension contribution of 22% of gross annual salary it had agreed in 2022 for 2023.

Executive directors' gross annual salary and fixed annual contribution to pensions for 2023 and 2022 were as follows:

EUR thousand	2023			2022		
	Gross annual salary	Fixed annual pension contribution	Total ^A	Gross annual salary	Fixed annual pension contribution	Total ^A
Ana Botín	3,271	720	3,991	3,176	699	3,875
Héctor Grisi	3,000	660	3,660	—	—	—
José Antonio Álvarez	—	—	—	2,541	559	3,100
Total	6,271	1,380	7,651	5,717	1,258	6,975

A. Additionally, Ana Botín received in 2023 and 2022 EUR 525 thousand as a fixed remuneration supplement, as disclosed in section B) i) b) of 6.4, Director's remuneration for 2024. José Antonio Álvarez received in 2022 EUR 710 thousand for this concept. Héctor Grisi did not receive fixed remuneration supplement.

B. Variable remuneration

i) General policy for 2023

The board approved the executive directors' variable remuneration on the remuneration committee's recommendation, according to the policy approved at the general shareholders' meeting:

- Variable components¹ (including the variable part of the contributions to the benefit systems) of executive directors' total remuneration in 2023 should amount to less than 200% of fixed components, as established by resolution of the general shareholders' meeting on 31 March 2023.
- At the beginning of 2024, on the remuneration committee's recommendation, the board approved the final amount of the 2023 incentive, based on the set bonus pool in accordance with the directors' remuneration policy approved at the general shareholders' meeting on 31 March 2023, in consideration of:
 - Short-term quantitative metrics measured against annual objectives.
 - A relative performance multiplier versus market which would multiply by 0.7 to 1.3 the result of the quantitative metrics above.
 - A qualitative assessment that cannot adjust the result above 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 target variable remuneration according to the current model and (i) their individual objectives (which generally match the Group's and cover financial, risk management and solvency position, as well as fostering the global initiatives PagoNxt and Digital Consumer Bank (and the CIB, Wealth and Commercial businesses); and accelerating the transformation of the Bank into One Santander, with a special focus on IT, people and the responsible banking agenda); and (ii) how they achieve them in consideration of how they manage employees and follow the corporate values.



A. Any exceptional adjustment supported by evidence

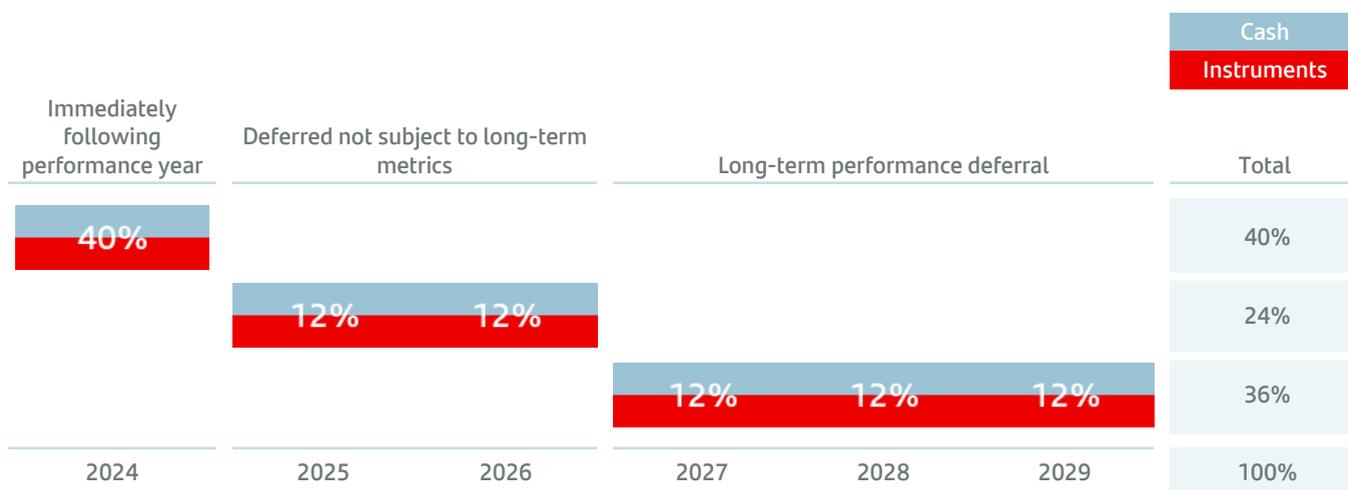
Quantitative metrics and qualitative assessment aspects are described below.

- Payment of the approved incentive is split equally into cash and instruments, the latter as follows:
 - EUR 500,000 and EUR 420,000 in PagoNxt, S.L. RSUs for Ana Botín and Héctor Grisi, respectively.
 - The rest, all in instruments of Banco Santander. The executive director must decide between receiving such amount all in shares, or receiving in equal parts shares and share options of Banco Santander. In 2023, both executive directors chose to receive them all in shares.
- 40% is paid in 2024, 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:

¹ As indicated in the first chart in section 6.3 pension contributions include both fix and variable components, the latter of which also form part of total variable remuneration.

- The deferred amount payable in 2025 and 2026 (24% of the total), will be paid if none of the malus clauses described below are triggered.
- The deferred amount payable in 2027, 2028 and 2029 (36% of the total), will be paid if the malus clauses are not triggered and the multi-year targets described below are reached. These targets can reduce these amounts and the number of deferred instruments, or increase them up to a maximum achievement ratio of 125%, so executives have the incentive to exceed their targets.
- When the deferred amount is paid in cash, the beneficiary may be paid the amount adjusted for inflation up to the date of payment.
- All payments in shares are subject to a three year retention period, unless the director already holds shares for an amount equivalent to twice his/her annual fix remuneration, in which case the shares would be subject only to the regulatory one year retention period obligation.
- The hedging of the instruments received during the retention and deferral periods is expressly prohibited.

The 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 2023

Executive directors’ variable remuneration for 2023 has been based on the corporate centre executives’ common bonus pool, which calculation comes from the quantitative metrics, a relative performance multiplier versus market and qualitative assessment approved by the board at the beginning of 2023 on

the remuneration committee’s recommendation. This also takes into account the input from the human resources committee, which for this purpose counts on the participation of the senior management in charge of the group’s Risk, Compliance, Audit, Human Resources and Legal and Financial accounting and control functions, who among others provided input on risk, solvency, liquidity, results’ quality and recurrence, and compliance and control. The results for the bonus pool (shown in the chart below) resulting from the process above and reviewed and approved by the board, upon recommendation from the remuneration committee, are shown in the chart below.

A. Quantitative metrics ^A			
Category and (weight)	Targets	Achievement over target	Assessment
Transformation: (45%)	Total customers (growth) (10%)	Target: 8.83 million. Achievement: 11.05 million.	125.17%
	Active customers (growth) (10%)	Target: 5.43 million. Achievement: 5.43 million.	100.03%
	Revenue per active customer (10%)	Target: EUR 572. Achievement: EUR 597.	104.46%
	Operative cost per active customer (15%)	Target: EUR 251.10. Achievement: EUR 264.	94.82%
Capital (30%)	CET1 ratio	Target: 12.45%. Achievement: 12.54%	125.19%
Profitability (25%)	RoTE (Return on tangible equity)	Target: 15.72%. Achievement: 15.39%.	97.92%
TOTAL metrics			109.22%

A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as extraordinary impacts of macroeconomic environment, impairments, restructuring procedures or regulatory changes) 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.

B. MULTIPLIER (relative performance vs. market)	Net interest margin (NIM), cost to income, CoR, NPLs, net promoter score (NPS) and Net Margin after provisions as references.	Santander registered record results in 2023, which enabled us to climb to second in the ranking for net margin after provisions. Moreover, the Group outperformed its peers in terms of capitalization, with an increase of 45% in the measuring period, which is well above our major competitors' 21% average. Regarding subsidiaries, Spain (NIM and NPS) and Portugal (practically all metrics) were among the top performers, as well as Digital Consumer Bank (NIM and cost to income).	1.02
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C. Qualitative assessment		
Indicators	Level of achievement	Assessment
Risk (+/- 5%)	Strengthened the control environment and escalation, especially for non-financial risks (fraud, budgeting), market risk and structural risk (management of the US banking crisis). Significant progress with strategic and transformation initiatives, and further integration of advanced risk management techniques (automated decision-making, machine learning, and artificial intelligence).	+3.20%
Compliance (+/- 5%)	General enhancement of the control environment, most notably in relation to regulatory compliance. Progress with the implementation of strategic and transformation initiatives (vulnerable customer strategy and branch conduct rating, among others).	+2.60%
Network Collaboration (+/- 10%)	In 2023, our strategic focus involved the commitment by the global businesses, regions and subsidiaries and cross-cutting functions to work together. Thanks to our unique combination of a global scale with local leadership and a network that creates value for the Group, we nurtured relationships between subsidiaries and regions by sharing expertise and ways of working. In 2023 we monitored performance indicators that showed an increase in cooperation between the global businesses, subsidiaries and support functions, who worked together to create synergy and share best practice in pursuit of our goal to become ONE Santander.	+2.73%
ESG targets (+/- 5%)	(i) We made headway with our target on the percentage of women in senior executive positions — up from 29.3% in 2022 to 31.4% in 2023; (ii) we financially included 1.8 million people through our access and finance programmes; (iii) we raised or facilitated over EUR 22,000 million in green finance and reached EUR 67,700 million in socially-responsible assets under management; (iv) we set new targets for our auto manufacturing and auto lending portfolios, as well as decarbonization plans for key retail portfolios; and (v) we continued to enhance the quality control of our sustainability disclosures.	+3.40%
TOTAL qualitative assessment		+11.93%
D. Exceptional adjustment approved by board of directors upon recommendation of remuneration committee	Following the same rationale applied to the discretionary decreases of 14.5% of the bonus pools of 2019 and 2021 due to worse total shareholder returns, and taking into account the record attributable profit obtained (11,076 million euros, +15% compared to 2022) and the very high shareholders return (+40.5%, beating the average of our peer group by 5%), the board of directors, upon the recommendation of the remuneration committee, agreed to set the same bonus pool (138.91%) as in 2022, thus making an exceptional upward adjustment of +15.57%	+15.57%

Final bonus pool 2023	138.91%
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To the total result obtained in the year by the quantitative metrics (109.22%), the result of the multiplier is applied (1.02) and the ones relative to the qualitative evaluation (+11.93%) and the adjustment (+15.57%) are added:

$$(A \times B) + C + D = \text{Final bonus pool result in 2023}$$

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

iii) Determination of the individual variable remuneration for executive directors set in 2023

The board approved executive directors' variable remuneration on the remuneration committee's recommendation based on the policy mentioned in the paragraphs above and the result of the quantitative metrics and qualitative assessment described above.

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

- The Group's ONP² for 2023 was not more than 50% less than for 2022. Otherwise, variable remuneration would not have been greater than 50% of the benchmark incentive.

² 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.

- 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 in 2023 as in 2022 and established a variable remuneration target for Hector Grisi of EUR 4,200 thousand (aligned with that of his predecessor José Antonio Álvarez).

Variable contributions to pensions were not modified in 2023, so the amounts are the 22% of the 30% of the last three assigned bonus' average. This means complying with Circular 2/2016 of the Bank of Spain, standard 41, on pension benefits, by which a part of not less than 15% must be based on variable components.

Breakdown of immediately payable and deferred remuneration

In 2023, Santander's strong performance and excellent execution of our strategy enabled us to deliver record attributable profit of EUR 11,076 million (+15,3% compared to 2022 results) and a capital ratio of 12.3% (achieving our public target). We also achieved a very high total shareholder return of +40.5% (5% above the average of our official group of nine peers³ in relative terms). Because of the double digit growth in net profit coupled with the highest TSR in the last 14 years, the board approved to maintain the same bonus pool as in 2022, at

138.91%, for which an extraordinary adjustment of +15.57% was made, in the same manner as the 2021 and 2019 pools were both reduced by extraordinary adjustments (due to worse shareholders return), with a combined impact of -30%.

As a result, and considering the exceptional contribution made by the Chairman and the CEO to the achievement of these exceptional results, on the basis of the pool detailed above, and taking into consideration the fulfillment of their individual objectives, the board of directors, upon recommendation of the remuneration committee, approved the variable remuneration disclosed below, which means an increase of 5% of the Executive Chair's total compensation vs 2022, and a reduction of 9% in the case of Héctor Grisi (compared to his predecessor).

Furthermore, the ratio of executive directors' total remuneration to underlying attributable profit fell from 0.23% in 2022 to 0.19% in 2023, as shown in section 6.3.I.

The immediately payable variable remuneration in deferred amounts not contingent on long-term metrics and variable remuneration deferred and contingent on long-term objectives approved by the board of directors, following a proposal by the remuneration committee resulting from the aforementioned process are:

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

EUR thousand	2023				2022				
	In cash	In shares ^A	In RSUs ^A	Total	In cash	In shares ^B	In share options ^B	In RSUs ^B	Total
Ana Botín	2,848	2,648	200	5,696	2,702	1,229	1,229	243	5,403
Héctor Grisi	1,952	1,784	168	3,904	—	—	—	—	—
José Antonio Álvarez	—	—	—	—	1,823	830	830	164	3,647
Total	4,800	4,432	368	9,600	4,525	2,059	2,059	407	9,050

A. The amounts in the foregoing table correspond to a total of 1,168 thousand shares of Banco Santander and 6 thousand RSUs of PagoNxt, S.L.

B. The amounts in the foregoing table correspond to a total of 667 thousand shares in Banco Santander, 1,795 thousand share options and 8 thousand RSUs in 2022 for Ana Botín and José Antonio Álvarez.

The following chart states deferred variable remuneration at fair value, which will only be received in 2027, 2028 and 2029 if the long-term multi-year targets are met (see section 6.3 B iv)) and beneficiaries continue to be employed at Grupo Santander, in accordance with the terms approved in the general shareholders' meeting, and no circumstances triggering malus clauses occur⁴:

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

EUR thousand	2023				2022				
	In cash	In shares ^A	In RSUs ^A	Total	In cash	In shares ^B	In share options ^B	In RSUs ^B	Total
Ana Botín	1,121	911	210	2,243	1,064	404	404	255	2,128
Héctor Grisi	769	592	176	1,537	—	—	—	—	—
José Antonio Álvarez	—	—	—	—	718	273	273	172	1,436
Total	1,890	1,504	386	3,780	1,782	677	677	428	3,564

A. The number of shares in the table total 396 thousand shares of Banco Santander and 6 thousand RSUs of PagoNxt S.L.

B. 219 thousand shares, 590 thousand share options and 9 thousand RSUs of PagoNxt S.L. in 2022.

³ Peer group: BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotia Bank and Unicredit.

⁴ 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.

Fair value has been determined on the grant date based on the valuation of an independent expert, Willis Towers Watson. Based on the design of the plan for 2023 and success levels of similar plans at peer entities, the fair value was considered to be 70% of total value linked to long-term objectives assigned.

The maximum amount of shares to be delivered under the plan is within the maximum amount of the award to be delivered in shares (EUR 11.5 million) approved by 2023 general shareholders' meeting for executive directors. This number of shares has been calculated with the weighted average daily volume of weighted average listing prices of Banco Santander shares in the 50 trading sessions prior to the Friday (not inclusive) before 30 January 2024 (the date on which the board approved the 2023 bonus for executive directors), which was EUR 3.793 per share. According to an independent experts' valuation, the price per PagoNxt, S.L. RSU equals EUR 60.34.

iv) Multi-year targets linked to the payment of deferred amounts in 2027, 2028 and 2029

The multi-year targets linked to the payment of the deferred amounts payable in 2027, 2028 and 2029 are:

Metrics	Weight	Target and compliance scales (metrics ratios)
A Banco Santander's consolidated Return on tangible equity (RoTE) target in 2025	40%	If RoTE in 2025 is $\geq 17\%$, then metric ratio is 1.5 If RoTE in 2025 is $\geq 14\%$ but $< 17\%$, then metric ratio is $0 - 1.5^B$ If RoTE in 2025 is $< 14\%$, then metric is 0
B Relative Total Shareholder Return (TSR) ^A in 2023-2025 within a peer group	40%	If ranking Santander above or equal percentile 100, then metric ratio is 1.5 If ranking Santander between percentiles 75 and 100 (not inclusive), then metric ratio is $1 - 1.5^C$ If ranking Santander between percentiles 40 and 75 (not inclusive), then metric ratio is $0.5 - 1^C$ If ranking Santander below percentile 40, then metric ratio is 0
Four ESG (environmental, social and governance) metrics with same weighting		1) If % women in senior executive positions in 2025 is $\geq 36\%$, then metric ratio is 1.25 If % women in senior executive positions in 2025 is $\geq 35\%$ but $< 36\%$, then metric ratio is $1 - 1.25^D$ If % women in senior executive positions in 2025 is $\geq 29.3\%$ but $< 35\%$, then metric ratio is $0 - 1^D$ If % women in senior executive positions in 2025 is $< 29.3\%$, then metric ratio is 0
		2) If number of banking proposals or tailored finance ^E between 2023 and 2025 (in million) is ≥ 6 , then metric ratio is 1.25 If number of banking proposals or tailored finance ^E between 2023 and 2025 (in million) is ≥ 5 but < 6 , then metric ratio is $1 - 1.25^D$ If number of banking proposals or tailored finance ^E between 2023 and 2025 (in million) is ≥ 3 but < 5 , then metric ratio is $0 - 1^D$ If number of banking proposals or tailored finance ^E between 2023 and 2025 (in million) is < 3 , then metric ratio is 0
		3) a. If green finance raised and facilitated ^F target between 2019 and 2025 (in euro billions) is ≥ 240 , then metric ratio is 1.25 If green finance raised and facilitated ^F target between 2019 and 2025 (in euro billions) is ≥ 220 but < 240 , then metric ratio is $1 - 1.25^D$ If green finance raised and facilitated ^F target between 2019 and 2025 (in euro billions) is ≥ 160 but < 220 , then metric ratio is $0 - 1^D$ If green finance raised and facilitated ^F target between 2019 and 2025 (in euro billions) is < 160 , then metric ratio is 0
		3) b. If socially responsible investments ^G (in euro billions) in 2025 is ≥ 102 , then metric ratio is 1.25 If socially responsible investments ^G (in euro billions) in 2025 is ≥ 100 but < 102 , then metric ratio is $1 - 1.25^D$ If socially responsible investments ^G (in euro billions) in 2025 is ≥ 53 but < 100 , then metric ratio is $0 - 1^D$ If socially responsible investments ^G (in euro billions) in 2025 is < 53 , then metric ratio is 0
C $(1/4 \times \text{Coefficient 1} + 1/4 \times \text{Coefficient 2} + 1/4 \times \text{Coefficient 3} + 1/4 \times \text{Coefficient 4})$ On which: Coefficient 3: $(0.7 \times \text{Subcoefficient 3.a}) + (0.3 \times \text{Subcoefficient 3.b})$	20%	4) If credit risk exposure with customers affected by the thermal coal ^H (in euro billions) in 2025 is ≤ 3.8 , then metric ratio is 1.25 If credit risk exposure with customers affected by the thermal coal ^H (in euro billions) in 2025 is < 5.8 but > 3.8 , then metric ratio is $1 - 1.25^D$ If credit risk exposure with customers affected by the thermal coal ^H (in euro billions) in 2025 is $= 5.8$, then metric ratio is 1 If credit risk exposure with customers affected by the thermal coal ^H (in euro billions) in 2025 is > 5.8 , then metric ratio is 0

A. TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2023 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2026 (exclusive) (to calculate the final value). The peer group consists of BBVA, BNP Paribas, Citi, Cr dit Agricole, HSBC, ING, Ita , Scotia Bank and Unicredit.

B. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2025 within this bracket of the scale.

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

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

E. Banking proposals for unbanked and underbanked regarding access to basic financial services (i.e.: cash-in/cash-out services in remote locations) or tailored finance (i.e.: for micro-entrepreneurs to set up or grow a business or customers in financial distress).

F. Grupo Santander's contribution to green business: SCIB, Retail & Commercial banking and Digital Consumer Bank. It is measured with cumulative data since 2019.

G. Funds registered under article 8 and 9 (SFDR) in the EU, including third-party funds and SAM's Latin American funds that meet equivalent criteria.

H. Credit risk exposure with customers affected by the thermal coal 2030 phase-out target: power generation customers with more than 10% of revenues coming from thermal coal and thermal coal-mining customers.

To determine the annual amount of the deferred portion linked to objectives corresponding to each board member in 2027, 2028 and 2029, the following formula shall be applied to each of these payments ('final annuity') without prejudice to any adjustment deriving from the malus clauses:

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

where:

- 'Amt.' is one third of the variable remuneration amount deferred conditional on performance (i.e. Amt. will be 12% of the total variable pay set in early 2024).
- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2025.
- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2023- 2025.
- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the four Responsible Banking targets for 2025 described above.
- In any event, if the result of $(2/5 \times A + 2/5 \times B + 1/5 \times C)$ is greater than 1.25, the multiplier will be 1.25.

v) Malus and clawback

Deferred amounts (whether or not contingent on multi-year targets) will be earned if the beneficiary continues to work with the Group⁵, and none of the circumstances triggering malus clauses 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 2023 can be clawed back until the beginning of 2030.

Malus and clawback clauses are triggered by poor financial performance of Banco Santander, a division or area, or exposures from staff as a result of an executive(s)'s management of, at least, one of these factors:

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

In addition to the existing policy on malus and clawback clauses of our remuneration policy, the board of directors of Banco Santander at its meeting held on 28 November 2023, following the proposal from the remuneration committee on 27 November 2023, approved an addendum to our remuneration policy to comply with the new SEC (US Securities and Exchange Commission) regulations relating to the recoupment of compensation erroneously received by the executive directors of Banco Santander, S.A., and senior management, in the event of a financial restatement (according to the regulation) resulting from material noncompliance with financial reporting requirements under federal securities laws. The new addendum to our remuneration policy, entitled "Financial Statement Restatement Compensation", is included as an exhibit to our Annual Report on Form 20-F report filed with the SEC.

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 2030. Therefore, the board determines the specific deferred incentive amount to be paid as well as any amount that could be subject to clawback, upon on the remuneration committee's recommendation and depending on the level of compliance with the conditions for applying malus clauses.

⁵ 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 Grupo Santander, 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.

C. Main features of the benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012, which covers contingencies due to retirement, disability and death.

According to the 2012 system, contracts for Ana Botín 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 replaced their previous right to receive a pension supplement in the event of retirement.

The initial amount Ana Botín in the new defined contribution pension scheme corresponded to the market value of the assets for which the provisions for due obligations were recognized when the previous pension commitments had been transferred to the new pension scheme.

Every year since 2013, Banco Santander has been contributing to the pension scheme for executive directors and other members of the executive team in proportion to their pensionable bases until their departure from the Group, retirement, death or disability. In general terms, the pensionable base for executive directors is the sum of fixed remuneration plus 30% of the average of their last three variable remuneration amounts. Contributions will be 22% of pensionable bases in all cases. For Héctor Grisi, CEO from 1 January 2023, since he has not been in the position for three years, the calculation of the variable portion was done using his gross variable remuneration in that financial year.

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.

The provisions recognised in 2023 for retirement pensions amounted to EUR 2,110 thousand (EUR 1,892 thousand in 2022), as broken down below.

EUR thousand	2023	2022
Ana Botín	1,144	1,081
Héctor Grisi	966	—
José Antonio Álvarez	—	811
Total	2,110	1,892

The amounts corresponding to each director as of 31 December 2023 and 2022 in the pension scheme are:

EUR thousand	2023	2022
Ana Botín	49,257	46,725
Héctor Grisi	585	—
José Antonio Álvarez	19,495	18,958
Total	69,338	65,683

D. Other remuneration

Grupo Santander also takes out insurance policies for life, health and other contingencies for its executive directors. This other remuneration component includes the fixed supplement approved for Ana Botín to replace the supplementary benefits from the pension scheme eliminated in 2018, in addition to the cost for insuring death or disability until they retire. Executive directors are also covered under the Group's civil liability insurance policy.

[Note 5](#) to the Group's consolidated financial statements describes other benefits received by executive directors in detail.

E. Shareholdings

In 2016, on the remuneration committee's recommendation, the board of directors approved a shareholding policy to better align executive directors with shareholders' long-term interests.

According to this policy, in addition to the executive directors' commitment to maintaining a significant holding of shares in the Group for as long as they have their role, executive directors have five years to demonstrate that their personal assets include shares in Banco Santander that amount (net of taxes) to twice their gross annual salary on that date. The following table show the ratio, with a share price of EUR 3.793:

	2023		X
	Gross annual salary (thousand)	Number of shares (thousand)	
Ana Botín	3,271	32,625	37.8
Héctor Grisi	3,000	1,694	2.1

Likewise, in addition to the regulatory obligation for executive directors not to sell the shares they receive as remuneration for a year from their award, which is included in the shareholding policy, and will apply to all cases, this policy has also been updated in 2020 to include the obligation for executive directors not to sell the shares they receive as remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her fix annual remuneration.

F. Remuneration of board members as representatives of Banco Santander

The executive committee has resolved that the remuneration received by executive 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 2023.

The following table includes the remuneration received by non-executive directors on a personal basis in other Group entities:

Director	Position	Remuneration
Homaira Akbari	Member of the board of Santander Consumer USA Holdings, Inc.	USD 120 thousand (EUR 111 thousand)
	Member of the Board of PagoNxt, S.L.	EUR 200 thousand
Henrique de Castro	Member of the Board of PagoNxt, S.L.	EUR 200 thousand
José Antonio Álvarez	Member of the Board of PagoNxt, S.L.	EUR 200 thousand
	Member of the Board of Banco Santander (Brasil) S.A.	BRL 755 thousand (EUR 141 thousand)
Pamela Walkden	Member of the Santander UK, plc and Santander UK Group Holdings Limited	GBP 132 thousand (EUR 152 thousand)

Likewise, Luis Isasi was paid EUR 1,000 thousand for his role as non-Executive Chair of Santander España and for Santander España board and committees meetings (amount included in the chart below as "other remuneration" as it is paid by Banco Santander).

And finally, José Antonio Álvarez received a fixed remuneration of EUR 1,750 thousand as strategic adviser of Grupo Santander, as well as the life and health insurance contributions and the supplement for having waived the death and disability policy disclosed in the table in section G below.

G. Individual remuneration of directors for all items in 2023

Below is a breakdown of each director's short-term salary (payable immediately) and deferred remuneration not based on long-term performance for 2023 and 2022. Statistical information on remuneration required by the CNMV (9.5) and Note 5 to the Group's consolidated financial statements contains disclosures on shares delivered in 2023 under the deferred remuneration schemes of previous years where conditions for their delivery were met in the related years.

Directors	EUR thousand									
	2023									2022
	Bylaw-stipulated emoluments		Salary and bonus of executive directors					Pension Contribution	Other remuneration ^F	Total
Board and board committees annual allotment	Board and committee attendance fees	Fixed Salary	Immediate payment bonus (50% in instruments)	Deferred payment bonus (50% in instruments)	Total					
Ana Botín	366	45	3,271	3,560	2,136	8,967	1,144	1,022	11,544	11,001
Héctor Grisi ^A	296	44	3,000	2,440	1,464	6,904	966	47	8,257	—
José Antonio Álvarez	326	45	—	—	—	—	—	3,182	3,553	9,086
Bruce Carnegie-Brown	495	81	—	—	—	—	—	—	576	700
Homaira Akbari	187	78	—	—	—	—	—	—	265	244
Javier Botín ^B	98	39	—	—	—	—	—	—	137	129
Sol Daurella	172	77	—	—	—	—	—	—	249	230
Henrique de Castro	197	87	—	—	—	—	—	—	284	261
Gina Díez	143	68	—	—	—	—	—	—	211	172
Luis Isasi	339	78	—	—	—	—	—	1,000	1,417	1,412
Ramiro Mato	422	96	—	—	—	—	—	—	518	500
Belén Romana	470	102	—	—	—	—	—	—	572	549
Pamela Walkden	254	87	—	—	—	—	—	—	341	323
Germán de la Fuente	184	87	—	—	—	—	—	—	271	137
Glenn Hutchins	289	83	—	—	—	—	—	—	372	10
Álvaro Cardoso ^C	—	—	—	—	—	—	—	—	—	39
R. Martín Chavez ^D	—	—	—	—	—	—	—	—	—	147
Sergio Rial ^E	—	—	—	—	—	—	—	—	—	131
Total 2023	4,238	1,097	6,271	6,000	3,600	15,871	2,110	5,251	28,567	—
Total 2022	3,762	931	5,717	5,656	3,394	14,767	1,892	3,719	—	25,071

A. Member of board of directors since 1 January 2023.

B. All amounts received were reimbursed to Fundación Botín.

C. Stepped down as director on 1 April 2022.

D. Stepped down as director on 1 July 2022.

E. Stepped down as director on 1 January 2023.

F. Other remuneration includes for Luis Isasi EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings. For José Antonio Álvarez, this amount includes remuneration as strategic adviser of Grupo Santander, life and health insurance contributions (EUR 722 thousand) and the supplement for having waived the death and disability policy (EUR 710 thousand).

The following table provides each executive director's salary contingent on multi-year targets. It is only paid if they remain active in the group, malus clauses do not apply and set multi-year targets are achieved (as depending on their achievement, the amounts will be increased (limited to 125%), reduced, or even be zero, if the related minimum thresholds are not achieved):

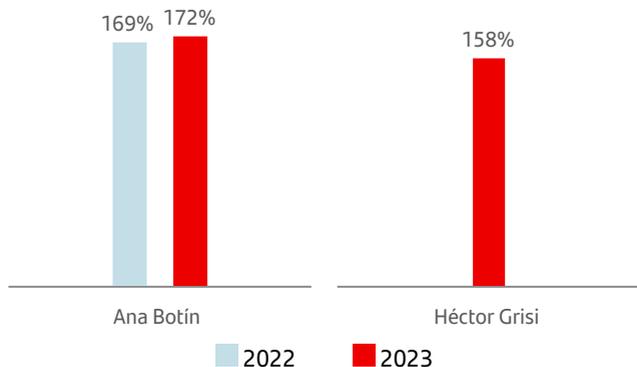
	EUR thousand ^A	
	2023	2022
Ana Botín	2,243	2,128
Héctor Grisi	1,537	—
José Antonio Álvarez	—	1,436
Total	3,780	3,564

A. Fair value of the maximum amount receivable over a total of 3 years (2027, 2028 and 2029), which was estimated when the plan was granted, based on several scenarios relating to variables in the plan during the measurement periods.

H. Ratio of variable to fixed pay components in 2023

At the 2023 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 2023. This ratio increased slightly from 2022 by 3 pp for Ana Botín.



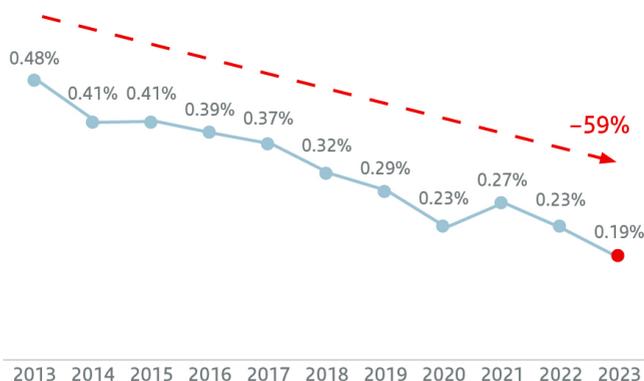
For these purposes:

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

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

This chart summarizes directors' compensation (short-term remuneration, deferred variable remuneration and/or deferred variable remuneration linked to multi-year targets included, excluding pension contributions) for executive duties in relation to underlying attributable profit. The weight of executive directors' remuneration relative to underlying attributable profit continues to decline since 2013.

Ratio of executive directors' total remuneration to underlying attributable profit



The following chart shows the comparative analysis between the directors' remuneration, the company performance (underlying profit attributable to the Group, audited profit before taxes and ordinary ROTe) and the average remuneration of Santander employees (other than directors and in a full time equivalent basis) in the last 5 years:

Directors' remuneration ¹ (EUR thousand)	2023	% var. 23/22	2022	% var. 22/21	2021	% var. 21/20	2020	% var. 20/19	2019
• Executive Directors									
Ana Botín	11,544	5%	11,001	(4)%	11,435	68%	6,818	(32)%	9,954
Héctor Grisi ^A	8,257	—							
• Non-Executive Directors²									
José Antonio Álvarez	3,553	(61)%	9,086	(1)%	9,160	52%	6,018	(27)%	8,270
Bruce Carnegie-Brown	576	(18)%	700	—	700	18%	595	(15)%	700
Javier Botín ^B	137	6%	129	—	129	6%	122	(11)%	137
Sol Daurella	249	8%	230	(4)%	239	12%	214	(11)%	240
Belén Romana	572	4%	549	3%	533	28%	417	(21)%	525
Homaira Akbari	265	9%	244	(2)%	248	23%	202	(11)%	226
Ramiro Mato	518	4%	500	—	499	16%	430	(14)%	500
Henrique de Castro	284	9%	261	(2)%	267	23%	217	152%	86
Pamela Walkden	341	6%	323	7%	303	42%	214	529%	34
Luis Isasi	1,417 ^E	—	1,412 ^E	—	1,406 ^E	49%	943	—	—
Gina Díez Barroso	211	23%	172	32%	130	—	4	—	—
Germán de la Fuente ^C	271	—	137	—	—	—	—	—	—
Glenn Hutchins ^D	372	—	10	—	—	—	—	—	—
Company's performance									
Underlying profit attributable to the Group (EUR mn)	11,076	15%	9,605	11%	8,654	70%	5,081	(38)%	8,252
Consolidated results of the Group ³ (EUR mn)	16,459	8%	15,250	5%	14,547	—	(2,076)	—	12,543
Ordinary RoTE	15.06%	13%	13.37%	5%	12.73%	71%	7.44%	(37)%	11.79%
Employees' average remuneration⁴ (EUR thousand)	58	3%	56	1%	56	18%	47	(12)%	54
Employees' average remuneration in Spain⁵ (EUR thousand)	73	6%	68	10%	62	(2)%	63	—	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.

3. Group operating profit/(loss) before tax.

4. Employee average remuneration includes all concepts, including other remuneration. Full-time equivalent data. Normally the increases or decreases in remuneration are greater for the executive directors, depending on the results of the entity, because the percentage of variable remuneration over fixed remuneration in an average employee is lower than that of the executive directors. Variable remuneration data accrued in the current year, both for employees and executive directors. Evolutive data also impacted by exchange rate performance in the group's geographies. Full time equivalent data considered.

5. Total employees in Spain geography. Fixed remuneration + effective bonus received in the year. Not included all concepts. Not impacted by exchange rates.

A. Member of board of directors since 1 January 2023.

B. All amounts received were reimbursed to Fundación Botín.

C. Director since 1 April 2022.

D. Director since 20 December 2022.

E. Includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

J. Summary of link between risk, performance and remuneration

Banco Santander's remuneration policy and its application in 2023 have promoted sound and effective risk management, at the same time as supported the fulfilment of long-term business objectives.

The key elements of the remuneration policy for executive directors making alignment between risk, performance and reward in 2023 were as follows:

Key words	Aspect aligning risk, performance and remuneration
Metrics balance	The balance of quantitative metrics and qualitative assessments, including customer, risk, capital and profitability in relation to risk, used to determine the executive directors' variable remuneration.
Financial thresholds	The adjustment to variable remuneration if certain financial thresholds are not reached, which may limit the variable remuneration to 50% of the previous year's amount or lead to it not being awarded at all.
Long-term objectives	The long-term objectives linked to the last three portions of the deferred variable remuneration. These objectives are directly associated with return to shareholders relative to a peer group, return on tangible equity (RoTE) and the five public targets linked to our Responsible banking agenda.
Individual performance	The discretion of the board to consider the performance of each executive director in the award of their individual variable remuneration.
Variable remuneration cap	200% of fixed remuneration.
Control functions involvement	The work undertaken by the human resources committee aided by senior managers leading Control functions in relation to the analysis of quantitative metrics information and undertaking qualitative analysis.
Malus and clawback	Malus can be applied to unvested deferred pay and clawback can be applied to vested or paid compensation under the conditions dictated by the Group's remuneration policy.
Payment in shares	At least 50% of variable pay is in instruments and subject to retention or prohibition from exercise of at least one year from their delivery.

6.4 Directors' remuneration policy for 2024, 2025 and 2026

Remuneration policy principles and remuneration system

A. Directors' remuneration in their capacity as such

Director's remuneration is regulated by article 58 of Banco Santander's Bylaws and article 33 of the Rules and regulations of the board of directors. For 2024, 2025 and 2026, no changes to the principles and composition of directors' remuneration for supervisory and collective decision-making duties are planned with respect of those in 2023. They are described in sections [6.1](#) and [6.2](#).

B. Executive directors' remuneration

Executive directors are entitled to be paid the remuneration (e.g., salaries, incentives, bonuses, severance payments for early termination from such duties, and amounts to be paid by Banco Santander for insurance premiums or contributions to savings schemes) deemed appropriate for performing executive functions following a proposal from the remunerations committee and by resolution of the board of directors, subject to the limits set by law.

While there are no planned changes to the principles on executive directors' remuneration for executive duties in 2024, 2025 and 2026 (sections [6.1](#) and [6.3](#)), changes to the corporate bonus scheme are being proposed as detailed below.

With the aim of simplifying the system, the number of steps for setting the yearly variable remuneration is reduced by converting the relative performance multiplier against the market into one of the elements of the qualitative assessment, instead of being an intermediate step between the result of quantitative metrics and the qualitative assessment.

However, to ensure that the multiplier is sufficiently relevant, its weight will be +/-10%, higher than the rest of the elements in the qualitative assessment (which will have a weight of +/-5%), after reducing the Network Collaboration item from +/-10% to +/-5% and merging compliance and risk into one.

Second, variable remuneration in 2024 for executive directors will be paid 50% in cash and 50% in instruments. The part to be received in instruments split as follows:

- EUR 500,000 and EUR 420,000 in PagoNxt, S.L. RSUs for Ana Botín and Héctor Grisi, respectively.
- The rest, all in shares of Banco Santander.

For the rest of the identified staff, variable remuneration will be paid 50% in cash and 50% in shares of Banco Santander.

Third, it is proposed to maintain the long-term performance metrics, prioritising in this way shareholder returns and the Group's profitability in the long-term, as well as sustainability of the balance sheet and its activities and how they are carried out. Therefore these metrics will be:

- Relative performance of Banco Santander's total shareholder return (TSR) compared to our peer group. Its weight will be 40% of the total.
- Return on tangible equity (RoTE), as an indication of long-term value creation. Its weight will be 40% of the total.
- Four ESG (environmental, social and governance) metrics linked to the progress we make on our targets to implement the Group's Responsible banking agenda. Their weight will be 20% of the total.

The maximum achievement ratio will remain at 125% so executives have the incentive to exceed their targets; however, the maximum achievement ratio for effectively paid remuneration will not exceed the thresholds approved at the AGM.

Additionally, with the aim of providing a strong alignment with PagoNxt's success, the Executive Chair and the Chief Executive Officer will continue to receive restricted stock units (RSUs) of PagoNxt, S.L.

The RSUs substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay.

Specifically, as regards 2024, Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

This plan is subject to the same principles of risk alignment, variable remuneration caps, deferrals and malus and clawback as the incentive which applies to executive directors described herein, but with payment being done in PagoNxt instruments.

Also, Banco Santander conducts an annual comparative review of executive directors' and top management remuneration. In 2024, the peers that comprise the review are BBVA, BNP Paribas, Citi, Crédit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit, based on their market capitalization, global scale, brand recognition, geographical diversification, business model and regulatory framework. The incorporation of US and Brazilian banks is justified by the strong presence of Banco Santander in those countries, where Santander is listed (in the New York Stock Exchange and Brazilian Stock Exchange of São Paulo).

Our findings show that Banco Santander does not award its executive directors any remunerative components outside of common market practice.

Principle of equal pay for equal work and equal employment conditions for Santander executives and employees
Santander applies the equal pay principle included in the Corporate remuneration policy of Grupo Santander for executive directors and employees alike, which forbids any type of differential treatment that is not exclusively based on an assessment of performance results and corporate behaviours, and promotes equal pay for men and women.

Furthermore, our remuneration framework rewards Santander employees for their contribution based on such common principles as:

- Meritocracy: Non-discrimination based on sex, age, culture, religion or ethnicity.
- Consistency: Remuneration consistent with the level of responsibility, leadership and performance within the Group, to promote retention of key professionals and attract the best talent.
- Sustainability: A remuneration framework that is sustainable in terms of associated costs, cost control, and related objectives (as described in the policy) that ensure variable remuneration is commensurate with the Group's performance, disincentivize short termism and promote long-term sustainability. The remuneration scheme for the 1,152 identified staff also includes deferrals of up to 60% of variable remuneration, payment 50% in Santander instruments (subject to one-year retention) and malus and clawback clauses.

Also, performance objectives for annual variable remuneration have included since 2020 ESG components aligned with our Responsible banking goals. From 2022, with the purpose of increasing focus on the Group's responsible banking agenda and highlight sustainability as a core long-term strategy, ESG metrics are included (described in the next section) for the last deferred variable remuneration payments.

- Social responsibility: Employees' pay cannot be lower than the legal minimum wage or the living wage in the country where they work. Additionally, in order to give our social responsibility prominence in remuneration, the Group's responsible banking objectives for employee remuneration include the people financially included metric.
- Performance-based pay: Variable remuneration is subject to the achievement of (i) annual objectives (set out in section 6.4.B.ii.B), which reflect customer and profitability strategy, promote proper risk management and cost-effective capital allocation, and discourage short-term management focus; and (ii) long-term objectives (see section 6.4.B.ii.B), which support a sustainable balance sheet, shareholder return, the Group's profitability and sustainability of the Group's activities and the way they are carried out.

Directors' remuneration for 2024

A. Directors' remuneration in their capacity as such

In 2024, directors, in their capacity as such, will receive remuneration for supervisory and collective decision-making duties for a total of up to EUR 6 million as authorised by the shareholders at the April 2023 AGM (which will again be put to a vote at the 2024 AGM). It consists of:

- annual allocation, and
- attendance fees.

The board of directors, upon recommendation of the remuneration committee, approved to maintain the same amounts for annual allotments as those initially established for 2023 disclosed in section 6.2.B and C above, except for the responsible banking, sustainability and culture committee

(RBSCC), which will be updated to EUR 28 thousand, thus equalizing its remuneration to other committees of mandatory existence, considering the importance and complexity of the matters addressed in it, such as the supervision of non-financial information, which the RBSCC carries out in coordination with the audit committee.

Also, since the attendance fees have not been reviewed since 2016, the board of directors, upon recommendation of the remuneration committee, approved an increase of 4% in respect of 2023. This increase is applied to compensate for the higher time commitment (as indicated at the beginning of section 6.2 above) of board members, compared to those of other comparable banking groups.

Both updates would mean an effective total rise in total director Bylaw-stipulated emoluments and attendance fees received of less than 2%.

The specific amounts and the form of payment are determined by the board of directors in the manner described in section 6.2 above, based on the objective circumstances of each director.

Additionally, as indicated in the description of the director remuneration system, Banco Santander will pay its directors' the corresponding civil liability insurance premium in 2024. The related policy is common to all executives and was taken out under usual market condition, proportionate to Banco Santander's situation.

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

i) Fixed remuneration components

A) Gross annual salary

On the remuneration committee's recommendation, and due to the excellent business results and total shareholder return in 2023, in order to ensure a competitive remuneration compared to other peer groups, the board resolved to increase 5% the annual salary for Ana Botín and Héctor Grisi in 2024. The average remuneration of the Group's staff in Spain has increased by 6% from 2022 to 2023 (+5% on a like for like basis).

Likewise, their gross annual salary amounts may increase owing to adjustments made to the fixed remuneration mix based on the criteria approved by the remuneration committee, provided this does not entail any cost increase for Banco Santander.

B) Other fixed remuneration components

- Benefit systems: defined contribution schemes as set out in section 'Benefit schemes'⁶.
- Supplement to fixed salary: Ana Botín will receive EUR 525,000 as a supplement to her fixed pay in 2023. This was approved in 2018 when the supplementary death and disability pension schemes were eliminated. Héctor Grisi will not receive any supplement of this kind.
- Social welfare benefits: executive directors will also receive social welfare benefits such as life insurance premiums, travel grants, medical insurance and the allocation of remuneration to employee loans, in accordance with Banco Santander's

general policy for senior management, and in the same terms as the rest of employees.

- Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee. This information can also be found under the 'Benefit plans' section.

ii) Variable remuneration components

The board approved the policy on executive directors' variable remuneration for 2024 on the remuneration committee's recommendation, based on the remuneration policy principles described under section 6.3.

Executive directors' variable remuneration consists of a single incentive scheme, linked to the achievement of short-and long-term objectives. It is structured as follows:

- The final amount of variable remuneration will be set at the start of the following year (2025) 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 2026 and 2027 on the condition that no malus clauses described under section 6.3 B v) are triggered.
 - The amount deferred over the next three years (36% of the total) will be paid in 2028, 2029 and 2030, 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 clawback incentives already paid in the cases and during the term set out in its malus and clawback policy, described under section 6.3 B v).

Exceptionally, when a new executive director joins Banco Santander, his/her variable pay may include a sign-on bonus and/or buyouts.

Variable components in executive directors' total remuneration for 2024 cannot exceed the limit of 200% of fixed components submitted for approval to the 2024 AGM. However, under EU regulations on remuneration, certain variable components can be excluded.

The proportion of fixed and variable remuneration elements of Banco Santander executive directors is due to the European regulation set out in the CRD V directive. In this sense, the setting of higher fixed amounts than other executive directors of non-EU banks within our peer group is due precisely to the non-requirement of this limit 2:1 of variable/fixed components for non-EU banks.

⁶ As indicated in the next section, executive directors contribution to the benefit systems includes both fixed and variable components

A. Variable remuneration benchmark

Variable remuneration for executive directors in 2024 will be set based on a standard benchmark contingent upon the full achievement of their set individual targets, which for 2024 among others include, both for the Executive Chair and the CEO, pushing capital contribution and sustainability targets.

The board of directors may revise the variable pay benchmark on the remuneration committee's recommendation and following market and internal contribution criteria. Specifically for 2024, the board of directors, upon recommendation of the remuneration committee, has resolved to increase in 5% their target bonuses. The average remuneration of the Group's staff in Spain has increased by 6% from 2022 to 2023 (+5% on a like for like basis).

B. Setting of final variable remuneration based on yearly results

Based on that standard benchmark, 2024 variable remuneration for executive directors will be based on this updated corporate bonus scheme proposal:

- Three categories of quantitative metrics (business transformation, profitability and capital) to increase alignment with shareholder value creation and capital generation.
- A qualitative assessment with four components, which includes the regulatory requirements and the needs and concerns of our stakeholders: risk, compliance, network collaboration and ESG matters and, as a new feature this year, a relative performance assessment against the market in the main financial metrics, which comes from the multiplier applied in 2023 as an intermediate step between the quantitative metrics and the qualitative assessment but which is now integrated into the qualitative assessment to simplify the process. This relative performance assessment will have a greater weight than the other elements of the qualitative assessment, to highlight the importance of beating the market. The assessment cannot raise or lower the above result by more than 25%.
- An exceptional adjustment that must be duly supported and may involve changes owing to control and/or risk deficiencies, negative assessments from supervisors or unexpected material events.

Capital generation will continue to be an important part of key employees' remuneration (including executive directors) in order to ensure an efficient use of capital, alongside RoTE, which we are keeping in the scorecard to incentivize sustainable, long-term growth. Customers continue to be part of the quantitative metrics, with special focus on active customers. A specific metric on costs (instead of operative cost per active customer) is also included to highlight the relevance of appropriate management of costs to succeed in transformation.

Accordingly, the proposed quantitative metrics and weightings are:

Category	Quantitative metrics ^A
Transformation: Weight: 45%	Total and active customers (growth) (Weight: 20%)
	Costs (Weight: 15%)
Capital Weight: 30%	Revenue per active customer (Weight: 10%)
	CET1 ratio
Profitability Weight: 25%	RoTE (Return on tangible equity)

A. For this purpose, these metrics may be adjusted upwards or downwards by the board, following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, extraordinary impacts of macroeconomic environment, regulatory 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.

And finally, to the result obtained above, we add or subtract the qualitative assessment according to this table:

Qualitative assessment	Weight
Performance vs. Market	' +/-10%
Compliance and Risk	+/-5%
Network collaboration	' +/-5%
ESG targets	+/-5%

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

- If the Group's ONP for 2024 were 50% less than in 2023, variable pay would in no case exceed 50% of the benchmark incentive for 2024.
- If the Group's ONP were negative, the incentive would be zero.

When setting individual bonuses, the board will also consider restrictions to the dividend policy imposed by supervisors.

C) Forms of payment of the incentive

Variable remuneration of executive directors will be paid 50% in instruments, split as:

- the amount of PagoNxt RSUs set for each year (which cannot exceed 10% of their variable pay); and
- the rest, all in shares of Banco Santander.

One portion will be paid in 2025 and the other will be deferred for five years and contingent on long-term metrics:

- 40% of variable remuneration is paid in 2025 net of tax, with 50% in cash and 50% in instruments.
- 60% paid, if applicable, in five equal parts in 2026, 2027, 2028, 2029 and 2030 (net of tax), with 50% in cash, 50% in instruments, under the conditions stipulated in section E).

The final three payments will also be subject to long-term objectives described in section D) below.

Shares shall be subject to a three-years retention period, unless the executive directors already hold shares for an amount equivalent to 200% of their fix annual remuneration -in which case the regulatory one year retention period will apply.

Additionally, 2023 AGM approved to increase the number of trading sessions used to determine the share price used for executive directors and identified staff bonus from 15 to 50, to soften the impact on the share price of events (positive or negative) that may occur within a short period. Under the Remuneration policy for 2023 and beyond, the maximum number of shares will be calculated based on the daily volume-weighted average of the weighted average Santander share price in the 50 trading sessions before the last Friday (not included) before the board meeting at which executive directors' bonus is agreed.

D) Deferred variable pay subject to long-term objectives

As indicated above, the amounts deferred in 2028, 2029 and 2030 will be paid on the condition that the group achieves its long-term targets for 2024-2026, in addition to the terms described in section E).

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

- a. **Banco Santander's consolidated Return on tangible equity (RoTE) target in 2026.** The RoTE ratio for this target is obtained as follows:

RoTE in 2026 (%)	'RoTE Ratio'
≥ 18%	1.5
≥ 15% but <18%	0 – 1.5 ^A
< 15%	0

A. Straight-line increase in the RoTE ratio based on the percentage of specific RoTE in 2026 within this bracket of the scale.

To verify compliance with this objective, the board, following a proposal from the remuneration committee, may adjust it to remove the effects of any regulatory change to its calculation rules or any extraordinary circumstances (such as impairments, corporate transactions, share buybacks or restructuring procedures) that have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

- b. **Relative performance of Banco Santander's total shareholder return (TSR) in 2024-2026** in respect of the weighted TSR of a peer group comprising 9 credit institutions, with the appropriate TSR ratio based on the group's TSR among its peers.

Ranking of Santander TSR	'TSR Ratio'
The 100 th percentile	1.5
Between the 75 th and 100 th percentiles (not inclusive)	1 – 1.5 ^A
Between the 40 th and 75 th percentiles (not inclusive)	0.5 – 1 ^A
Less than the 40 th percentile	0

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

TSR⁷ measures the return on shareholders' investment. It is the sum of the change in share price plus dividends and other similar items shareholders can receive during the period.

The peer group comprises BBVA, BNP Paribas, Citi, Credit Agricole, HSBC, ING, Itaú, Scotiabank and Unicredit.

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

Achievement will depend on the progress made on the Group's Responsible Banking actions lines and associated targets (described below)⁸:

- 1. Women in senior executive positions by 2026:

Women in senior executive positions ^B (%)	Coefficient
≥ 37%	1.25
≥ 36% but < 37%	1 – 1.25 ^A
≥ 34% but < 36%	0 – 1 ^A
< 34%	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Senior leadership positions make up 1% of the total workforce.

- 2. Financial inclusion between 2024 and 2026:

Financial inclusion ^B (millions of people)	Coefficient
≥ 6.3	1.25
≥ 5.3 but < 6.3	1 – 1.25 ^A
≥ 3.5 but < 5.3	0 – 1 ^A
< 3.5	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Number of people unbanked, underbanked, in financial distress or with difficulty to access credit to whom we provide tailored access and finance solutions, aiming to meet local financial inclusion needs in a recurrent, comprehensive, affordable and effective way.

⁷ TSR refers to the difference (%) between the final and initial values of capital invested in ordinary shares of Banco Santander. The final value is calculated based on the dividends or other similar concepts (such as the Santander Scrip Dividend programme) shareholders receive for this investment during the corresponding period -as if they had invested in more shares of the same type at the first date on which the dividend or similar concept was payable to shareholders- and the weighted average share price at that date. To calculate TSR, the weighted average daily volumes of the weighted average listing prices for the fifteen trading sessions prior to 1 January 2024 (exclusive) is considered (to calculate the initial value) and the fifteen trading sessions prior to 1 January 2027 (exclusive) (to calculate the final value).

⁸ There are thresholds that go beyond current public targets, which should not be considered a revision of them, but a way to further motivate our management team, in order to progress beyond targets on ESG main strategic lines.

3. Socially responsible investment in 2026 as a percentage of total assets under management.

Socially responsible investment ^B (%)	Coefficient
≥ 21%	1.25
≥ 18% but < 21%	1 - 1.25 ^A
≥ 15% but < 18%	0 - 1 ^A
< 15%	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Assets under management that meet the criteria of Santander's Sustainable Finance and Investment Classification System (SFICS).

4. Supporting transition. This goal includes how we support our customers' transition, and the fulfilment of a transition plan:

Business raised and facilitated ^B between 2024 and 2026 (EUR bn)	Coefficient
≥ 180	1.25
≥ 150 but < 180	1 - 1.25 ^A
≥ 110 but < 150	1
< 110	0

A. Increase of the coefficient is proportional to its position on this line of the scale.
B. Grupo Santander's contribution to our customers' transition (2024-2026): CIB green finance raised and facilitated (public target), Retail & Commercial banking green finance and sustainable linked-loans, and Digital Consumer Bank green finance..

To achieve beyond 100% of this goal, it is necessary to deliver on a comprehensive and credible transition plan (it will work as an underpin). This plan will include improving climate data, progressing on actions to decarbonize portfolios, enhancing sustainable product offering to address market needs, further embedding climate and environmental risk, and active engaging to support policy action and market developments.

Each ESG goal has a different weighting:

1. Women in senior executive positions: 20%
2. Financial inclusion: 20%
3. Socially responsible Investment: 10%
4. Supporting transition: 50%

$$C = (20\% \text{ Goal 1} + 20\% \text{ Goal 2} + 10\% \text{ Goal 3} + 50\% \text{ Goal 4})$$

Finally, the following formula will be used to set the annual amount of performance-based deferred variable remuneration in 2028, 2029 and 2030 ('final annuity'), without prejudice to any adjustment deriving from the application of the malus policy (see section 6.3 B v):

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

where:

- 'Amt.' is one third of variable remuneration deferred conditional on performance (i.e. Amt. will be 12% of the total incentive set in early 2025).
- 'A' is the RoTE coefficient according to the scale in the table above, based on RoTE at year-end 2026.
- 'B' is the TSR ratio calculated as the scale in the table above, according to the relative performance of Banco Santander's TSR within its peer group in 2024-2026.

- 'C' is the coefficient resulting from the sum of weighted coefficients for each of the four Responsible banking targets for 2026 (see section (c) above).

- In any event, if the result of $(2/5 \times A + 2/5 \times B + 1/5 \times C)$ is greater than 1.25, the multiplier will be 1.25.

The estimated maximum amount to be delivered in instruments to executive directors is EUR 11.5 million.

E) Other terms of the incentive

Payment of the deferred amounts (including those linked to long-term targets) will occur only if they remain in the Group and none of the circumstances triggering malus clauses arise (as per the malus and clawback section in the Group's remuneration policy) under terms similar to those indicated for 2023 (detailed in section 6.3 B v)), policy expanded in 2023 to adapt it to the new regulation of US Securities Exchange Commission. Furthermore, the group can claw back paid incentives under the scenarios, period and terms and conditions set out in the remuneration policy.

Hedging the value of Santander shares received during the retention and deferral periods is expressly prohibited.

The effect of inflation on the deferred amounts in cash may be offset.

Selling shares is also prohibited for at least one year since the delivery.

The remuneration committee may propose to the board adjustments in variable remuneration under exceptional circumstances owing to internal or external factors, such as requirements, orders or recommendations issued by regulatory or supervisory bodies. Such adjustments will be described in detail in the report on the remuneration committee and the annual report on directors' remuneration put to a non-binding vote at the annual general meeting.

iii. Shareholdings

As described in section 6.3.E, in addition to the regulatory obligation not to sell shares they receive as remuneration for a year since from their award date, in order to comply with recommendation 62 of the Spanish Corporate Governance Code, the policy on shareholdings includes the obligation for executive directors not to sell the shares they receive as variable remuneration for a period of three years from their award date, unless the executive director already holds Banco Santander shares for an amount equivalent to twice his/her annual salary.

Directors' remuneration for 2025 and 2026

A. Directors' remuneration in their capacity as such

For 2025 and 2026, no changes to directors' remuneration are planned in respect of what is foreseen herein for 2024. However, shareholders at the 2025 or 2026 annual general meeting may approve an amount higher than the six million euros currently in force, or the board may approve an alternative allocation of that amount to directors in accordance with the criteria in article 58.2 of Banco Santander's Bylaws (i.e. duties and responsibilities; positions held on the board; membership and attendance at committee meetings; and other objective circumstances).

B. Directors' remuneration for the performance of executive duties

Executive directors' remuneration will conform to principles similar to those applied in 2024, 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 2025 and 2026, the maximum increase of gross annual salary will be 5% in respect of the previous year for each executive director. Likewise, the gross annual salary may be increased above that threshold as a result of adjustments to the mix of fixed components, provided that such modification does not entail an increase in costs for the Group.

The 5% increase mentioned above may also be higher for one or several directors provided that, when applying the rules or requirements or supervisory recommendations, and if so proposed by the remuneration committee, it is appropriate to adjust their remuneration mix and, in particular, their variable remuneration, in view of the functions they perform. This should not increase executive directors' total remuneration.

Otherwise, it must be disclosed in the report on the remuneration committee and the annual report on director's remuneration put to a non-binding vote at annual general meeting.

B) Other fixed remuneration components

No changes planned in respect of the terms for 2024.

ii) Variable remuneration components

The policy on executive directors' variable remuneration for 2025 and 2026 will be based on the same principles as in 2024, 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 2025 and 2026 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 result of the quantitative metrics by more than 25%. It will be conducted for the same categories as the quantitative metrics, including relative performance against market, risk management, compliance, network collaboration and ESG targets.
- an exceptional adjustment that must be duly substantiated and may involve changes owing to control and/or risk shortfalls, negative assessments from supervisors or unexpected material events.

The quantitative metrics, the qualitative assessment and potential extraordinary adjustments will ensure main objectives are considered from the perspective of the various stakeholders and that the importance of risk and capital management is factored in.

Once the corporate bonus pool is fixed according to the criteria above, the board of directors, further to a proposal from the remunerations committee, decides on the individual bonus, taking into consideration the level of achievement of their individual objectives, which in general terms coincide with the bonus pool metrics, their compliance with corporate values and risk culture.

Lastly, the following circumstances must be confirmed to set variable remuneration:

- If ONP does not reach a certain compliance threshold, the incentive cannot exceed 50% of the year's incentive benchmark.
- If the group's ONP were negative, the incentive would be zero.
- When setting individual variable pay, the board will also consider restrictions to the dividend policy imposed by supervisors.

B) Forms of payment of the incentive

The variable remuneration of executive directors for 2025 and 2026, will be paid as follows:

- 50% in cash;
- and 50% in instruments, split as follows:
 - the amount of PagoNxt, S.L. RSUs set for each year (as described below); and
 - the rest, all shares of Banco Santander, S.A.

It is also envisaged that for 2025 and 2026 Ana Botín would receive the equivalent of EUR 500 thousand in RSUs, and Héctor Grisi would receive the equivalent of EUR 420 thousand in RSUs, in accordance with PagoNxt, S.L.'s long term incentive plan. Each RSU would grant the right to a share in PagoNxt, S.L. or the holding entity of its group (or its equivalent in cash) at the moment when, according to such plan, a liquidity event, a repurchase or a liquidation of such instruments takes place.

The RSUs will substitute part of their Santander variable pay instruments without increasing their total pay and will not represent more than 10% of their variable pay in any event.

C) Deferred variable remuneration subject to long-term objectives

The last three annual payments of each deferred variable remuneration amount will be made in accordance with the terms described under section E) above and if the Group fulfils long-term objectives for at least three years. This may confirm, reduce or increase payment amounts and the number of deferred instruments.

Long-term metrics will, at least, cover value creation and shareholder returns as well as capital and sustainability over a minimum period of three years. They will be aligned with the Group's strategic plan and main priorities towards its stakeholders. They can be measured for the entire Group or by

country or business, when appropriate, and subsequently compared to a group of peers.

The portion paid in shares cannot be sold until one year has elapsed since delivery.

D) Other terms of the incentive

No changes to the continuity, malus and clawback clauses of the remuneration policy for 2024 described in section 6.4.B.E are expected. Furthermore, no changes are planned in respect of the clauses on hedging instruments or the deferred amounts in cash adjusted for inflation.

iii) Shareholdings

The policy on shareholdings approved in 2016, with the amendment introduced in 2020 relating to not selling the shares they receive as variable remuneration for a period of three years detailed in section 6.3.E above will apply in 2025 and 2026, 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 2024 apply for 2025 and 2026.

Terms and conditions of executive directors' contracts

Executive directors' terms of service are governed by board-approved contracts they sign with Banco Santander. The basic terms and conditions, besides those relating to the remuneration mentioned above, are the ones described herebelow.

A. Exclusivity and non-competition

Executive directors may not contract with other companies or entities to perform services, unless expressly authorised by the board of directors. In all cases, they are bound by a duty of non-competition in relation to companies and activities similar in nature to Banco Santander and its consolidated group.

In addition, executive director contracts impose prohibitions on competing and attracting customers, employees and suppliers, which can be enforced for two years after their termination in their executive duties for reasons other than a breach by Banco Santander. In regard to Ana Botín and Héctor Grisi, the compensation to be paid by Banco Santander for this duty of non-competition is twice the amount of the fixed remuneration.

B. Code of Conduct

Executive directors are obliged to adhere strictly to the group's General Code and the Code of Conduct in Securities Markets, especially in terms of confidentiality, professional ethics and conflicts of interest.

C. Termination

The length of executive directors' contract is indefinite. Contracts do not provide for any severance payment upon termination apart from what the law provides.

If Ana Botín's contract is terminated by Banco Santander, she must remain available to the group for four months in order to ensure proper transition. During this period, she would continue to receive her gross annual salary.

D. Benefit plans

Executive directors participate in the defined contribution pension scheme created in 2012. It covers retirement, disability and death. Banco Santander makes annual contributions to executive directors' benefit plans schemes. Annual contributions are calculated in proportion to executive directors' pensionable bases, and the Group will continue to make them until the executive directors' leave the Group or until their retirement within the Group, their death or disability. The pensionable base of executive directors' annual contributions is their fixed remuneration plus 30% of the average of their last three variable remuneration amounts. For Héctor Grisi, the average for the first three years will be calculated according to these criteria:

- For 2023, his gross variable remuneration agreed in that exercise.
- For 2024, the average of his gross variable remuneration agreed for 2023 and 2024 exercises.
- For 2025, the average of his gross variable remuneration agreed for 2023, 2024 and 2025 exercises.

Contributions will be 22% of pensionable bases.

The pension amount that corresponds to contributions linked to variable remuneration will be invested in Santander shares for five years from the earlier of the date of retirement or cessation. It will be paid in cash after the five years have elapsed or on the retirement date (if later). Moreover, the malus and clawback clauses for variable remuneration contributions will apply for the same period as the related bonus or incentive.

This benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A. Executive directors' economic rights under the scheme belong to them even if they are not active in the group at the time of their retirement, death or disability. Their contracts do not provide for any severance pay upon termination apart from what the law provides and in the case of pre-retirement, the aforementioned annual allotment.

E. Insurance and other remuneration and benefits in kind

Ana Botín will receive the supplement to their fixed remuneration approved when the supplementary life and health benefits were eliminated in 2018. It will be paid in 2024, 2025 and 2026 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 2024 include standard life insurance and the life insurance cover with the supplement to their fixed remuneration mentioned above. In 2025 and 2026, premiums could vary if directors' fixed pay or actuarial circumstances change.

Furthermore, executive directors are covered by Banco Santander's civil liability insurance policy and may receive other benefits in kind (such as employee loans) pursuant to the

group's general policy and subject to the corresponding tax treatment.

Likewise, the Bank makes available to directors the human and material means required or considered appropriate for carrying out their duties (including any travel required for the exercise of their role). Any eventual private use of these means by the executive directors is duly paid by them under the similar terms and conditions that would be applied to third independent party under the supervision of the audit committee

F. Confidentiality and return of documents

Directors are bound to a strict duty of confidentiality during their relationship and subsequent to termination. Executive directors are required to return any documents and items relating to their activities and in their possession to Banco Santander.

Agreements with non-executive members of the board

José Antonio Álvarez has a contract (effective from 1 January 2023) to assist in the handover to the new CEO and to attend executive risk committee meetings and engaging supervisors, international bodies, sector organizations and others in institutional matters as necessary, for which he receives a fixed remuneration of EUR 1,750 thousand. This is an annual contract which has been renewed for the year 2024.

Luis Isasi has a contract since 4 April 2020 to act as non-Executive Chair of the board of Santander España (for which he receives EUR 925 thousand a year) and to serve as a member of the board of Santander España (for which he receives EUR 75 thousand a year). His contract is permanent and does not entitle him to any compensation if terminated.

Appointment of new executive directors

The components of remuneration and basic structure of the agreements described in this remunerations policy will apply to any new director that is given executive functions at Banco Santander, notwithstanding the possibility of amending specific terms of agreements so that, overall, they contain conditions similar to those previously described.

Directors' total remuneration for executive duties cannot exceed the highest remuneration received by the group's current executive directors under the remuneration policy approved by shareholders. The same rules apply if a director assumes new duties or becomes an executive director.

If a director takes up executive functions in a specific division or local unit, the board of directors, on the remuneration committee's recommendation, can adapt the metrics for setting and paying incentives to take that division or local unit into account in addition to the Group.

Remuneration paid to directors in that capacity will be included within the maximum amount set by shareholders to be distributed by the board of directors in the terms described above.

A new director coming from an entity outside Grupo Santander could be paid a buyout to offset any variable remuneration foregone for having accepted a contract with the group; and/or a sign-on bonus for leaving to join Banco Santander.

This compensation could be paid fully or partly in shares, depending on the delivery limits approved at the annual general shareholders' meeting. Authorization is expected to be sought at the next general shareholders' meeting in order to deliver a maximum number of shares to any new executive directors or employees to whom buyout regulations apply.

Furthermore, sign-on bonuses can only be paid once to new executive directors, in cash or in shares, and in each case they will not exceed the sum of the maximum variable remuneration awarded for all executive directors.

Mr Grisi's appointment as CEO (with effect from 1 January 2023) did not entail a buyout or sign-on bonus since he was already part of Grupo Santander.

Temporary exceptions to the remuneration policy

According to section 6 of Article 529 *novedecies* of the Spanish Companies Act, specific exceptions may apply to components in the remuneration policy, based on particular business needs or macroeconomic context in the Group's geographies, provided that they are required to serve the long-term interests and sustainability of the entity; ensure its viability; and require to be adopted urgently.

Such exceptions include:

- Complex macroeconomic scenarios where the ordinary course of the business is severely impacted.
- The appointment of a new Executive Chair or chief executive officer, or the need to retain an executive director to avoid a vacancy at the head of the Group (*vacatio regis*) during especially complex times for the business.
- The need to adapt to regulatory change.

To apply, exceptions must be supported by:

- a reasoned remuneration committee proposal; and
- board of directors analysis and approval.

Any applied exception will be explained in the *Annual report on directors' remuneration*.

6.5 Preparatory work and decision-making for the remuneration policy; remuneration committee involvement

Section [4.7 'Remuneration committee activities for 2023'](#), (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 2023, including joint sessions with the risk, compliance and regulation supervision committee.

- The date of the meeting in which the report was approved.

The 2022 annual report on directors' remuneration was approved by the board of directors and put to a binding vote at the 2023 AGM, with 89.22% of the votes in favour. The tally of the votes was:

	Number	% of total ^A
Votes	11,087,900,806	99.74%

	Number	%
Votes for ^B	9,886,665,679	89.22%
Votes against ^B	1,194,192,063	10.78%
Blank ^C	7,043,064	0.06%
Abstentions ^C	29,058,164	0.26%

A. Percentage on total valid votes and abstentions.

B. Percentage of votes for and against.

C. Percentage of share capital present and attending by proxy at the ordinary shareholders' meeting.

Decision process for the development, review and application of the policy

Pursuant to Article 529 *novodecies* of the Spanish Companies Act, the remuneration committee issues the report on the proposed remuneration policy for 2024, 2025 and 2026 herein. The board of directors then submits it to the 2024 AGM as a separate item on the agenda and an integral part of this text. See [section 6.4](#) 'Directors' remuneration policy for 2024, 2025 and 2026'.

Banco Santander's Compensation function prepares the remuneration policy with the suggestions, requests and comments received during the year from the human resources committee, remuneration committee and the board of directors. A first draft of the policy is submitted to the remuneration committee for review every January. The review considers the suggestions, requests and comments the Chair and lead independent director receive through shareholder and stakeholder engagement during the year on our corporate governance and our remuneration structures. Regulators' recommendations and legal requirements that may have come to light since the last time the director remuneration policy was submitted for approval by the annual general meeting are also considered.

The committee also makes sure the policy is consistent with the Group's culture and our Simple, Personal and Fair values. The Compensation function then prepares the final draft for the remuneration committee to submit to the board of directors for approval in February.

Based on the analysis carried out in the context of the 2023 annual remuneration report elaboration and its continued

supervision of the remuneration policy, the remuneration committee believes the director remuneration policy for 2024, 2025 and 2026 which is included in section 6.4 above is consistent with the principles of Banco Santander's remuneration policy and its remuneration scheme set out in the Bylaws.

The policy aims, among other aspects, (i) to maintain a simple executive remuneration scheme, with three categories of quantitative metrics (business transformation, profitability and capital) to further align with value creation and capital generation; (ii) outperform peers in value creation aspects; and, (iii) regarding metrics linked to multiyear objectives, to prioritize long-term profitability for shareholders and Santander and a sustainable balance sheet (total shareholder return, RoTE and ESG-related metrics related to our responsible banking targets) in order to follow best market practice and meet our stakeholders' needs.

In 2023, no deviations from, or temporary exceptions to, the application of the remuneration policy occurred.

6.6 Remuneration of non-director members of senior management

2023 variable remuneration was approved by the board of directors on 30 January 2024 in view of the recommendation from the 29 January 2024 remuneration committee. It was set according to Banco Santander's general remuneration policy as well as specific details pertaining to senior management.

In general, senior management variable remuneration packages were calculated with the quantitative metrics and qualitative assessment used for executive directors (see section [6.3 B ii](#)).

Some contracts of members of senior management were amended in 2018 in the same manner described under 6.3.D in respect of Ana Botín, with a pension scheme of 22% of their pensionable bases, the elimination of supplementary benefits, an increase of the insured sum of life insurance and a supplement to fixed remuneration in cash which is included under "Other remuneration".

The following table shows the amounts of short term remuneration (immediately payable) and deferred remuneration (not linked to multi year targets) for senior management as of 31 December 2023 and 2022, excluding those of executive directors. This amount has been reduced by 38% compared to that reported in 2014 (EUR 80,792 thousand):

EUR thousand							
Year	Number of people	Short-term and deferred salary remuneration					
		Fixed	Immediately receivable variable remuneration (50% in instruments) ^A	Deferred variable remuneration (50% in instruments) ^B	Pension contributions	Other remuneration ^C	Total
2023	14	17,109	14,711	6,439	4,775	7,135	50,169
2022	14	18,178	15,466	6,797	5,339	6,956	52,736

A. The amount immediately payable in 2023 was 1,568 thousand Santander shares and 1,386 thousand Santander share options (2,504 thousand Santander shares in 2022).

B. The deferred amount for 2023 will be 700 thousand Santander shares and 555 thousand Santander share options (1,010 thousand Santander shares in 2022).

C. Includes life insurance premiums, health insurance and relocation packages, other remuneration items and RSUs of PagoNxt S.L., as members of board of directors of this entity.

The share price for 2023 variable remuneration is EUR 3.793. With this price set, the share options are worth EUR 1.016.

This table breaks down remuneration linked to multi-year targets for senior management (excluding executive directors) at 31 December 2023 and 2022, 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 instruments) ^B
2023	14	6,761
2022	14	7,137

A. In 2023, this corresponds to the fair value of maximum annual payments for 2027, 2028 and 2029 in the eighth cycle of the plan for deferred variable remuneration linked to multi-year targets. In 2022, this corresponds to the estimated fair value of maximum annual payments for 2026, 2027 and 2028 in the seventh cycle of the plan for deferred variable pay linked to multi-year targets. Fair value in the plan was determined on the authorization date based on the valuation report of independent expert Willis Towers Watson. Based on the plan for 2023 and success levels of similar plans at peer entities, the fair value was considered to be 70% of the value linked to long-term metrics.

B. The number of shares in Santander as deferred variable pay subject to long-term metrics shown in the table above was 735 thousand shares in 2023 and 582 Santander share options (1,156 thousand shares in Santander in 2022).

The long-term goals are the same as those for executive directors. They are described in section [6.3 B iv](#)).

Additionally, members of senior management who stepped down from their roles in 2023 consolidated salary remuneration and other remuneration for a total amount of EUR 3,560 thousand (EUR 3,691 thousand in 2022). In 2023 they did not generate any right regarding variable pay subject to long-term objectives (this right has been generated in 2022 for a total amount of EUR 447 thousand).

The board of directors approved the 2023 Digital Transformation Incentive which is a variable remuneration scheme split in two different blocks which delivers PagoNxt, S.L. RSUs and premium priced options (PPOs), and is aimed at up to 50 employees whose roles are considered key to PagoNxt's success, including 1 senior executive who will receive EUR 200 thousand under it.

See [note 46](#) to the 2023 Group's consolidated financial statements for further information on the Digital Transformation Incentive.

In 2023, the ratio of variable to fixed pay components was 120% of the total for senior managers, well within the maximum limit of 200% set by shareholders.

See [note 5](#) of the Group's 2023 consolidated financial statements for further details.

6.7 Prudentially significant disclosures document

On the remuneration committee's recommendation, the board approves the key remuneration elements of managers or employees who, while not belonging to senior management, take on risks, carry out control functions (i.e. internal audit, risk management and compliance) or who receive global remuneration that places them in the same remuneration bracket as senior management and employees who take on risk. These are typically those whose professional activities may have an important impact on the Group's risk profile (all of these, together with the senior management and Banco Santander's board of directors form the so called 'Identified Staff' or 'Material Risk Takers')

Every year, the remuneration committee reviews and, where applicable, updates identified staff in order to include individuals within the organization who qualify as such. The Remuneration Policies chapter in the 2023 Pillar III disclosures report⁹ of Banco Santander, S.A. explains the criteria and regulations followed to identify such staff.

At the end of 2023, 1,152 Group executives (including executive directors and non-director senior managers) were considered identified staff (1,029 in 2022), which accounts for 0.54% of the total final workforce (0.50% in 2022).

Identified staff have the same remuneration standards as executive directors (see sections [6.1](#) and [6.3](#)), except for:

- Category-based deferral percentages and terms.
- The possibility in 2023 of certain less senior manager categories of only having deferred variable pay subject to malus and clawback clauses (and not to long-term targets).
- The portion of variable remuneration paid or deferred as shares for Group executives in Brazil, Chile and Poland that can be delivered in shares or similar instruments of their own listed entities (as in previous years).

In 2024, the board will maintain its flexibility to determine full or partial payment in shares or similar instruments of Banco Santander and its subsidiaries in the proportion it deems appropriate (according to the maximum number of Santander shares allocated at the general meeting and to any regulatory restrictions in each jurisdiction).

The aggregate amount of variable remuneration for identified staff in 2023, the amounts deferred in cash and instruments, and the ratio of the variable to fixed remuneration components are explained in the remuneration policies chapter of Banco Santander's Pillar III disclosures report for 2023.

⁹ The 2023 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.

The GSGM also applies to the Group's global businesses, namely: Corporate & Investment Banking (CIB), Retail & Commercial Banking (Retail), Wealth Management & Insurance (Wealth), Digital Consumer Bank (Consumer) and Payments (Payments). CEOs/Country Heads remain ultimately responsible for the budget, execution of the customer and commercial strategy, and financial delivery.

7.1 Corporate Centre

The GSGM is supported by a corporate centre, which brings control and support units together with such functions as strategy, risk, compliance, audit, finance, accounting, technology and operations, human resources, legal services, internal governance, communications and marketing. It adds value to the Group by:

- enhancing governance under robust corporate frameworks, models, policies and procedures to implement strategies and ensure effective Group oversight;

- making the Group's units more efficient through cost management synergies, economies of scale and a common brand;
- sharing best practices in global connectivity, commercial initiatives and digitalization; and
- ensuring the 'know your structure' governance principle is effectively applied with a procedure for appointing key positions and assessing suitability that applies to the entire Group.

7.2 Internal governance

The GSGM outlines a set of principles that regulate three types of relationships between the Group and 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. The guidelines regarding subsidiary board composition are aligned with best international practices and ensure appropriate Group presence on the subsidiary boards with at least two Group nominated directors on each board. The subsidiaries are also subject to 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 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 and Legal Services, Marketing, Communications, Strategy, as well as the five global businesses: CIB, Retail, Wealth, Consumer and Payments).

The Group has three regional heads who report to the Group CEO and are responsible for consolidating and streamlining the management and coordination of its core subsidiaries in the three geographic areas where it operates: Europe, South America and North America. They must undertake their key responsibilities in compliance with European Union and country-specific laws and regulations, and ensure that the country heads' role and accountability (including regulatory responsibilities) are not undermined.

Grupo Santander has corporate frameworks for matters considered to have a material impact on its risk profile, such as risk, capital, liquidity, compliance, financial crime, technology, auditing, accounting, finance, strategy, human resources, outsourcing, cybersecurity, special situations management communications and brand and responsible banking. These frameworks, which are mandatory, also specify:

- how the Group should supervise and exert control over subsidiaries; and

- the Group's involvement in subsidiaries' decision-making (and vice versa).

The Banco Santander board approves the GSGM and corporate frameworks for the subsidiary governing bodies to formally adhere to them. They consider subsidiaries' local requirements and are revised every year as required by the Group board to adapt to new legislation and international best practices.

The functions draw on corporate frameworks to prepare internal regulatory documents that are given to subsidiaries as a reference for implementing those frameworks effectively, cohesively and in compliance with applicable local laws and supervisory requirements. This approach ensures consistency throughout the Group. Every year, the functions conduct an assessment to ensure that the Group's internal regulations are embedded locally and carry out an annual certification process to ensure the internal regulation under their scope is fit for

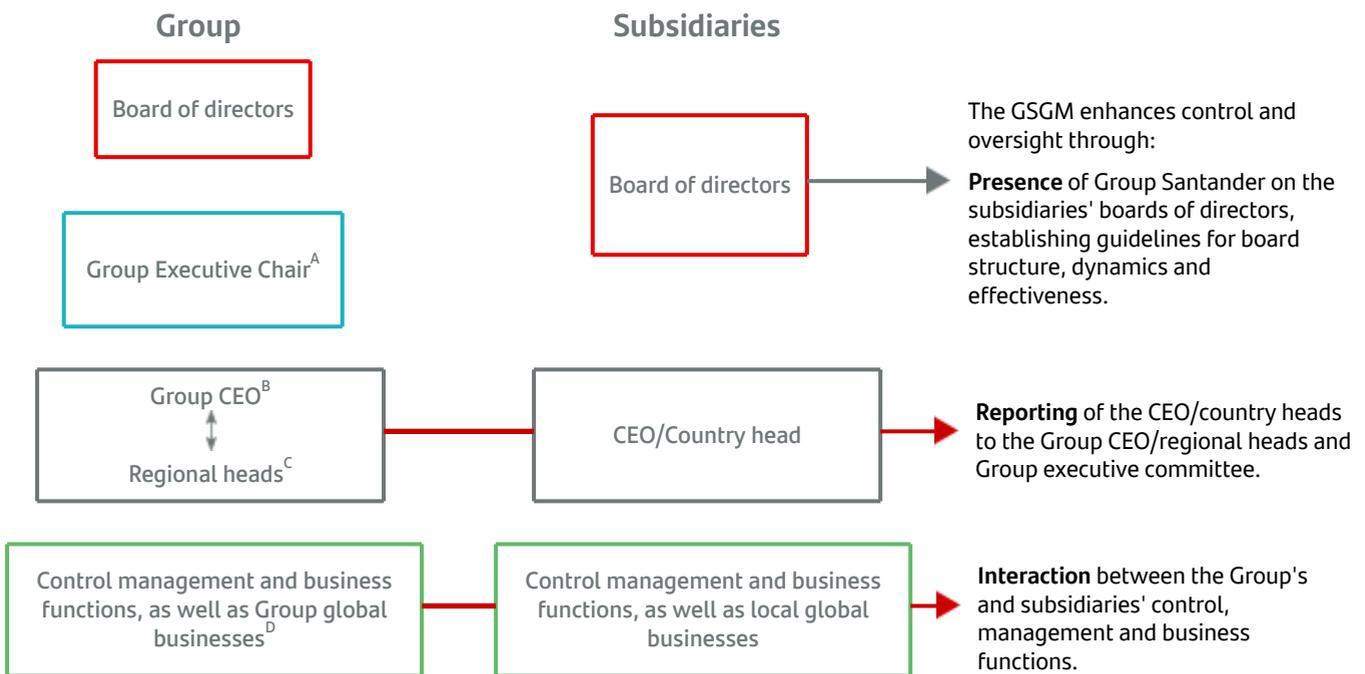
purpose. The internal governance office presents the findings to the board of directors.

The Group's internal governance office and subsidiary general counsels are responsible for embedding the GSGM and corporate frameworks. Every year, the Group assesses their performance in reports sent to governing bodies.

Since 2019, a policy on the governance of non-GSGM subsidiaries has enhanced the governance and control system that has been applied to those companies.

Global businesses each have specific governance arrangements which ensures a robust Group-wide oversight of such businesses as set out in the GSGM. Each global business is responsible for defining the common business and operating model, setting the global ambition and identifying and managing the global tech platforms and product factories.

The following charts show the three levels of the GSGM, as well as the main actions to ensure an effective relationship and solid internal governance system for the Group.



A. First executive.
 B. Second executive, who reports directly to the board of directors.
 C. Europe, North America and South America, reporting to the Group CEO.
 D. Audit, Risk, Compliance, Finance, Financial Accounting & Control, IT & Operations, Human Resources, General Secretariat, Marketing, Communications, Strategy as well as the five global businesses (CIB, Retail, Wealth, Consumer and Payments).

<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>Synergies and economies of scale across the Group.</p>	<p>Planning 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 features of Grupo Santander's ICFR.

8.1 Control environment

Governance and control bodies

These bodies are responsible for implementing and overseeing our ICFR:

- **Board of directors.** It approves the financial reports Banco Santander must disclose as a listed company. The board also oversees and guarantees the integrity of the Group's internal information, control, accounting and reporting systems.
- **Audit committee.** It assists the board in overseeing the Internal Control System (ICS) and in preparing and presenting financial information.

The audit committee also works with the external auditor to address matters that have been considered in audits to have a significant impact on our ICFR. It also makes sure the external auditor issues a report on the Group's ICFR.

See section [4.5 'Audit committee activities in 2023'](#).

- **Risk control committee.** It assists the audit committee in reviewing and overseeing the annual ICS assessment.
- **Corporate accounting and financial management information committee.** It is responsible for governing and supervising accounting, financial management and control matters.
- **Internal control steering meeting.** It is chaired by the CRO and CAO and its role is to continuously monitor the Group's control environment, as well as the ICS strategy and performance.

Lead functions

The structure of the Group enables us to manage risk effectively and ensure that internal control functions (risk, compliance and internal audit) are independent of business functions and can perform their duties efficiently. The key functions that prepare financial information are:

- **Costs.** It draws up and documents the corporate model for managing structures and templates, which is used as a reference across the Group.
- **Business and support functions.** They are the first line of defence and responsible for identifying and documenting the risks, tasks and controls that make up our ICFR, based on their operations.
- **Risk and Compliance & Conduct.** They are the second line of defence. They make sure that we implement ICFR in accordance with the SOx Act.

In particular, the corporate Non-financial risk control area is responsible for:

- setting and circulating the methodology for documenting, assessing and certifying the ICS, which covers ICFR and other legal and regulatory requirements;
- keeping documents up to date to adapt them to organizational and regulatory changes and, along with the Financial Accounting and Control division and representatives of the divisions and Group companies involved, to present the ICS assessment findings to the audit committee; and
- similar functions in each country unit and global business also report to the corporate Non-financial risk control area.
- **Internal Audit.** It is the third line of defence in overseeing and reporting on our ICFR. It recommends corrective action and areas of improvement for the first and second lines to consider and implement.

Internal Audit is an 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.

- **Financial Accounting and Control:** Regarding the production of financial information, the local controllers are responsible for:
 - embedding the Group's corporate accounting policies into its management and adapting them to local needs;
 - ensuring that appropriate organizational structures are in place to carry out assigned tasks, as well as a suitable hierarchical-functional structure;
 - using Group tools and methodologies to oversee the set up and monitoring of the internal control systems that ensure that the financial information we report remains reliable; and
 - implementing the corporate accounting and management information systems and adapting them to the specific needs of each unit.

In order to preserve their independence, each local controller reports hierarchically to the head of the entity or country in which they exercise their responsibilities (CEO) and functionally to the head of the Group's Financial Accounting and Control division.

Moreover, the CAO presents the financial information to the audit committee at least quarterly, giving explanations of the main criteria used to make estimates, assessments and significant judgements.

General Code of Conduct, Canal Abierto and training

General Code of Conduct (GCC)

The Group's GCC sets out board approved guidelines on employees' conduct. Moreover, it dictates guidelines in relation to accounting standards and financial reporting.

All of the Group's employees, including directors, sign up to the GCC when they join Santander, though some are also bound to the Code of Conduct in Securities Markets and other codes of conduct specific to their area or business.

All Santander employees have access to e-learning courses on the GCC. The Compliance and Conduct function also answers employees' queries on ethics and rules in the GCC.

If anyone violates the code, the Human Resources function adopts disciplinary measures and recommends corrective action (including work sanctions), irrespective of any related civil or criminal sanctions.

For more details, see section [7.1 'Conduct standards'](#) in the 'Responsible Banking' chapter.

Canal Abierto

Banco Santander's ethical channel is called Canal Abierto, where anyone linked to Grupo Santander can confidentially and, if desired, anonymously, report crimes, internal rule violations, financial and accounting misdemeanours (according to the SOx Act), and regulatory infringements. It can also be used to report breaches of our GCC and corporate behaviours.

The board of directors is responsible for implementing Canal Abierto, while the audit committee and the risk supervision, regulation and compliance committee jointly supervise the channel depending on the subject of the complaint. The SOx act gives authority to the audit committee to supervise whistleblowing channels in matters that fall under its remit (financial and accounting, including those related to auditing), while the supervision of reports of breaches of regulatory requirements, corporate behaviours and the internal governance system falls on the risk, regulation and compliance committee.

For more details on the number and type of complaints filed on Canal Abierto, see section [7.2 'Ethical channels'](#) in the 'Responsible Banking' chapter.

Training

Group employees who help prepare or analyse financial information take part in training programmes and regular refresher courses specifically designed to teach them the concepts and skills they require to discharge their duties properly.

The functions that prepare our ICFR promote, design and oversee these programmes and courses, with support from the Human Resources function.

Training takes the form of both e-learning and on-site sessions that the Human Resources function monitors and oversees to

guarantee that employees duly complete them and understand their contents.

Training programmes and refresher courses on financial reporting in 2023 focused on: (i) risk analysis and management; (ii) accounting and financial statement analysis; (iii) the business, banking and the financial environment; (iv) financial management, costs and budgeting; (v) mathematical skills; and (vi) calculations and statistics.

31,900 employees from several units and markets where Grupo Santander operates undertook the mentioned training programmes. Over 434,000 training hours were spent at the corporate centre in Spain and remotely via e-learning. Moreover, each subsidiary has its own training plan, based on Banco Santander's.

8.2 Risk assessment in financial reporting

Grupo Santander has a specific process to identify the companies that must be included in its scope of consolidation, which the Financial Accounting and Control division and the General Secretariat division oversee.

This process enables us to identify the entities that Grupo Santander controls through voting rights that grant direct or indirect ownership of their capital and through mutual funds, securitization funds, structured entities and other means. We analyse whether the Group has control over an entity, whether it has rights to the variable returns of the entity or is exposed to them, and whether it can influence the amount of such variable returns. If the Group is considered to have control, the entity is included in the scope of consolidation under the global integration method.

Otherwise, we analyse whether there is significant influence or joint control. If so, the entity is also included in the scope of consolidation and is measured using the equity method.

Entities with the greatest impact on the preparation of the Group's financial information, must use a common ICS methodology to make sure that relevant controls are included and all significant risks to financial reporting are covered.

The Group's ICS complies with the strictest international standards, particularly the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) under its last published framework in 2013, which covers control targets for effective and efficient operations, reliable financial reporting and regulatory compliance.

Risk identification considers all the Group's activities, not just the risks directly related to the preparation of the Group's financial information.

Identifying potential risks that must be covered by the ICS is based on top management's knowledge and understanding of the business and its operations in relative to the importance and qualitative criteria associated with the type, complexity or structure of the business.

Banco Santander ensures that controls are in place 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) timely and correct recording and proper valuation of

assets, liabilities and transactions; and (iii) the correct application of accounting principles and rules, as well as appropriate breakdowns.

The main features of the Group's ICS are:

- It is a corporate model that involves the entire organizational structure under a direct set of individual responsibilities.
- Management of the documents is decentralized to the various units, while coordination and monitoring falls to the Non-financial risk control area, which sets general criteria and guidelines to standardize procedure documents, control assessments, criteria for classifying potential deficiencies and regulatory adaptations.
- It is a global model primarily aimed at documenting activities to produce consolidated financial information and other procedures carried out by each Group 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 or fraud.
- It is a dynamic model that is under constant development in order to reflect the reality of the Group's business, risks and controls to mitigate them.
- It produces comprehensive documents on the processes within its scope and includes detailed descriptions of operations, assessment criteria and reviews.

All ICS documents for the Group's companies can be found on a corporate app that enables us to check risk assessment procedures and the effectiveness of controls.

8.3 Control activities

Revision and approval of financial information

The audit committee and the board of directors oversee the preparation, submission and integrity of the financial information required of Banco Santander and the Group. They also review compliance with regulatory requirements, the scope of consolidation and the correct application of accounting standards, ensuring that financial information remains permanently updated on our corporate website.

The audit committee is responsible for reporting to the board on the financial information that the Group must publish, ensuring that it is prepared in accordance with the same principles and practices as the financial statements and is as equally reliable so the board can adopt the corresponding resolutions.

The most significant aspects we consider when closing accounts and reviewing relevant judgements, estimates, measurements and projections are:

- Impairment losses on certain assets.
- The assumptions used in the actuarial calculation of post-employment benefit liabilities and other obligations.
- The useful life of tangible and intangible fixed assets.
- The valuation of consolidation goodwill.
- The calculation of provisions and contingent liabilities.

- The fair value of certain unquoted assets and liabilities.
- The recoverability of tax assets.
- The fair value of acquired identifiable assets and the liabilities assumed in business combinations.

Moreover, the Non-financial risk control area put in place continuous monitoring mechanisms to verify that the ICS is functioning correctly and to pinpoint and manage potential changes in the Group's control environment. In particular, the Non-financial risk control area prepares detailed information on the Group's control environment and the progress of the main mitigation plans in place every quarter, which it makes available to the internal control forums.

The Non-financial risk control area presents the conclusions annually of its assessments to the audit committee alongside the Financial Accounting and Control division and, where applicable, the representatives of the divisions and companies in question, prior to submission to the risk supervision, regulation and compliance committee. Moreover, once it completes its assessment, the Non-financial risk control area provides the audit committee with at least one update on the ICS's status.

As additional information, the audit committee receives a report that includes the main conclusions from the units' ICS assessments and the main deficiencies identified, indicating whether they have been appropriately resolved or what plans are in place for their satisfactory resolution, as well as supporting evidence for the CEO, CFO and CAO to verify the ICS's effectiveness.

Internal control policies and procedures for financial IT systems

The Technology and Operations division draws up the Group's corporate policies on IT systems that are used directly or indirectly to prepare financial statements. These systems follow special internal controls to prepare and publish 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 the duties assigned to a role, to make sure access to information is appropriate and to protect the confidentiality, availability and integrity of financial information from cyber attacks.
- The methodology we use when creating, modifying and maintaining apps follows a cycle of definition, development and testing that ensures we process financial information correctly. We have special development and security controls that include coding, data access, testing, vulnerability management, and other mechanisms. For more details on cybersecurity, see section [5 'Research, development and innovation \(R+D+I\)'](#) in the Economic and Financial Review chapter.
- 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 before the apps become available to end users.
- The Group's business 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 has an action framework and specific policies and procedures to cover outsourcing risks properly.

The Group must adhere to this framework, which meets the EBA's requirements for outsourcing and risk management with third parties.

It consists of:

- tasks to initiate, record, process, settle, report and account for transactions and asset valuations;
- IT support in terms of software development, infrastructure maintenance, incident management, security and processing; and
- other material support services that are not directly related to financial reporting, such as vendor management, property management, HR management and others.

Key control procedures include:

- documenting relations between Group companies with comprehensive service agreements.
- documenting and validating by the Group's service providers of processes and controls for the services that the Group's vendors perform; and
- external suppliers undergoing an approval process to ensure that the relevant risks associated with the services they provide remain within acceptable levels, in accordance with the Group's risk appetite.

Grupo Santander reviews estimates internally according to its control model guidelines. It will hire the services of a third party to help with specific matters upon confirming their expertise and independence and approving their methods and rationale of assumptions through relevant procedures.

Moreover, specific 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

Group accounting policies

Accounting policies should be understood as a complement to local financial and accounting rules. Their overarching aims are (i) for statements and financial information to be made available to management bodies, supervisors and the market provide accurate and reliable information for decision-making in relation to the Group; and (ii) for all Group entities (due to their accounting ties to Banco Santander) to meet their legal requirements in a timely manner.

The Accounting regulation area of the Financial Accounting and Control division is responsible for:

- setting the general framework for the treatment of the transactions that constitute Banco Santander's activity, in accordance with their economic nature and the regulations governing the financial system.
- drawing up and keeping up to date the Group's accounting policies and resolving any queries or conflicts arising from their interpretation; and
- enhancing and standardizing 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 for these principles and standard guidelines to be common for their application across our footprint, and for each of the Group entities to have effective consolidation methods and employ homogeneous accounting policies. The framework's principles are adequately reflected in the Group's accounting policies.

Accounting policies are revised at least once a year and on the back of key regulatory amendments. Moreover, 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 Accounting regulation area and the rest of the Financial Accounting and Control division, as well as other divisions when appropriate.

Mechanisms for the preparation of financial information

The production, revision and approval of financial information and a description of our ICFR are 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. These documents cover recurrent banking operations and one-off transactions and aspects related to judgements and estimates to correctly record, analyse, present and breakdown financial information.

Regarding financial statement consolidation, to minimize operational risk and maximize the quality of information, the Group developed IT tools to channel the flow of information between the units and the Financial Accounting and Control division and carries out consolidation based on the information provided.

This process is automated end to end, with controls that enable us to detect incidents during consolidation. Moreover, the Financial Accounting and Control division exercises further supervisory and analytical control, which is set out in formal documents and carried out and reviewed under set time frames.

8.5 Monitoring of system functioning

2023 ICFR monitoring activities and results

The board of directors approved an internal audit framework that details the function and how it should conduct its work.

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 ICFR;
- compliance with applicable regulations and supervisory requirements;
- the reliability and integrity of financial and operational information; and
- asset integrity.

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; and
- 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, our activities, businesses and processes (performed internally or through outsourcing), the organization and, where applicable, branch 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 2023'](#).

As at 2023 year-end, Internal Audit had 1,227 employees, all exclusively dedicated to this service. Of these, 274 were based at the Corporate Centre and 953 in the local units located in the Group's core markets, 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 recommendations, which are

prioritized in accordance with their relative importance and are continuously monitored until full implementation.

At its meeting on 17 February 2023, the audit committee reviewed the 2023 audit plan, which was reported to, and approved by, the board at its meeting on 23 February 2023.

The internal audit report on the ICFR review aimed to:

- verify compliance with the provisions contained in sections 302, 404, 406, 407 and 806 of the SOx Act;
- check corporate governance with regard to information relating to the internal control system for financial reporting, including risk culture;
- review the functions performed by the internal control departments and by other departments, areas and divisions that work to ensure compliance with the SOx Act;
- make sure the supporting 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 with respect to the observations and recommendations made by Internal Audit, the external auditors of the annual accounts and supervisors; and
- ratify the implementation of recommendations made in the audit plan.

In 2023, the audit committee and the board of directors were informed of the Internal Audit function's work in accordance with its annual plan, as well as and of other related matters. See section [4.5 'Audit committee activities in 2023'](#).

Detection and management of deficiencies

The audit committee oversees to supervise the financial reporting process and the internal control systems. It is responsible for discussing any significant weaknesses detected in the audit with the external auditor.

The audit committee also 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, that may impact on the reliability and accuracy of the financial statements. It may ask other areas of the Group involved in the process for vital information and clarification. The committee also assesses the potential impact of any errors detected in the financial information.

In 2023, the audit committee was informed of the ICS assessment and certification for the 2022 financial year. See section [4.5 'Audit committee activities in 2023'](#).

8.6 External auditor report

The external auditor issued an independent reasonable assurance report on the design and effectiveness of our ICFR.

The report is included on the following pages.



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent reasonable assurance report on the design and effectiveness of Internal Control over Financial Reporting (ICFR)

To the Board of Directors of Banco Santander, S.A.:

We have carried out a reasonable assurance engagement of the design and effectiveness of the Internal Control over Financial Reporting (hereinafter, ICFR) and the description that is included in the attached Report that forms part of the corresponding section of the Annual Corporate Governance Report of Banco Santander, S.A., (hereinafter, Banco Santander or the Parent Company) and its subsidiaries (hereinafter, the Group or Grupo Santander) as at December 31, 2023. This system is based on the criteria and policies defined by the Banco Santander S.A., 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 unauthorized acquisitions, use or sales 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 Banco Santander, 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).

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

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Banco Santander, S.A. and its subsidiaries

A reasonable assurance report includes the understanding of the Internal Control over Financial Reporting, assessing the risk of material weaknesses in the internal control, that the controls are not properly designed or they do not operate effectively, the execution of tests and evaluations on the design and effective implementation of this ICFR, based on our professional judgment, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained provides a sufficient and adequate basis for our opinion.

Our Independence and quality management

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality, and professional behavior.

Our firm applies the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a quality management system that includes policies or procedures related to compliance with ethical requirements, professional standards and requirements, applicable laws and regulations.

Opinion

In our opinion, Banco Santander maintained as at December 31, 2023, in all material respects, a system of Internal Control relating to Financial Reporting included in the consolidated financial statements of the Banco Santander, S.A. as at December 31, 2023 effective, which is based on the criteria and the policies defined by the Parent Company'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 description of the ICFR Report that is attached and included in the corresponding section of the Annual Corporate Governance Report of Banco Santander as at December 31, 2023, has been prepared, in all material respects, in accordance with the requirements established by article 540 of the Consolidated Text of the Capital Companies Act and with the Circular 5/2013 of June 12 of the CNMV, and subsequent amendments, the most recent being Circular 3/2021, of September 28, of the CNMV for the purposes of describing the ICFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit of accounts nor is it subject to the regulations governing the activity of the audit in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations. However, we have audited under separate engagement, in accordance with the regulations governing the audit activity in force in Spain, the consolidated financial statements of Grupo Santander prepared by the Parent Company's Directors in accordance with the International Financial Reporting Standards adopted by the European Union and other provisions of the financial reporting standards applicable to the Group, and our report dated February 19, 2024 expresses a favorable opinion on those consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L.

Julián González Gómez
 February 19, 2024

9. Other corporate governance information

Since 12 June 2018, CNMV allows the annual corporate governance and directors' remuneration reports Spanish listed companies must submit to be drafted in a free format, which is what we selected for our corporate governance and directors' remuneration reports since 2018.

The CNMV requires any issuer opting for a free format to provide certain information in a format it dictates so that it can be aggregated for statistical purposes. This information is included (i) for corporate governance matters, under section [9.2 'Statistical information on corporate governance required by the CNMV'](#), which also covers the section 'Degree of compliance with corporate governance recommendations', and (ii) for remuneration matters, under section [9.5 'Statistical information on remuneration required by the CNMV'](#).

Some shareholders or other stakeholders may be used to the formats of the corporate governance and directors'

remuneration reports set the by the CNMV. Therefore, each section under this format in sections [9.1 'Reconciliation with the CNMV's corporate governance report model'](#) and [9.4 'Reconciliation to the CNMV's remuneration report model'](#) include a cross reference indicating where this information may be found in the 2022 annual corporate governance report (drafted in a free format) and elsewhere in this annual report.

We have normally completed the 'comply or explain' section for all recommendations in the Spanish Corporate Governance Code to clearly show the ones we complied with, and explain the ones we partially complied or failed to comply with. In section [9.3 'References on compliance with recommendations of Spanish Corporate Governance Code'](#), 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' , 3.2 'Shareholder rights' and 9.2 'Statistical information on corporate governance required by the CNMV' .
A.2	Yes	See section 2.3 'Significant shareholders' and 9.2 'Statistical information on corporate governance required by the CNMV' .
A.3	Yes	See 'Tenure and equity ownership' in section 4.2 and section 9.2 'Statistical information on corporate governance 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 required by the CNMV' .
A.8	Yes	Not applicable. See section 9.2 'Statistical information on corporate governance required by the CNMV' .
A.9	Yes	See section 2.5 'Treasury shares' and 9.2 'Statistical information on corporate governance required by the CNMV' .
A.10	No	See sections 2.2 'Authority to increase capital' and 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 'Voting rights and unrestricted share transfers' in section 3.2.
A.13	No	See section 3.2 'Shareholder rights' .
A.14	Yes	See sections 2.6 'Stock market information' and 9.2 'Statistical information on corporate governance as required by the CNMV' .

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 section 3.4, in relation to financial year 2023, and section 9.2 'Statistical information on corporate governance required by the CNMV' , in relation to the financial 2021, 2022 and 2023 year.
B.5	Yes	See 'Approved resolutions and voting results' in section 3.4.
B.6	Yes	See 'Participation at general meetings' in section 3.2 and section 9.2 'Statistical information on corporate governance 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 sections 1.1 'Board skills and diversity' , 4.1 'Our directors, 'Tenure and equity ownership' in section 4.2, and section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.3	Yes	See sections 2.4 'Shareholders' agreements' , 4.1 'Our directors, 'Composition by director type' in section 4.2, 'Duties and activities in 2023' in section 4.6 and section 9.2 'Statistical information on corporate governance 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 2023, and section 9.2 'Statistical information on corporate governance 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 2023' in section 4.6.
C.1.6	No	See 'Diversity' in section 4.2 and 'Duties and activities in 2023' in section 4.6 and, regarding top executive positions, see 4 'Acting responsibility towards employees' in 'Responsible banking' chapter.
C.1.7	No	See 'Duties and activities in 2023' 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 '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 required by the CNMV' .
C.1.12	Yes	See 'Board and committee preparation and attendance' in section 4.3.
C.1.13	Yes	See sections 6. 'Remuneration' and 9.2 'Statistical information on corporate governance required by the CNMV' . Additionally, see Note 5) in the 'Notes to the consolidated financial statements'.
C.1.14	Yes	See sections 5. 'Senior management team' and 9.2 'Statistical information on corporate governance required by the CNMV' . Additionally, see note 5) in the 'Notes to the consolidated financial statements'.
C.1.15	Yes	See 'Board regulation' in section 4.3.
C.1.16	No	See 'Election, appointment, re-election and succession of directors' in section 4.2.
C.1.17	No	See 'Board effectiveness review and actions to continuously improve' in section 1.2 and 'Board effectiveness review in 2023' in section 4.3.
C.1.18	No	See 'External consultant independence' in section 4.3.
C.1.19	No	See 'Election, appointment, re-election and succession of directors' in section 4.2.
C.1.20	No	See 'Board operation' in section 4.3.
C.1.21	Yes	Not applicable since there are no specific requirements, other than those applying to directors generally, to be appointed chair. See section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.22	No	See 'Diversity' in section 4.2.
C.1.23	Yes	See 'Election, appointment, re-election and succession of directors' in section 4.2 and section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.24	No	See 'Board operation' in section 4.3.
C.1.25	Yes	See 'Lead Independent Director' and 'Board and committee preparation and attendance' in section 4.3, 'Duties and activities in 2023' 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 required by the CNMV' .
C.1.26	Yes	See 'Board and committee preparation and attendance' in section 4.3, section 4.6 'Nomination committee activities in 2023' and section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.27	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.28	No	See 'Duties and activities in 2023' in section 4.5.

Section in the CNMV model	Included in statistical report	Comments
C.1.29	Yes	See section 4.1 'Our directors', 'Secretary of the board' in section 4.3 and section 9.2 'Statistical information on corporate governance as required by the CNMV' .
C.1.30	No	See section 3.1 'Shareholder communication and engagement' and 'External auditor independence' in section 4.5.
C.1.31	Yes	See 'Re-election of the external auditor' in section 4.5.
C.1.32	Yes	In accordance with the CNMV's instructions, see 'External auditor independence' in section 4.5 and sub-section C.1.32 of section 9.2 'Statistical information on corporate governance required by the CNMV' . Per the CNMV's instructions on preparing annual reports on corporate governance, sub-section C.1.32 provides the fee ratios of non-audit services to total audit services, with these differences in the ratio set out in Regulation (EU) No 537/2014 that is included in section 4.5 'Audit committee activities in 2023' : (a) the ratios in sub-section C.1.32 have two perimeters to the one established by Regulation (EU) No 537/2014: fees for the approved services to be performed by PricewaterhouseCoopers Auditores, S.L. (PwC) for Banco Santander and fees for the approved services to be performed by PwC and other firms in its network for all other Grupo Santander entities, in and outside Spain; and (b) the ratios' denominator is the fees amount for audit services in 2022 and not the average fee value from the past three consecutive years that Regulation (EU) No 537/2014 dictates.
C.1.33	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.34	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.1.35	Yes	See 'Board operation' and 'Committee operation' in section 4.3.
C.1.36	No	See 'Election, appointment, re-election and succession of directors' in section 4.2.
C.1.37	No	Not applicable. See 'Duties and activities in 2023' in section 4.6.
C.1.38	No	Not applicable.
C.1.39	Yes	See sections 6.4 'Directors' remuneration policy for 2024, 2025 and 2026' , 6.7 'Prudentially significant disclosures document' and 9.2 'Statistical information on corporate governance required by the CNMV' .
C.2 Board committees		
C.2.1	Yes	See 'Structure of board committees' and 'Committee operation' in section 4.3, sections 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10 and 9.2 'Statistical information on corporate governance required by the CNMV' .
C.2.2	Yes	See section 9.2 'Statistical information on corporate governance required by the CNMV' .
C.2.3	No	See 'Board regulation' and 'Structure of board committees', 'Committee operation' in section 4.3 and 'Duties and activities in 2023' 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 required by the CNMV' .
D.5	Yes	Not applicable. See 'Related-party transactions' in section 4.12.
D.6	No	See 'Other conflicts of interest' in section 4.12.
D.7	Yes	Not applicable. See section 2.3 'Significant shareholders' and 'Other conflicts of interest' in section 4.12.
E. CONTROL AND RISK MANAGEMENT SYSTEMS		
E.1	No	See chapter 'Risk, compliance & conduct management' , in particular section 2. 'Risk management and control model' and sections 1.2 'Impacts, risks and opportunities', 2.3 'Risk management' and 7.1.4 'Principles of action in tax matters' in the 'Responsible banking' chapter.
E.2	No	See note 54 to the consolidated financial statements, section 2.3 'Risk and compliance governance' in the 'Risk, compliance & conduct management' chapter. See also sections 1.2 'Impacts, risks and opportunities', 2.2 'Governance' and 7.1.4 'Principles of action in tax matters' in the 'Responsible banking' chapter.
E.3	No	See sections 2.2 'Key risk types', 3. 'Credit risk', 4. 'Market, structural and liquidity risk', 5. 'Capital risk', 6. 'Operational risk', 7. 'Compliance and conduct risk', 8. 'Model risk', 9. 'Strategic risk' and 10. 'ESG risk factors' in the 'Risk, compliance & conduct management' 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, compliance & compliance management' chapter and sections 1.2 'Impacts, risks and opportunities', 2.3 'Risk management' and 7.1.4 'Principles of action in tax matters' in the 'Responsible banking' chapter.
E.5	No	See 3. 'Credit risk', 4. 'Market, structural and liquidity risk', 5. 'Capital risk', 6. 'Operational risk', 7. 'Compliance and conduct risk', 8. 'Model risk', 9. 'Strategic risk' and in 10. 'ESG risk factors' the 'Risk, compliance & conduct management' chapter. Additionally, see note 25e in the 'Notes to the consolidated financial statements'.
E.6	No	See sections 2. 'Risk management and control model', 3. 'Credit risk', 4. 'Market, structural and liquidity risk', 5. 'Capital risk', 6. 'Operational risk', 7. 'Compliance and conduct risk', 8. 'Model risk', 9. 'Strategic risk' and 10. 'ESG risk factors' in the 'Risk, compliance & conduct management' chapter. See also sections 2.2 'Governance' and 2.3 'Risk management' in the 'Responsible banking' chapter.

Section in the CNMV model	Included in statistical report	Comments
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' .
F.5	No	See section 8.5 'Monitoring of system functioning' .
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 'References on compliance with recommendations of Spanish Corporate Governance Code' .
H. OTHER INFORMATION OF INTEREST		
H	No	See 'Board regulation' in section 4.3. Banco Santander also complies with the Polish Code of Best Practices, except in areas where regulation is different in Spain and Poland. In addition, see sections 7. 'Business conduct' and 9.2 'Main internal regulations and governance' , in particular, 9.1 'Stakeholder engagement' , 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 2023.

A. OWNERSHIP STRUCTURE

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company Bylaws contain the provision of double loyalty voting:

Yes No

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
30/06/2023	8,092,073,029.50	16,184,146,059	16,184,146,059

Indicate whether different types of shares exist with different associated rights:

Yes No

A.2 List the direct and indirect holders of significant ownership interests at year-end, including directors with a significant shareholding:

Name or corporate name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		Total % of voting rights
	Direct	Indirect	Direct	Indirect	
BlackRock Inc.	0	5.08	0	0.346	5.43
Dodge & Cox	0	3.04	0	0	3.04

Details of the indirect shares:

Name or corporate name of the indirect shareholder	Name or corporate name of the direct shareholder	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights
BlackRock Inc.	Subsidiaries of BlackRock Inc.	5.08	0.346	5.43
Dodge & Cox	Funds and portfolios managed by Dodge & Cox	3.04	0	3.04

A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A.2 above:

Name or corporate name of director	% of voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ana Botín-Sanz de Sautuola y O'Shea	0.01	0.19	0.00	0.00	0.20	0.00	0.00
Héctor Grisi Checa	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Glenn Hutchins	0.00	0.00	0.00	0.00	0.00	0.00	0.00
José Antonio Álvarez Álvarez	0.02	0.00	0.00	0.00	0.02	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	0.16	0.00	0.00	0.19	0.00	0.00
Bruce Carnegie-Brown	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
Germán de la Fuente	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Henrique de Castro	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gina Díez Barroso	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luis Isasi Fernández de Bobadilla	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ramiro Mato García Ansorena	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sergio Rial	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Belén Romana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pamela Walkden	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% total voting rights held by the board of directors					0.43		
% total voting rights represented on the board of directors					0.77		

Details of the indirect holding:

Name or corporate name of director	Name or corporate name of direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	Total % of voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
-	-	-	-	-	-

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Companies Act (LSC). If so, provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes No

Parties to the shareholders' agreement	% of share capital affected	Brief description of agreement	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.67	Transfer restrictions and syndication of voting rights as described under section 2.4 'Shareholders' agreements' of the 'Corporate governance' chapter in the annual report. The communications to CNMV relating to this shareholders' agreement can be found in material facts with entry numbers 64179, 171949, 177432, 194069, 211556, 218392, 223703, 226968 and 285567 filed in CNMV on 17 February 2006, 3 August 2012, 19 November 2012, 17 October, 2013, 3 October 2014, 6 February 2015, 29 May 2015, 29 July 2015 and 31 December 2019, respectively.	01/01/2056

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description as applicable:

Yes No

Participants in the concerted action	% of share capital affected	Brief description of concerted action	Expiry date, if applicable
Javier Botín-Sanz de Sautuola y O'Shea (directly and indirectly through Agropecuaria El Castaño, S.L.U.) Emilio Botín-Sanz de Sautuola y O'Shea, Puente San Miguel, S.L.U. Ana Botín-Sanz de Sautuola y O'Shea, CRONJE, S.L.U. Nueva Azil, S.L. Carmen Botín-Sanz de Sautuola y O'Shea Paloma Botín-Sanz de Sautuola y O'Shea Bright Sky 2012, S.L.	0.67	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
286,842,316	10,973,357	1.84%

(*) Through:

Name or corporate name of the direct shareholder	Number of shares held directly
Pereda Gestión, S.A.	9,000,000
Banco Santander Río, S.A.	629,222
Banco Santander México, S.A.	1,344,135
Total:	10,973,357

A.11 Estimated free float:

	%
Estimated free float	88.49

A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes No

B. GENERAL SHAREHOLDERS' MEETING

B.4 Indicate the attendance figures for the general shareholders' meetings held during the financial year to which this report relates and in the two preceding financial years:

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
26/03/2021	0.06	65.02	2.04	0.55	67.67
Of which free float:	0.01	64.03	2.04	0.55	66.63

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
01/04/2022	0.71	65.41	2.08	0.57	68.77
Of which free float:	0.09	64.98	2.08	0.57	67.72

Date of General Meeting	Attendance data				
	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
31/03/2023	0.72	64.20	2.22	0.42	67.56
Of which free float:	0.06	63.73	2.22	0.42	66.43

B.5 Indicate whether in the general shareholders' meetings held during the financial year to which this report relates there has been any matter submitted to them which has not been approved by the shareholders:

Yes No

B.6 Indicate whether the Bylaws require a minimum holding of shares to attend to or to vote remotely in the general shareholders' meeting:

Yes No

C. MANAGEMENT STRUCTURE

C.1 Board of directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	17
Minimum number of directors	12
Number of directors set by the General Meeting	15

C.1.2 Complete the following table with the directors' details:

Name or corporate name of director	Representative	Category of director	Position in the board	Date of first appointment	Date of last appointment	Election procedure
Ana Botín-Sanz de Sautuola y O'Shea	N/A	Executive	Chair	04/02/1989	31/03/2023	Vote in general shareholders' meeting
Héctor Grisi Checa	N/A	Executive	Chief Executive Officer	20/12/2022	31/03/2023	Vote in general shareholders' meeting
Glenn Hutchins	N/A	Independent	Lead Independent Director	20/12/2022	31/03/2023	Vote in general shareholders' meeting
José Antonio Álvarez Álvarez	N/A	Other external	Director	25/11/2014	01/04/2022	Vote in general shareholders' meeting
Homaira Akbari	N/A	Independent	Director	27/09/2016	31/03/2023	Vote in general shareholders' meeting
Javier Botín-Sanz de Sautuola y O'Shea	N/A	Other external	Director	25/07/2004	26/03/2021	Vote in general shareholders' meeting
Bruce Carnegie-Brown	N/A	Independent	Director	25/11/2014	26/03/2021	Vote in general shareholders' meeting
Sol Daurella Comadrán	N/A	Independent	Director	25/11/2014	31/03/2023	Vote in general shareholders' meeting
Henrique de Castro	N/A	Independent	Director	12/04/2019	01/04/2022	Vote in general shareholders' meeting
Germán de la Fuente	N/A	Independent	Director	01/04/2022	01/04/2022	Vote in general shareholders' meeting
Gina Díez Barroso	N/A	Independent	Director	22/12/2020	31/03/2023	Vote in general shareholders' meeting
Luis Isasi Fernández de Bobadilla	N/A	Other external	Director	03/04/2020	01/04/2022	Vote in general shareholders' meeting
Ramiro Mato García-Ansorena	N/A	Independent	Director	28/11/2017	26/03/2021	Vote in general shareholders' meeting
Belén Romana García	N/A	Independent	Director	22/12/2015	01/04/2022	Vote in general shareholders' meeting
Pamela Walkden	N/A	Independent	Director	29/10/2019	31/03/2023	Vote in general shareholders' meeting
Total number of directors					15	

Indicate any directors who have left during the financial year to which this report relates, regardless of the reason (whether for resignation or by agreement of the general meeting or any other):

Name or corporate name of director	Category of director at the time he/her left	Date of last appointment	Date of leave	Board committees he or she was a member of	Indicate whether he or she has left before the expiry of his or her term
Sergio Rial	Other external	03/04/2020	01/01/2023	-	YES

C.1.3 Complete the following tables for the directors in each relevant category:

Executive directors

Name or corporate name of director	Position held in the company	Profile
Ana Botín-Sanz de Sautuola y O'Shea	Executive Chair	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Héctor Grisi Checa	CEO	See section 4.1 'Our directors' in the 'Corporate governance' chapter in the annual report.
Total number of executive directors		2
% of the Board		13.33

Proprietary non-executive directors

Name or corporate name of director	Name or corporate name of significant shareholder represented or having proposed his or her appointment	Profile
N/A	N/A	N/A
Total number of proprietary non-executive directors		0
% of the Board		0

Independent directors

Name or corporate name of director	Profile	
Glenn Hutchins	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.	
Bruce Carnegie-Brown	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.	
Germán de la Fuente	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, as a director, or who maintain or have maintained during the financial year covered in this report a business relationship with the company or any group company, whether in his or her own name or as a principal shareholder, director or senior manager of an entity which maintains or has maintained such a relationship.

In such a case, a reasoned statement from the Board on why the relevant director(s) is able to carry on their duties as independent director(s) will be included.

Name or corporate name of director	Description of the relationship	Reasoned statement
Sol Daurella	Business/Financing	<p>When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained and the funding Grupo Santander granted to companies in which Sol Daurella was a principal shareholder or director in 2023 were not significant because, among other reasons: (i) did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) were aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Henrique de Castro	Business	<p>When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained between Grupo Santander and the company in which Henrique de Castro was a director in 2023 were not significant because, among other reasons they did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE and Nasdaq.</p>
Gina Díez Barroso	Business/Financing	<p>When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained and the funding granted by Grupo Santander to the companies in which Gina Díez Barroso was a principal shareholder and director in 2023 were not significant because, among other reasons: (i) did not generate a situation of economic dependence on the company involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) were aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Glenn Hutchins	Financing	<p>When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the funding Grupo Santander granted to the company in which Glenn Hutchins was a director in 2023 was not significant because, among other reasons: (i) did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) was aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>
Belén Romana	Business/Financing	<p>When conducting the annual verification of the independence of directors classified as independent, the nomination committee analysed the business relationships between Grupo Santander and the companies in which they are or have previously been principal shareholders, directors or senior managers.</p> <p>The committee concluded that the business relationships maintained and the funding Grupo Santander granted to the companies in which Belén Romana was a director in 2023 were not significant because, among other reasons: (i) did not generate economic dependence on the companies involved in view of the substitutability of this funding by other sources, whether banks or others, (ii) were aligned with Grupo Santander's share in the corresponding market, and (iii) did not reach certain comparable materiality thresholds used in other jurisdictions, e.g. NYSE, Nasdaq and the Canadian Bank Act.</p>

Other external directors

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
José Antonio Álvarez Álvarez	Given that Mr Álvarez was the former CEO of Banco Santander until 31 December 2022, pursuant to sub-section 4.a) of article 529 <i>duodecies</i> of the Spanish Companies Act.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Javier Botín-Sanz de Sautuola y O'Shea	Given that Mr Botín has been director for over 12 years, pursuant to sub-section 4. i) of article 529 <i>duodecies</i> of the Spanish Companies Act.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Luis Isasi Fernández de Bobadilla	Under prudent criteria given his remuneration as non-executive Chair of Santander España's body as supervisor, unit without its own corporate identity separate to Banco Santander, pursuant to sub-sections 2 to 4 of article 529 <i>duodecies</i> of the Spanish Companies Act.	Banco Santander, S.A.	See section 4.1 'Our directors' in the Corporate governance chapter in the annual report.
Total number of other external directors			3
% of the Board			20.00

List any changes in the category of a director which have occurred during the period covered in this report.

Name or corporate name of director	Date of change	Previous category	Current category
José Antonio Álvarez Álvarez	01/01/2023	Executive	Other external

C.1.4 Complete the following table on the number of female directors at the end of each of the past four years and their category:

Number of female directors					% of total directors of each category			
	FY 2023	FY 2022	FY 2021	FY 2020	FY 2023	FY 2022	FY 2021	FY 2020
Executive	1	1	1	1	50.00	50.00	50.00	33.33
Proprietary	—	—	—	—	0.00	0.00	0.00	0.00
Independent	5	5	5	5	50.00	50.00	50.00	50.00
Other external	—	—	—	—	0.00	0.00	0.00	0.00
Total:	6	6	6	6	40.00	40.00	40.00	40.00

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position	Remunerated YES/NO
Ana Botín-Sanz de Sautuola y O'Shea	The Coca-Cola Company	Director	YES
Héctor Grisi Checa	Cogrimex, S.A. de C.V.	Chair	NO
Bruce Carnegie-Brown	Lloyd's of London	Chair	YES
	Cuvva Limited	Chair	YES
Javier Botín-Sanz de Sautuola y O'Shea	JB Capital Markets, S. V., S.A.U.	Chair	YES
	Inversiones Zulú, S.L.	Chair-chief executive officer	NO
	Agropecuaria El Castaño, S.L.E	Joint administrator	NO
	Inversiones Peña Cabarga, S.L.	Joint and several administrator	NO
Homaira Akbari	Landstar System, Inc.	Director	YES
	AKnowledge Partners, LLC	Chief executive officer	YES
Sol Daurella Comadrán	Coca-Cola Europacific Partners PLC	Chair	YES
	Cobega, S.A.	Representative of director	NO
	Equatorial Coca Cola Bottling Company, S.L.	Director	YES
	Cobega Invest S.L.	Joint administrator	NO
	Olive Partners, S.A.	Representative of director	NO
	Indau, S.A.R.L.	Joint and several administrator	YES
Henrique de Castro	Fiserv Inc.	Director	YES
	Stakecorp Capital, s.a.r.l.	Director	NO
Gina Díez Barroso Azcárraga	Grupo Diarq, S.A. de C.V.	Chair	NO
	Dalia Women, S.A.P.I. de C.V.	Director	NO
	Centro de Diseño y Comunicación, S.C.	Chair	NO
	Bolsa Mexicana de Valores, S.A.B. de C.V.	Director	YES
Glenn Hogan Hutchins	AT&T Inc.	Director	YES
	North Island, LL	Chair	NO
	North Island Ventures, LLC	Chair	NO
Luis Isasi Fernández de Bobadilla	Compañía de Distribución Integral Logista Holdings, S.A.	Vice Chair	YES
	Balcón del Parque, S.L.	Sole administrator	NO
	Santa Clara de C. Activos, S.L.	Director	NO
Ramiro Mato García-Ansorena	Ansorena, S.A.	Chair	NO
Belén Romana García	Werfen, S.A.	Director	YES
	Six Group AG	Director	YES
	SIX Digital Exchange AG	Chair	YES
	SDX Trading AG	Chair	YES
	Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	Director	YES

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Bruce Carnegie-Brown	Member of investment committee of Gresham House PLC
Glenn Hogan Hutchins	Member of the international advisory board Government of Singapore Investment Corporation
	Member of the executive committee of Boston Celtics
Luis Isasi Fernández de Bobadilla	Senior Advisor of Morgan Stanley
Ramiro Mato García-Ansorena	External advisor of ACON Southern Europe Advisory, S.L.
Belén Romana García	Senior advisor of Artá Capital, S.G.E.I.C., S.A
	Academic director of the IE Leadership & Foresight Hub Programme
Pamela Walkden	Member of the advisory board of JD Haspel Limited

C.1.12 Indicate and, if applicable explain, if the company has established rules on the maximum number of directorships its directors may hold and, if so, where they are regulated:

Yes No

The maximum number of directorships is established, as provided for in article 30 of the Rules and regulations of the board, in article 26 of Spanish Law 10/2014 on the ordering, supervision and solvency of credit institutions. This rule is further developed by articles 29 and subsequent of Royal Decree 84/2015 and by Rules 30 and subsequent of Bank of Spain Circular 2/2016.

C.1.13 Identify the following items of the total remuneration of the board of directors:

Board remuneration accrued in the fiscal year (EUR thousand)	28,567
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (EUR thousand)	69,338
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (EUR thousand)	0
Pension rights accumulated by former directors (EUR thousand)	46,200

C.1.14 Identify the members of the company's senior management who are non executive directors and indicate total remuneration they have accrued during the financial year:

Name or corporate name	Position (s)	
Mahesh Aditya	Group Chief Risk Officer	
Daniel Barriuso	Global Head of Retail & Commercial Banking and Group Chief Transformation Officer	
Alexandra Brandão	Group Head of Human Resources	
Juan Manuel Cendoya Méndez de Vigo	Group Head of Communications, Corporate Marketing and Research	
José Francisco Doncel Razola	Group Chief Accounting Officer	
José Antonio García Cantera	Group Chief Financial Officer	
Juan Guitard Marín	Group Chief Audit Executive	
José María Linares Perou	Global Head of Corporate & Investment Banking	
Mónica Lopez-Monís Gallego	Group Head of Supervisory and Regulatory Relations	
Dirk Marzluf	Group Chief Operating & Technology Officer	
Víctor Matarranz Sanz de Madrid	Global Head of Wealth Management & Insurance	
José Luis de Mora Gil-Gallardo	Group Head of Digital Consumer Bank and Group Head of Corporate Development and Financial Planning	
Jaime Pérez Renovales	Group General Counsel	
Marjolein van Hellemond-Gerdingh	Group Chief Compliance Officer	
Number of women in senior management		3
Percentage of total senior management		21.43
Total remuneration accrued by the senior management (EUR thousand)		50,369

C.1.15 Indicate whether any changes have been made to the board's regulations during the financial year:

Yes No

C.1.21 Indicate whether there are any specific requirements, other than those applying to directors generally, to be appointed Chair:

Yes No

C.1.23 Indicate whether the Bylaws or the board's regulations set a limited term of office (or other requirements which are stricter than those provided for in the law) for independent directors different than the one provided for in the law.

Yes No

C.1.25 Indicate the number of board meetings held during the financial year and how many times the board has met without the Chair's attendance. Attendance also includes proxies appointed with specific instructions:

Number of board meetings	15
Number of board meetings held without the Chair's attendance	0

Indicate the number of meetings held by the Lead Independent Director with the rest of directors without the attendance or representation of any executive director.

Number of meetings	5
--------------------	---

Indicate the number of meetings of the various board committees held during the financial year.

Number of meetings of the audit committee	15
Number of meetings of the responsible banking, sustainability and culture committee	6
Number of meetings of the innovation and technology committee	4
Number of meetings of the nomination committee	13
Number of meetings of the remuneration committee	12
Number of meetings of the risk supervision, regulation and compliance committee	17
Number of meetings of the executive committee	23

C.1.26 Indicate the number of board meetings held during the financial year and data about the attendance of the directors:

Number of meetings with at least 80% of directors being present	15
% of votes cast by members present over total votes in the financial year	100
Number of board meetings with all directors being present (or represented having given specific instructions)	15
% of votes cast by members present at the meeting or represented with specific instructions over total votes in the financial year	100

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 Chief Accounting Officer

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 Renovalés	N/A

C.1.31 Indicate whether the company has changed its external audit firm during the financial year. If so, identify the incoming audit firm and the outgoing audit firm:

Yes No

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and express this amount as a percentage they represent of all fees invoiced to the company and/or its group.

Yes No

	Company	Group companies	Total
Amount of non-audit work (EUR thousand)	9,372	10,192	19,564
Amount of non-audit work as a % of amount of audit work	35.08	13.12	18.74

C.1.33 Indicate whether the audit report on the previous year's financial statements contains a qualified opinion or reservations. Indicate the reasons given by the Chair of the audit committee to the shareholders in the general shareholders meeting to explain the content and scope of those qualified opinion or reservations.

Yes No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual financial statements	Consolidated financial statements
Number of consecutive years	8	8
	Company	Group
Number of years audited by current audit firm/Number of years the company's or its Group financial statements have been audited (%)	19.05	19.51

C.1.35 Indicate and if applicable explain whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies:

Yes No

Procedures

Our Rules and regulations of the board foresees that members of the board and committees are provided with the relevant documentation for each meeting sufficiently in advance of the meeting date.

C.1.39 Identify, individually in the case of directors, and in the aggregate in all other cases, and provide detailed information on, agreements between the company and its directors, executives and employees that provide indemnification, guarantee or golden parachute clause in the event of resignation, unfair dismissal or termination as a result of a takeover bid or other type of transaction.

Number of beneficiaries	22
Type of beneficiary	Description of the agreement:
Employees	The Bank has no commitments to provide severance pay to directors. A number of employees have a right to compensation equivalent to one to two years of their basic salary in the event of their contracts being terminated by the Bank in the first two years of their contract in the event of dismissal on grounds other than their own will, retirement, disability or serious dereliction of duties. In addition, for the purposes of legal compensation, in the event of redundancy a number of employees are entitled to recognition of length of service including services provided prior to being contracted by the Bank; this would entitle them to higher compensation than they would be due based on their actual length of service with the Bank itself.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group beyond the procedures provided for in applicable law. If applicable, specify the process applied, the situations in which they apply, and the bodies responsible for approving or communicating those agreements:

	Board of directors	General Shareholders' Meeting
Body authorising clauses	√	
	YES	NO
Is the general shareholders' meeting informed of such clauses?	√	

C.2 Board committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, independent and other external directors.

Executive committee

Name	Position	Type	
Ana Botín-Sanz de Sautuola y O'Shea	Chair	Executive director	
Héctor Grisi Checa	Member	Executive director	
José Antonio Álvarez Álvarez	Member	Other external director	
Luis Isasi Fernández de Bobadilla	Member	Other external director	
Ramiro Mato García-Ansorena	Member	Independent director	
Belén Romana García	Member	Independent director	
% of executive directors			33.33
% of proprietary directors			0.00
% of independent directors			33.33
% of other external directors			33.33

Audit committee

Name	Position	Type	
Pamela Walkden	Chair	Independent director	
Homaira Akbari	Member	Independent director	
Henrique de Castro	Member	Independent director	
Germán de la Fuente	Member	Independent director	
Ramiro Mato García-Ansorena	Member	Independent director	
Belén Romana García	Member	Independent director	
% of executive directors			0
% of proprietary directors			0
% of independent directors			100
% of other external directors			0

Identify those directors in the audit committee who have been appointed on the basis of their knowledge and experience in accounting, audit or both and indicate the date of appointment of the committee chair.

Name of directors with accounting or audit experience	Pamela Walkden Belén Romana García Homaira Akbari Germán de la Fuente Henrique de Castro Ramiro Mato García-Ansorena
Date of appointment of the committee chair for that position	26 April 2020

Nomination committee

Name	Position	Type	
Bruce Carnegie-Brown	Chair	Independent director	
Sol Daurella Comadrán	Member	Independent director	
Gina Díez Barroso	Member	Independent director	
Glenn Hutchins	Member	Independent director	
% of executive directors			0
% of proprietary directors			0
% of independent directors			100
% of other external directors			0

Remuneration committee

Name	Position	Type
Glenn Hogan Hutchins	Chair	Independent director
Bruce Carnegie-Brown	Member	Independent director
Sol Daurella Comadrán	Member	Independent director
Henrique de Castro	Member	Independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
% of executive directors		0
% of proprietary directors		0
% of independent directors		80.00
% of other external directors		20.00

Risk supervision, regulation and compliance committee

Name	Position	Type
Belén Romana García	Chair	Independent director
Germán de la Fuente	Member	Independent director
Luis Isasi Fernández de Bobadilla	Member	Other external director
Ramiro Mato García-Ansorena	Member	Independent director
Pamela Walkden	Member	Independent director
% of executive directors		0
% of proprietary directors		0
% of independent directors		80.00
% of other external directors		20.00

Responsible banking, sustainability and culture committee

Name	Position	Type
Ramiro Mato García-Ansorena	Chair	Independent director
Homaira Akbari	Member	Independent director
Sol Daurella Comadrán	Member	Independent director
Gina Díez Barroso	Member	Independent director
Belén Romana García	Member	Independent director
% of executive directors		0
% of proprietary directors		0
% of independent directors		100
% of other external directors		0

Innovation and technology committee

Name	Position	Type
Ana Botín-Sanz de Sautuola y O'Shea	Chair	Executive director
Homaira Akbari	Member	Independent director
José Antonio Álvarez Álvarez	Member	Other external director
Henrique de Castro	Member	Independent director
Héctor Grisi Checa	Member	Executive director
Glenn Hogan Hutchins	Member	Independent director
Belén Romana García	Member	Independent director
% of executive directors		28.57
% of proprietary directors		0.00
% of independent directors		57.14
% of other external directors		14.29

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 2023		FY 2022		FY 2021		FY 2020	
	Number	%	Number	%	Number	%	Number	%
Audit committee	3	50.00	3	50.00	3	60.00	3	60.00
Responsible banking, sustainability and culture committee	4	80.00	3	75.00	3	60.00	3	60.00
Innovation and technology committee	3	42.86	3	42.86	3	42.86	3	42.85
Nomination committee	2	50.00	2	50.00	2	50.00	1	33.33
Remuneration committee	1	20.00	1	20.00	1	20.00	1	20.00
Risk supervision, regulation and compliance committee	2	40.00	2	50.00	2	40.00	1	20.00
Executive committee	2	33.33	2	33.33	2	33.33	2	33.33

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Not applicable.

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Not applicable.

D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company	Brief description of the transaction and any other information necessary for its evaluation	Amount (EUR thousand)
The information included in this chart shows the transactions and the results obtained by the Bank in Spain and its foreign branches as of 31 December 2023 with Group entities resident in countries or territories that were considered non-cooperative jurisdictions pursuant to Spanish legislation, at such date (Law 11/2021 on measures to prevent and fight against tax fraud).		
These results, and the balances indicated below, were eliminated in the consolidation process. See note 3 to the 2023 consolidated financial statements for more information on offshore entities.		
	The amount shown on the right corresponds to negative results (including results due to exchange differences) relating to contracting of derivatives.	
	The referred derivatives had a net negative market value of EUR 697 million and covered the following transactions:	
	- 142 Non Delivery Forwards.	
	- 175 Swaps.	
	- 55 Cross Currency Swaps.	
	- 24 Options.	
	- 26 Forex.	416,850
Banco Santander (Brasil) S.A.	The amount shown on the right corresponds to negative results relating to demand deposits (liability). These deposits had a nominal value of EUR 2,311 million as of 31 December 2023.	61,906
(Cayman Islands Branch)	The amount shown on the right corresponds to positive results relating to demand deposits (asset). These deposits had a nominal value of EUR 19 million as of 31 December 2023.	22
	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 with maturity 2028, but with a full and early redemption option exercised in November 2023). Tier I Notes had an amortised cost of EUR 1,146 million as of 31 December 2023.	148,680
	The amount shown on the right corresponds to negative results relating to interests and commissions concerning correspondent accounts (liability). This relates to correspondent accounts with a credit balance of EUR 22 million as of 31 December 2023.	412
	The amount shown on the right corresponds to positive results relating to commissions received.	139

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Not applicable.

G. DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the good governance code for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies Explain

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

b) The mechanisms established to resolve any conflicts of interest that may arise.

Complies Partially complies Explain Not applicable

3. During the AGM the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Complies Partially complies Explain

4. The company should define and promote a policy for communication and contact with shareholders and institutional investors within the framework of their involvement in the company, as well as with proxy advisors, that complies in full with the rules on market abuse and gives equal treatment to shareholders who are in the same position. The company should make said policy public through its website, including information regarding the way in which it has been implemented and the parties involved or those responsible its implementation.

Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies Partially complies Explain

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

And that whenever the board of directors approves an issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable mercantile law.

Complies Partially complies Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the AGM, even if their distribution is not obligatory:

a) Report on auditor independence.

b) Reviews of the operation of the audit committee and the nomination and remuneration committees.

c) Audit committee report on third-party transactions.

Complies Partially complies Explain

7. The company should broadcast its general meetings live on the corporate website.

The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.

Complies Explain

8. The audit committee should strive to ensure that the financial statements that the board of directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditors includes any qualification in its report, the chair of the audit committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.

Complies Partially complies Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies Partially complies Explain

10. When a shareholder so entitled exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the standard attendance card or proxy appointment or remote voting form, duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies Partially complies Explain Not applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies Partially complies Explain Not applicable

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies Partially complies Explain

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies Explain

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board that:

- a) is concrete and verifiable;
- b) ensures that appointment or re-election proposals are based on a prior analysis of the competences required by the board; and
- c) favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The nomination committee should run an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Complies Partially complies Explain

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Further, the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not less than 30% previous to that.

Complies Partially complies Explain

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies Explain

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies Explain

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Complies Partially complies Explain

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies Partially complies Explain Not applicable

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of the latter should be reduced accordingly.

Complies Partially complies Explain Not applicable

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the nomination and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Complies Partially complies Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies Partially complies Explain Not applicable

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Complies Partially complies Explain Not applicable

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board rules and regulations should lay down the maximum number of company boards on which directors can serve.

Complies Partially complies Explain

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies Partially complies Explain

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies Partially complies Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes book if the person expressing them so requests.

Complies Partially complies Explain Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies Partially complies Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies Explain Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or obtain the information they consider appropriate.

For reasons of urgency, the chair may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies Partially complies Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies Partially complies Explain

33. The chair, as the person responsible for the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, of the company's chief executive officer;

exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies Partially complies Explain

34. When a lead independent director has been appointed, the bylaws or the Rules and regulations of the board of directors should grant him or her the following powers over and above those conferred by law: to chair the board of directors in the absence of the chair or vice chair; to give voice to the concerns of non-executive directors; to maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and to coordinate the chair's succession plan.

Complies Partially complies Explain Not applicable

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competencies.
- d) The performance of the chair of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chair of board committees.

The evaluation of board committees should start from the reports they send to the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies Partially complies Explain

37. When there is an executive committee, there should be at least two non-executive members, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies Partially complies Explain Not applicable

38. The board should be kept fully informed of the matters discussed and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies Partially complies Explain Not applicable

39. All members of the audit committee, particularly its chair, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Complies Partially complies Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chair or the chair of the audit committee.

Complies Partially complies Explain

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Complies Partially complies Explain Not applicable

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

d) In general, ensure that the internal control policies and systems established are applied effectively in practice.

2. With regard to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor, does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provisions of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies Partially complies Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another manager.

Complies Partially complies Explain

44. The audit committee should be informed of any structural changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies Partially complies Explain Not applicable

45. Risk control and management policy should identify or establish at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) The measures in place to mitigate the impact of identified risk events should they occur.

e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies Partially complies Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other specialised board committee. This internal department or unit should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies Partially complies Explain

47. Members of the nomination and remuneration committee-or of the nomination committee and remuneration committee, if separately constituted - should be chosen procuring they have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies Partially complies Explain

48. Large cap companies should have formed separate nomination and remuneration committees.

Complies Explain Not applicable

49. The nomination committee should consult with the company's chair and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies Partially complies Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies Partially complies Explain

51. The remuneration committee should consult with the company's chair and chief executive, especially on matters relating to executive directors and senior officers.

Complies Partially complies Explain

52. The rules regarding composition and functioning of supervision and control committees should be set out in the regulations of the board of directors and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive directors, with a majority of independents.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all board members.

Complies Partially complies Explain Not applicable

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Complies Partially complies Explain

54. The minimum functions referred to in the previous recommendation are as follows:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.
- b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.
- c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.
- e) Monitor and evaluate the company's interaction with its stakeholder groups.

Complies Partially complies Explain

55. Environmental and social sustainability policies should identify and include at least:

- a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts.
- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.
- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies Partially complies Explain

56. Director remuneration should be sufficient to attract and retain directors with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans, retirement accounts or any other retirement plan should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies Partially complies Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the achievement of short, medium and long-term targets, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one off, occasional or extraordinary events.

Complies Partially complies Explain Not applicable

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Complies Partially complies Explain Not applicable

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complies Partially complies Explain Not applicable

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies Partially complies Explain Not applicable

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the nomination and remuneration committee to address an extraordinary situation.

Complies Partially complies Explain Not applicable

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies Partially complies Explain Not applicable

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Complies Partially complies Explain Not applicable

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes No

I declare that the information included in this statistical annex are the same and are consistent with the descriptions and information included in the annual corporate governance report published by the company.

9.3 References on compliance with recommendations of Spanish Corporate Governance Code

Recommendation	Comply / Explain	Information
1	Comply	See section 3.2 'Shareholder rights' .
2	Not applicable	See 'Other conflicts of interest' in section 4.12 and section 2.3 'Significant shareholders' .
3	Comply	See section 3.1 'Shareholder communication and engagement' .
4	Comply	See section 3.1 'Shareholder communication and engagement' .
5	Comply	See section 2.2 'Authority to increase capital' .
6	Comply	See sections 4.5 'Audit committee activities in 2023' , 4.6 'Nomination committee activities in 2023' , 4.7 'Remuneration committee activities in 2023' , 4.8 'Risk supervision, regulation and compliance committee activities in 2023' , 4.9 'Responsible banking, sustainability and culture committee activities in 2023' , 4.10 'Innovation and technology committee activities in 2023' and 4.12 'Related-party transactions and conflicts of interest' .
7	Comply	See 'Engagement with shareholders in 2023' in section 3.1, 'Participation at general meetings' in section 3.2 and section 3.5 'Our next AGM in 2024' .
8	Comply	See 'Board regulation' in section 4.3 and section 4.5 'Audit committee activities in 2023' .
9	Comply	See 'Participation at general meetings' in section 3.2.
10	Comply	See 'Supplement to the notice and proposals resolutions' in section 3.2.
11	Not applicable	See section 3.5 'Our next AGM in 2024' .
12	Comply	See section 4.3 'Board functioning and effectiveness' .
13	Comply	See 'Size' in section 4.2.
14	Comply	See 'Diversity' and 'Election, appointment, re-election and succession of directors' in section 4.2, 'Board regulation' in section 4.3, 'Duties and activities in 2023' in section 4.6, section 5. 'Senior 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, appointment, re-election and succession of directors' in section 4.2.
18	Comply	See 'Corporate website' in section 3.1, section 4.1 'Our directors' and 'Tenure and equity ownership' in section 4.2.
19	Not applicable	See 'Composition by type of director' in section 4.2.
20	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2.
21	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2.
22	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2, 'Board regulation' in section 4.3 and 'Duties and activities in 2023' in section 4.6.
23	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2.
24	Comply	See 'Election, appointment, re-election and succession of directors' in section 4.2, 'Board's regulation' in section 4.3 and 'Duties and activities in 2023' in section 4.6.
25	Comply	See 'Board and committee preparation and attendance' in section 4.3 and 'Duties and activities in 2023' in section 4.6.
26	Comply	See 'Board operation' and 'Board and committee preparation and attendance' in section 4.3.
27	Comply	See 'Board operation' , 'Committee operation' and 'Board and committee preparation and attendance' in section 4.3.
28	Comply	See 'Board operation' in section 4.3.
29	Comply	See 'Board operation' and 'Committee operation' in section 4.3.
30	Comply	See 'Director training and induction programmes' in section 4.3.
31	Comply	See 'Board operation' in section 4.3.
32	Comply	See section 3.1 'Shareholder communication and engagement' and 'Duties and activities in 2023' in section 4.6.
33	Comply	See section 4.3 'Board functioning and effectiveness' .
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 effectiveness review in 2023' in section 4.3.
37	Comply	See 'Board regulation' in section 4.3 and 'Composition' in section 4.4.
38	Comply	See 'Committee operation' in section 4.3 and section 4.4 'Executive committee activities in 2023' .
39	Comply	See 'Board regulation' in section 4.3 and 'Composition' in section 4.5.
40	Comply	See 'Duties and activities in 2023' in section 4.5 and section 8.5 'Monitoring of system functioning' .
41	Comply	See 'Board regulation' in section 4.3 and 'Duties and activities in 2023' in section 4.5.
42	Comply	See 'Board regulation' in section 4.3 and 'Duties and activities in 2023' in section 4.5.

Recommendation	Comply / Explain	Information
43	Comply	See ' Committee operation ' in section 4.3.
44	Comply	See ' Duties and activities in 2023 ' in section 4.5.
45	Comply	See ' Board regulation ' in section 4.3, ' Duties and activities in 2023 ' in section 4.5, ' Duties and activities in 2023 ' in section 4.8 and the ' Risk management and compliance ' chapter.
46	Comply	See ' Duties and activities in 2023 ' in section 4.5, ' Duties and activities in 2023 ' in section 4.8 and the ' Risk, compliance & conduct management ' 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 2023 ' in section 4.6.
50	Comply	See ' Duties and activities in 2023 ' in section 4.7.
51	Comply	See ' Duties and activities in 2023 ' in section 4.7.
52	Comply	See ' Board regulation ' and ' Committee operation ' in section 4.3 and sections 4.8 ' Risk supervision, regulation and compliance committee activities in 2023 ' and 4.9 ' Responsible banking, sustainability and culture committee activities in 2023 '.
53	Comply	See ' Board regulation ' in section 4.3, ' Duties and activities in 2023 ' in section 4.6, ' Duties and activities in 2023 ' in section 4.8 and ' Duties and activities in 2023 ' in section 4.9.
54	Comply	See ' Board's regulation ' in section 4.3, ' Duties and activities in 2023 ' in section 4.6, ' Duties and activities in 2023 ' in section 4.8 and ' Duties and activities in 2023 ' in section 4.9.
55	Comply	See ' Duties and activities in 2023 ' 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 2023 ', 6.3 ' Remuneration of directors for executive duties ' and 6.4 ' Directors' remuneration policy for 2024, 2025 and 2026 '.
57	Comply	See sections 6.2 ' Remuneration of directors for supervisory and collective decision-making duties: policy applied in 2023 ', 6.3 ' Remuneration of directors for executive duties ' and 6.4 ' Directors' remuneration policy for 2024, 2025 and 2026 '.
58	Comply	See section 6.3 ' Remuneration of directors for executive duties ' and 6.4 ' Directors' remuneration policy for 2024, 2025 and 2026 '.
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 2024, 2025 and 2026 '.
62	Comply	See ' Duties and activities in 2023 ' in section 4.7, section 6.3 ' Remuneration of directors for executive duties ' and 6.4 ' Directors' remuneration policy for 2024, 2025 and 2026 '.
63	Comply	See section 6.3 ' Remuneration of directors for executive duties ' and 6.4 ' Directors' remuneration policy for 2024, 2025 and 2026 '.
64	Comply	See sections 6.1 ' Principles of the remuneration policy ' and 6.3 ' Remuneration of directors for executive duties ' and 6.4 ' Directors' remuneration policy for 2024, 2025 and 2026 '.

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: A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.1.6, A.1.7, A.1.8, A.1.9, A.1.10, A.1.11 (note 5), A.1.12. See also sections 4.7 and 6.5 for A.1.1 y A.1.6. 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 . See Introduction.
A.4	No	See section 6.5 .
B. Overall summary of application of the remuneration policy over the last fiscal year		
B.1	No	For B.1.1, see sections 6.1 , 6.2 and 6.3 . For B.1.2 y B.1.3 (not applicable) see section 6.5 .
B.2	No	See 'Summary of link between risk, performance and reward' in section 6.3 .
B.3	No	See sections 6.1 , 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 6.1 , 6.2 and 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	See section 6.3 : "Remuneration of board members as representatives of Banco Santander"
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	No remuneration for this component.
C.1 b) iii)	No	No remuneration for this component.
C.1 b) iv)	No	No remuneration for this component.
C.1 c)	Yes	See section 9.5 .
C.2	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 the consultative vote at the general shareholders' meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	11,116,958,970	100.00 %

	Number	% of votes cast
Votes in favour	9,886,665,679	88.93 %
Votes against	1,194,192,063	10.74 %
Blank	7,043,064	0.06 %
Abstentions	29,058,164	0.26 %

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Directors	Type	Period of accrual in year 2023
Ana Botín-Sanz de Sautuola y O'Shea	Executive Chair	From 01/01/2023 to 31/12/2023
Héctor Grisi Checa	CEO	From 01/01/2023 to 31/12/2023
José Antonio Álvarez Álvarez	Vice-Chair	From 01/01/2023 to 31/12/2023
Bruce Carnegie-Brown	Independent	From 01/01/2023 to 31/12/2023
Homaira Akbari	Independent	From 01/01/2023 to 31/12/2023
Javier Botín-Sanz de Sautuola y O'Shea	Other external	From 01/01/2023 to 31/12/2023
Sol Daurella Comadrán	Independent	From 01/01/2023 to 31/12/2023
Henrique de Castro	Independent	From 01/01/2023 to 31/12/2023
Gina Díez Barroso	Independent	From 01/01/2023 to 31/12/2023
Luis Isasi Fernández de Bobadilla	Other External	From 01/01/2023 to 31/12/2023
Ramiro Mato García-Ansorena	Independent	From 01/01/2023 to 31/12/2023
Belén Romana García	Independent	From 01/01/2023 to 31/12/2023
Pamela Walkden	Independent	From 01/01/2023 to 31/12/2023
Germán de la Fuente	Independent	From 01/01/2023 to 31/12/2023
Glenn Hutchins	Lead independent director	From 01/01/2023 to 31/12/2023

Comments (Not included in the electronic submission to the CNMV)

Glenn Hutchins was appointed as Vice Chair and Lead Independent Director with effect from 1 October 2023 replacing Bruce Carnegie-Brown in the role.

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 2023	Total year 2022
Ana Botín-Sanz de Sautuola y O'Shea	98	45	268	3,271	2,838	361	—	525	7,406	7,227
Héctor Grisi Checa	98	44	198	3,000	1,220	—	—	—	4,560	—
José Antonio Álvarez Álvarez	128	45	198	—	714	231	—	2,460	3,776	5,700
Bruce Carnegie-Brown	203	81	292	—	—	—	—	—	576	700
Homaira Akbari	98	78	89	—	—	—	—	—	265	244
Javier Botín-Sanz de Sautuola y O'Shea	98	39	—	—	—	—	—	—	137	129
Sol Daurella Comadrán	98	77	74	—	—	—	—	—	249	230
Henrique de Castro	98	87	99	—	—	—	—	—	284	261
Gina Díez Barroso	98	68	45	—	—	—	—	—	211	172
Luis Isasi Fernández de Bobadilla	98	78	241	—	—	—	—	1,000	1,417	1,412
Ramiro Mato García-Ansorena	98	96	324	—	—	—	—	—	518	500
Belén Romana García	98	102	372	—	—	—	—	—	572	549
Pamela Walkden	98	87	156	—	—	—	—	—	341	323
Germán de la Fuente	98	87	86	—	—	—	—	—	271	137
Glenn Hutchins	193	83	96	—	—	—	—	—	372	10

Comments (Not included in the electronic submission to the CNMV)

The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

The variable remuneration only includes amounts related to the position of executive director of Banco Santander S.A.

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 2023		Financial instruments granted during 2023 year		Financial instruments consolidated during 2023				Instruments matured but not exercised	Financial instruments at end of year 2023	
		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	Gross profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Ana Botin Sanz de Sautuola y O'Shea	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	103,303	103,303	—	—	34,400	34,400	3.793	130	68,903	—	—
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	212,927	212,927	—	—	35,452	35,452	3.793	134	71,011	106,464	106,464
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	111,821	111,821	—	—	31,049	31,049	3.793	118	6,225	74,547	74,547
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	710,698	710,698	—	—	177,675	177,675	3.793	674	—	533,023	533,023
	7th cycle of deferred variable remuneration plan linked to multi-year targets (2022) in shares	311,669	311,669	—	—	62,334	62,334	3.793	236	—	249,335	249,335
	7th cycle (Bis) of deferred variable remuneration plan linked to multi-year targets (2022) in shares options.	839,174	311,669	—	—	167,835	62,334	3.793	118	—	671,339	249,335
	8th cycle of deferred variable remuneration plan linked to multi-year targets (2023) in shares	—	—	1,041,392	1,041,392	469,286	469,286	3.793	1,780	—	572,107	572,107

Name	Name of Plan	Financial instruments at start of year 2023		Financial instruments granted during 2023 year		Financial instruments consolidated during 2023				Instruments matured but not exercised	Financial instruments at end of year 2023	
		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	Gross profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
Héctor Grisi Checa	8th cycle of deferred variable remuneration plan linked to multi-year targets (2023) in shares	—	—	693,383	693,383	321,645	321,645	3.793	1,220	—	371,737	371,737

Name	Name of Plan	Financial instruments at start of year 2023		Financial instruments granted during 2023 year		Financial instruments consolidated during 2023				Instruments matured but not exercised	Financial instruments at end of year 2023	
		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	Gross profit from shares handed over or consolidated financial instruments (EUR thousand)	No. of instruments	No. of instruments	No. of equivalent shares
José Antonio Álvarez Álvarez	3rd cycle of deferred variable remuneration plan linked to multi-year targets (2018)	69,033	69,033	—	—	22,988	22,988	3.793	87	46,045	—	—
	4th cycle of deferred variable remuneration plan linked to multi-year targets (2019)	142,299	142,299	—	—	23,693	23,693	3.793	90	47,457	71,149	71,149
	5th cycle of deferred variable remuneration plan linked to multi-year targets (2020)	60,737	60,737	—	—	16,865	16,865	3.793	64	3,381	40,491	40,491
	6th cycle of deferred variable remuneration plan linked to multi-year targets (2021)	479,644	479,644	—	—	119,911	119,911	3.793	455	—	359,733	359,733
	7th cycle of deferred variable remuneration plan linked to multi-year targets (2022) in shares	210,395	210,395	—	—	42,079	42,079	3.793	160	—	168,316	168,316
	7th cycle (Bis) of deferred variable remuneration plan linked to multi-year targets (2022) in shares options.	566,492	210,395	—	—	113,298	42,079	3.793	80	—	453,194	168,316

Comments (Not included in the electronic submission to the CNMV)

■ The variable remuneration only includes the amounts related to the position of executive director of Banco Santander S.A. The figures are impacted by the adaptation for 2023 and successive financial years of the information on "short-term variable remuneration" and "long-term variable remuneration" to the consolidation criteria of CNMV, the latter understood as the fulfillment at the end of the accrual period of the different objectives or conditions to which the variable remuneration was linked, including the verification of whether or not the application of malus clauses is appropriate (instead of including amounts accrued to the executive director under short- and long-term results that are put to the vote of the annual general meeting each year). In 2023 there was no application of malus clauses.

■ The **variable remuneration consolidated** as of the date of this report corresponds to the following plans:

1) Short-term variable remuneration:

- a. 40% immediate payment of variable remuneration of the eight cycle of the deferred multi-year objectives variable remuneration plan (2023).
- b. First fifth deferred (12%) of variable remuneration of the seventh cycle of the deferred multi-year objectives variable remuneration plan (2022).
- c. Second fifth deferred (12%) of variable remuneration of the sixth cycle of the deferred multi-year objectives variable remuneration plan (2021).

2) Long-term variable remuneration:

- a. Third deferred (first fifth subject to multi-year metrics) of variable remuneration of the fifth cycle of the deferred multi-year objectives variable remuneration plan (2020).
- b. Fourth deferred (second fifth subject to multiyear metrics) of variable remuneration of the fourth cycle of the deferred multi-year objectives variable remuneration plan (2019).
- c. Fifth deferred (third fifth subject to multiyear metrics) of variable remuneration of the third cycle of the deferred multi-year objectives variable remuneration plan (2018).

For the purpose of calculating the hypothetical current cash value of *Gross profit from shares handed over or consolidated financial instruments*, the same share price used for VR 2023 has been taken, calculated with the weighted average daily volume of weighted average listing prices of Santander shares in the 50 trading sessions prior to the Friday (not inclusive) before 30 January 2024 (the date on which the board approved the 2023 bonus for executive directors), which was EUR 3.793 per share.

In the case of the 2022 VR share options, the gross profit of the consolidated instruments has been calculated as the difference between the EUR 3.793 and the exercise price of the option in that remuneration plan (EUR 3.088).

■ And below are the **levels of achievement of the multi-year metrics** of the long-term variable remuneration plans:

1) Fifth cycle of the deferred multi-year objectives variable remuneration plan (2020): 83.3% of achievement for the period 2020-2022.

- a. CET1 metric at 100% of achievement for 2022 year-end period (target 12.00%). Weight of 33.3%.
- b. Underlying BPA growth at 150% of achievement (target growth of 10%). Weight of 33.3%.
- c. TSR metric at 0% of achievement (minimum target of 33% not reached). Weight of 33.3%.

2) Fourth cycle of the deferred multi-year objectives variable remuneration plan (2019): 33.3% of achievement for the period 2019-2021.

- a. CET1 metric at 100% of achievement for 2021 year-end period (target 12.00%). Weight of 33.3%.
- b. Underlying BPA growth at 0% of achievement (target growth of 15%). Weight of 33.3%.
- c. TSR metric at 0% of achievement (minimum target of 33% not reached). Weight of 33.3%.

3) Third cycle of the deferred multi-year objectives variable remuneration plan (2018): 33.3% of achievement for the period 2018-2020.

- a. CET1 metric at 100% of achievement for 2020 year-end period (target 11.30%). Weight of 33.3%.
- b. Underlying BPA growth at 0% of achievement (target growth of 25%). Weight of 33.3%.
- c. TSR metric at 0% of achievement (minimum target of 33% not reached). Weight of 33.3%.

iii) Long-term saving systems (thousand EUR)

Name	Remuneration from consolidation of rights to savings system
Ana Botín-Sanz de Sautuola y O'Shea	1,144
Héctor Grisi Checa	966

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		2023		2022	
	2023	2022	2023	2022	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
	Ana Botín-Sanz de Sautuola y O'Shea	1,144	1,081	—	—	49,257	—	46,725
Héctor Grisi Checa	966	—	—	—	585	—	—	—
José Antonio Álvarez	—	811	—	—	19,495	—	18,958	—

iv) Details of other items (thousands of EUR)

Name	Item	Amount remunerated
Ana Botín-Sanz de Sautuola y O'Shea	Life insurance and complement	470
	Other remuneration	28

Name	Item	Amount remunerated
Héctor Grisi Checa	Life insurance and complement	1
	Other remuneration	46

Name	Item	Amount remunerated
José Antonio Álvarez	Life insurance and complement	716
	Other remuneration	6

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 2023	Total year 2022
Homaira Akbari	311	—	—	—	—	—	—	—	311	361
Henrique de Castro	200	—	—	—	—	—	—	—	200	200
Pamela Walkden	152	—	—	—	—	—	—	—	152	147
José Antonio Álvarez Álvarez	200	—	141	—	—	—	—	—	341	—

Comments (Not included in the electronic submission to the CNMV)

The variable remuneration only includes the amounts accrued since the appointment of executive director of Banco Santander S.A.

ii) Table of changes in share/based remunerations schemes and gross profit from consolidated shares of financial instruments

Not applicable

iii) Long term saving systems (thousand EUR)

Not applicable

iv) Detail of other items (thousands of EUR)

Not applicable

c) Summary of remuneration (thousands of EUR)

The summary should include the amounts corresponding to all the items of remuneration included in this report that have been accrued by the director, in thousand euros.

Name	Remuneration accrued in the company					Remuneration accrued in group companies					Total 2023 Company + group companies
	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2023	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Contributions to the long-term savings plan	Remuneration for other items	Total 2023	
Ana Botín-Sanz de Sautuola y O'Shea	7,406	3,190	1,144	498	12,239	—	—	—	—	—	12,239
Héctor Grisi Checa	4,560	1,220	966	47	6,793	—	—	—	—	—	6,793
José Antonio Álvarez Álvarez	3,776	936	—	722	5,434	341	—	—	—	341	5,775
Bruce Carnegie-Brown	576	—	—	—	576	—	—	—	—	—	576
Homaira Akbari	265	—	—	—	265	311	—	—	—	311	576
Javier Botín-Sanz de Sautuola y O'Shea	137	—	—	—	137	—	—	—	—	—	137
Sol Daurella Comadrán	249	—	—	—	249	—	—	—	—	—	249
Henrique de Castro	284	—	—	—	284	200	—	—	—	200	484
Gina Díez Barroso	211	—	—	—	211	—	—	—	—	—	211
Luis Isasi Fernández de Bobadilla	1,417	—	—	—	1,417	—	—	—	—	—	1,417
Ramiro Mato García-Ansorena	518	—	—	—	518	—	—	—	—	—	518
Belén Romana García	572	—	—	—	572	—	—	—	—	—	572
Pamela Walkden	341	—	—	—	341	152	—	—	—	152	493
Germán de la Fuente	271	—	—	—	271	—	—	—	—	—	271
Glenn Hutchins	372	—	—	—	372	—	—	—	—	—	372
Total	20,955	5,346	2,110	1,267	29,679	1,004	—	—	—	1,004	30,683

Comments (Not included in the electronic submission to the CNMV)

The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

Directors' remuneration (EUR thousand)	2023	% var. 23/22	2022	% var. 22/21	2021	% var. 21/20	2020	% var. 20/19	2019
• Executive Directors									
Ana Botín-Sanz de Sautuola y O'Shea	12,239	4%	11,735	(5)%	12,288	52%	8,090	(19)%	9,954
Héctor Grisi Checa	6,793	—	—	—	—	—	—	—	—
• External Directors¹									
José Antonio Álvarez Álvarez	5,775	(40)%	9,575	(2)%	9,728	41%	6,877	(17)%	8,270
Bruce Carnegie-Brown	576	(18)%	700	—	700	18%	595	(15)%	700
Javier Botín-Sanz de Sautuola y O'Shea	137	6%	129	—%	129	6%	122	(11)%	137
Sol Daurella Comadrán	249	8%	230	(4)%	239	12%	214	(11)%	240
Belén Romana García	572	4%	549	3%	533	28%	417	(21)%	525
Homaira Akbari	576	(5)%	605	31%	461	19%	386	71%	226
Ramiro Mato García Ansorena	518	4%	500	—	499	16%	430	(14)%	500
Henrique de Castro	484	5%	461	45%	319	36%	234	172%	86
Pamela Walkden	493	5%	470	38%	339	59%	214	529%	34
Luis Isasi Fernández de Bobadilla ²	1,417	—	1,412	—	1,406	49%	943	—	—
Gina Díez Barroso	211	23%	172	32%	130	622%	18	—	—
Germán de la Fuente	271	—	137	—	—	—	—	—	—
Glenn Hutchins	372	—	10	—	—	—	—	—	—
Company's performance									
Underlying profit attributable to the Group (EUR mn)	11,076	15%	9,605	11%	8,654	70%	5,081	(38)%	8,252
Consolidated results of the Group ³ (EUR mn)	16,459	8%	15,250	5%	14,547	—	(2,076)	—	12,543
Ordinary RoTE	15.06%	13%	13.37%	5%	12.73%	71%	7.44%	(37)%	11.79%
Employees' average remuneration⁴ (EUR thousand)	58	3%	56	1%	56	18%	47	(12)%	54
Employees' average remuneration in Spain⁵ (EUR thousand)	73	6%	68	10%	62	(2)%	63	—	n.a.

1. Non-executive directors' remuneration fluctuations are caused by joining or leaving the Board of Directors and the difference in the amount of meetings they assist during the year. Hence there is no correlation between their remuneration and the company performance.

2. The remuneration of Luis Isasi includes EUR 1,000 thousand for his role as non-executive Chair of Santander España and for Santander España board and committees meetings.

3. Group operating profit/(loss) before tax.

4. Employee average remuneration includes all concepts. Full-time equivalent data. Variable remuneration data accrued in the current year.

5. Total employees in Spain geography. Fixed remuneration + effective bonus received in the year. Not included rest of concepts. Not impacted by exchange rates.

Comments (Not included in the electronic submission to the CNMV)

- The variable remuneration only includes the amounts related to the position of executive director of Banco Santander S.A. The figures are impacted by the adaptation for 2023 and successive financial years of the information on "short-term variable remuneration" and "long-term variable remuneration" to the consolidation criteria of CNMV, the latter understood as the fulfillment at the end of the accrual period of the different objectives or conditions to which the variable remuneration was linked, including the verification of whether or not the application of malus clauses is appropriate (instead of including amounts accrued to the executive director under short- and long-term results that are put to the vote of the annual general meeting each year). In 2023 there was no application of malus clauses.
- Total remuneration of executive directors is impacted by the excellent evolution of Santander share price. In 2023, the revaluation of the share price used to set the 2023 variable remuneration (EUR 3.793) was +23%, so the *Gross profit from shares handed over or consolidated financial instruments* (Price x Volume) increased due to such revaluation. If it had remained stable in EUR 3.088 (share price of VR 2022), the increase in the total remuneration of the Executive Chair would have been only +1% compared to the figure released in 2022 report (EUR 11,735 thousand).
- And regarding the average remuneration of employees (EUR 58 thousand), to highlight the following ideas:
 - a. Normally the increases or decreases in remuneration are greater for the executive directors, depending on the results of the entity, because the percentage of variable remuneration over fixed remuneration is lower in the average employee than in the executive directors.
 - b. Our local presence and global scale, based on three regions and ten core markets, and our vast branch network (c.8,500), have a direct impact on this figure: more than a half of our employees are based in Mexico and South America (mainly in Brazil). The salaries of these employees are adapted to the local cost of living. Therefore, the comparison with the remuneration of executive directors (which remuneration was set for living in a mature country) is also distorted by the difference between both costs of living. Developing countries have a lower cost of living than the country where both directors carried out their functions (Spain).
 - c. The different annual exchange rates have also an impact on this calculation where all local wages and salaries are translated into euros at the average year-end exchange rate.
 - d. Finally, the average remuneration figure of Banco Santander is impacted by the different departures (retirements and early retirements) and annual new hires, with the average cost of the former (a more senior profile) being higher than the latter (a more junior profile).

This annual report on remuneration has been approved by the board of directors of the company, at its meeting on 19 February 2024.

State if any directors have voted against or abstained from approving this report.

Yes No

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