

## Executive incentives for ESG issues

The organization maintains a process for presenting pay scales, remuneration, and indemnity policies for the CEO and top executives, which includes incentives related to material ESG issues. While the release of bonuses and incentives for executives is tied to the attainment of specific ESG-related objectives and benchmarks, it also hinges on compliance with Santander's Codes of Conduct and an annual acknowledgment of these standards by each individual executive. A critical evaluation factor for Santander, all executives including the CEO and second-level leaders under vice presidents, are held accountable for the bank's ESG (Environmental, Social, and Governance) progress, with a percentage of their variable pay hinging on it. Within this percent, sustainability metrics could represent up to 30% of the variable remuneration of the corresponding executives responsible for the management of each topic.

Some examples of sustainability metrics that influence executive compensation are:

- **Client experience:** Santander places significant importance on delivering an exceptional customer experience and acknowledges its impact on business success, there it is a transversal metric which applies to every employee's variable remuneration in Santander. To further strengthen this commitment, our executive remuneration structure has a specific emphasis on customer experience as an ESG metric. Part of our executives' annual scorecard percentage is directly tied to the Net Promoter Score (NPS). The degree of achievement of the target defines the final incentive. NPS, a key customer experience indicator, serves as a direct measure of our ability to exceed customer expectations. By linking executive incentives to NPS, our leaders are motivated to drive continuous improvements in customer satisfaction and loyalty. This focus on NPS within our remuneration framework aligns with our strategic objectives and encourages executives to prioritize initiatives that enhance the overall customer experience.
- **Cybersecurity:** the cybersecurity of Santander is incorporated through various mechanisms. First, part of the evaluation is dedicated to the preparation and training of personnel to face cybersecurity challenges. Approval of specialized cybersecurity courses and participation in test campaigns are considered. Additionally, employees are required to regularly report these test campaigns through designated emails to ensure transparency and awareness of the importance of cybersecurity throughout the bank.
- **Environmental Performance:** The ESG evaluation encompasses key components like "Green Finance", and "Progress on the Climate Plan". This evaluation covers multiple KPIs, like endorsing new retail and commercial banking ventures in green financing and advancing climate-related initiatives such as reaching the target of 100% renewable electricity. Also included are KPIs for reduction of emissions, lowering energy consumption, and improving efficiency. This policy emphasizes Santander's exhaustive approach to sustainability and its steadfast commitment to sustainable business practices, conscientious of its environmental footprint.

## Other incentives for ESG issues

### Climate-related incentives for diverse employee roles

At Santander, climate-related incentives are not exclusive to executive-level employees - we incorporate environmental responsibilities across a wide range of roles, aligning the bank's commitment to sustainability with the annual performance evaluation of our employees.

- **For Professionals in Business, Operations, Risk, and Sustainability:** Their performance assessments include targets tied to the advancement of green finance and the reduction of emissions and energy consumption.
- **For Managers of Services, Risks, People-Communications, and Sustainability:** Their performance assessments also include annual targets related to the advancement of green finance, the reduction of greenhouse gas emissions, and decreased energy consumption.

By aligning professional development with environmental sustainability, Santander fosters an organizational culture committed to climate-conscious business operations across all employee levels. The incentives underscore Santander's determination to reduce its environmental impact and bolster green finance, demonstrating its drive to embed sustainability at every level of its operations.