

SANTANDER GROUP FISCAL STRATEGY

The fiscal strategy of Banco Santander and its subsidiaries must be necessarily aligned with its business strategy. This is why the principles constituting all actions undertaken in terms of fiscal matters within Banco Santander and its subsidiaries must be coherent with the Group's mission of contributing to the progress of individuals and businesses, and with its vision of becoming the best commercial bank, earning the trust and fidelity of its employees, clients, shareholders and of society.

In this regard, Santander Group recognizes its responsibility not only towards its employees, clients, and its shareholders but also towards society in general, acknowledging its own benefits must be reflected on the latter so that the created value benefits all. The Group's taxing contribution, and the relevant role that the different entities participating within it play overall in the tax system management of the jurisdictions in which it operates, constitute a relevant factor to the sustainable and responsible banking context to which the Group is committed to.

In hand with the strict compliance to current regulations, the principles that comprise Santander Group's fiscal strategy must allow for contribution within the different jurisdictions in which it operates to be coherent to the real value creation achieved in each of them. Therefore, international taxation standards elaborated by the OECD, and the different actions that comprise the BEPS (Base Erosion and Profit Shifting) — whose objective is to avoid eroding taxation bases and profit shifting due to loopholes or undesirable mechanisms among different national taxation systems □— are to be considered.

The fiscal strategy's alignment to the mission, vision and values comprising the general Group's strategy involves a zero-tolerance stance towards tax payment evasion. The Group adopts a low fiscal risk profile in terms of the interpretation and application of the regulations in place, without foregoing more efficient alternatives given they respect the fiscal strategy principles. The appraisal of this risk must consider not only the possible impact on the Group's estate but also on its reputational risk, which affects the perception of employees, clients, shareholders, investors and of society in general.

Considering the aforementioned details, the following principles comprise Santander Group's fiscal strategy.

- To comply with the lawfully required tax obligations, practising a reasonable interpretation of applicable regulations to every case while ensuring its spirit and purpose.
- To exercise taxation in adherence to the true legal nature and economic substance of all the involved matters, acts or deal proceedings, avoiding those operations or negotiations that are notoriously improper, undue, or lacking economic motives different to those of tax savings.

- To avoid any fiscal planning that might be considered aggressive for disrespecting the principles indicated in the above paragraphs—subject to the application of alternatives that may allow a more favourable fiscal treatment—while guaranteeing the guidelines dictated by international organisms and by the tax administration of different jurisdictions in which the Group is present as well.
- To warrant transparency by shunning the use of opaque tax-related structures which are understood as those that, due to the interposition of instrumental societies through tax havens or present in locations that are uncooperative with tax authorities, are thus designed with the purpose to hinder the knowledge of the responsible fiscal authorities or of the titleholder of the benefits or assets involved.
- The participation in entities within countries or territories that may harbour what the Spanish taxing regulations may consider tax havens will not be created or acquired without the appropriate authorization of the administrative council, subject to the prior report of the audit committee, and always after an analysis of the concrete circumstances and a justification of their event.
- To abide by laws concerning transfer pricing, particularly focusing on operations that are not removed due to the fiscal consolidation process, or that do not answer to the usual traffic of the society. The exercise of these regulations will seek taxing adequate to each jurisdiction concerning the activities developed, the presupposed risks and the benefits created, independent of the value created in terms of the traditional economy or of the new digital environment.
- When trading and selling commercial products and services, no fiscal planning or advice exceeding information on their possible tax treatment may be offered to clients. They should be cautioned the information offered is simple and devoid of fiscal advisory assistance. The respective compliance to tax obligations is their responsibility, which includes taxing advice regarding the product or service of their own procurement or through means external to the Group. In the presentation of products, services, and contracts explicit warnings detailing so should be included.
- To offer clients taxing information about the products and services they hire as early as possible, trying to avoid incidents or discrepancy with the taxing administration.
- To collaborate with the competent taxing administration, offering them in a comprehensive and veritable manner the information required for the compliance of taxing obligations, as either a tax obligor or as a taxing management collaborating entity. In particular, the Group must fulfil the obligations derived from the automatic exchange of information of FATCA/CRS financial accounts, as well as all responsibilities pertaining a timely communication concerning potentially aggressive fiscal planning, in agreement with project BEPS action 12.

- To inform the Group's total fiscal contribution transparently, distinguishing proprietary taxes from third-party ones with tax revenues contributing to the Group, as well as to provide information concerning the Annual Banking Report in the terms established by the banking supervision regulations.
- Aim towards a cooperative relationship with the taxing management based on the principles of transparency and mutual trust, that seeks the avoidance of conflict and the subsequent Court litigations minimization. With this purpose, the entities forming the Group will participate, when possible, in the cooperative compliance programs that the national taxing managements promote, in agreement with the OECD directions in this matter.
- To contribute both to the configuration of a fair, sustainable, and modern taxing system, and to the development and application of more equitable and efficient fiscal legislation, in simultaneous benefit of the business and of general interests.

Overall, the purpose is to adopt all proper practices that allow the adequate prevention and reduction of fiscal and reputational risks, in order to foster a higher legal and economic security for the entity and its shareholders.

This strategy is approved by the Santander Bank's management council, in compliance with article 529 of the Capital Corporations Law. As a parent entity of an international group, Banco Santander establishes standard action guidelines and directions concerning taxing, that must be exercised by all of Santander Group's entities. Thus, the principles governing the adherence to the taxing obligations of the Group's entities must align to those of the general fiscal strategy approved by Banco Santander's management council, adapting them to the tax regulations specificities of each jurisdiction they are present. In any case, Santander's subsidiaries must comply with the fiscal laws and regulations of countries within which they operate, in hand with cooperating with their respective authorities and providing them with the information required.

The fiscal strategy is circulated within the Group by being developed within the corporate fiscal policy, which delineates its fiscal risk, the principles governing its management and control, the government applied to the taxing function, and the responsibilities it implies, in hand with an inventory of operations of particular risk identified by the council and its government. Likewise, in agreement with its commitment to transparency, the strategy and a summary of the corporate fiscal policy are published at Santander Bank's corporate web.

The management system and the taxing risk control of the Group's different entities will be advanced through the pertinent procedures that conform the Group's internal control system, in which the processes and activities constituting the fiscal function are detailed and that in any case align to the fiscal strategy principles and its development within the corporate fiscal policy.

It is the duty of Santander Bank's tax advisory, subsumed within the general secretary, to ensure compliance with the principles that constitute its approved

strategy. It is also the tax advisory's task to guarantee the compliance to standard guidelines and instructions by all the Group, in coordination and collaboration with the internal and external local taxing advisories of the different subsidiaries.

With this goal in mind, the taxing advisory must dispose of enough personal and material means, in hand with adequate procedures to guarantee appropriate management and control of the Group's fiscal risk.

The taxing advisory function is subject to control and supervision in agreement to the regulatory requirements and the Group's internal policy. To this effect, both an internal audit and external auditors undertake periodic revisions of the taxing advisory actions.

Annually, the taxing advisory must submit directly, or through the audit commission, a report to the administration council with the fiscal policies applied during its exercise. This should accommodate the basic principles comprising Santander Bank's fiscal strategy.

Notwithstanding, all operations or matters submitted for approval to the administration council or its commissions will report their taxing consequence when they become a relevant factor, along with those investments or operations that due to their high value or specific nature may pose a distinctive taxing risk.

This fiscal strategy is intended as permanent, subject to its annual revision along with any upgrade concerning regulatory changes or the international taxing environment given they align to the Group's general strategy.

The fiscal strategy was approved in February 2015, and it was reviewed in February 2019.