



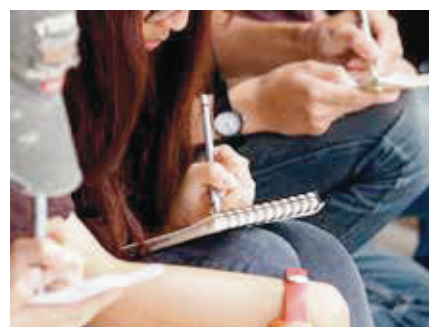
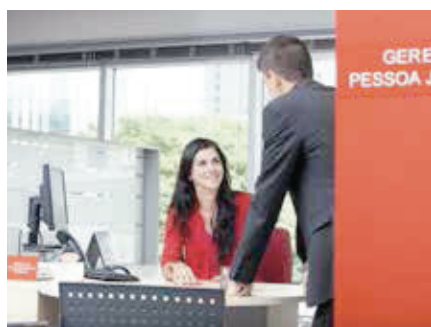
CREATING VALUE

2014 ANNUAL SUSTAINABILITY
REPORT - MEXICO



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www.santanderannualreport.com/2014/es/

2014 Sustainability Report



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Main figures

Financial indicators Balance sheet and income statement (€ million)

	2014	2013*
Customer lending (net)	734,711	684,690
Customer deposits	647,628	607,836
Customer funds under management and sold	1,023,437	946,210
Own funds	80,806	70,326
Gross income	42,612	41,920
Pre-provision profit (net operating income)	22,574	21,762
Group attributable profit	5,816	4,175

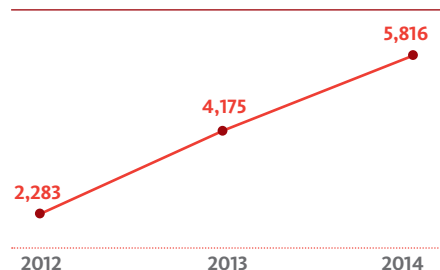
Ratios (%)

	2014	2013*
Efficiency (including write-downs)	47.0	48.1
RoE ¹	7.0	5.8
RoTE ¹	11.0	9.6
Non-performing loan (NPL) ratio	5.2	5.6
NPL coverage	67.2	64.9

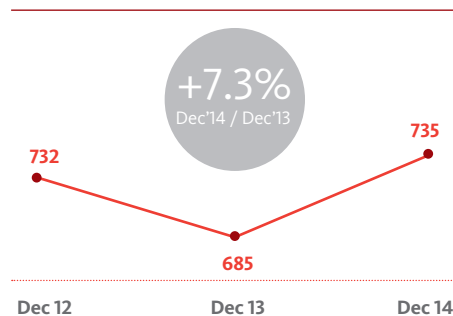
* Information for 2013 has been adjusted to reflect the takeover of Santander Consumer USA at the start of 2014 and the loss of control of the management companies that took place towards the end of 2013, the aim being to give a better comparison of the management carried out.

1. In January, pro-forma data including capital increase in January 2015 worth €7,500 million.

Group attributable profit (€ million)



Customer lending (net) (€ billion)



Employees



185,405

employees

Customers



117

million customers

Shareholders



3.2

million shareholders

Communities

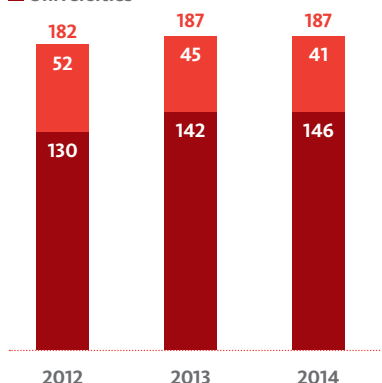


8,739

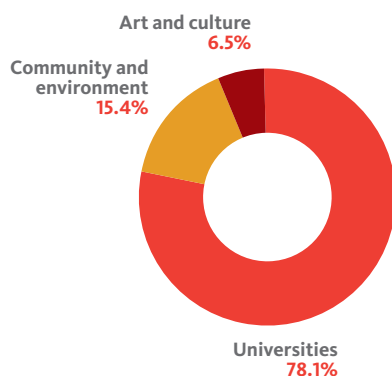
partnerships with universities, NGOs and other social and community organisations

Changes in social investment (€ million (gross amounts prior to tax effects))

■ The community
■ Universities



Percentage of community investment of total investment (%)



Renewable energies



Participation in the financing of

5,197

megawatts

Economic contribution to society

Employee remuneration

€10,242

million in personnel expenses



Banco Santander has a team of 185,405 employees, with an average age of 37.7 and average length of service of 9.7 years. Santander is also a staunch proponent of stable employment, with 96% of its contracts being permanent.

Loans awarded (net)

€734,711

million in loans awarded at year-end



In 2014, loans, and particularly financing for families and companies, were up in nine of the ten main local units in which the Group operates. The Bank has also financed a total of 250,286 micro-businesses in Brazil, Chile and El Salvador. Santander is also a market leader when it comes to financing renewable energy projects. In 2014 Santander participated in the financing of projects with a total installed capacity of 5,197 MW.

Shareholder remuneration

€7,738

million in total returns to shareholders (cash and new shares)



In 2014 the total return to shareholders stood at 17.1% assuming a cash requests percentage of 16%.

Taxes withheld and paid

€13,275

million in taxes and other levies withheld and paid



The Santander Group contributes both economically and socially to the countries in which it operates by paying all its direct taxes and withholding indirect taxes from third parties.

Social investment in the community

€187

million in social investment in the community



1,175 agreements reached with universities. 28,443 scholarships and grants. and 4,700 projects in partnership with universities.

Procurement from suppliers

€4,270

million traded with third parties through a global buying model

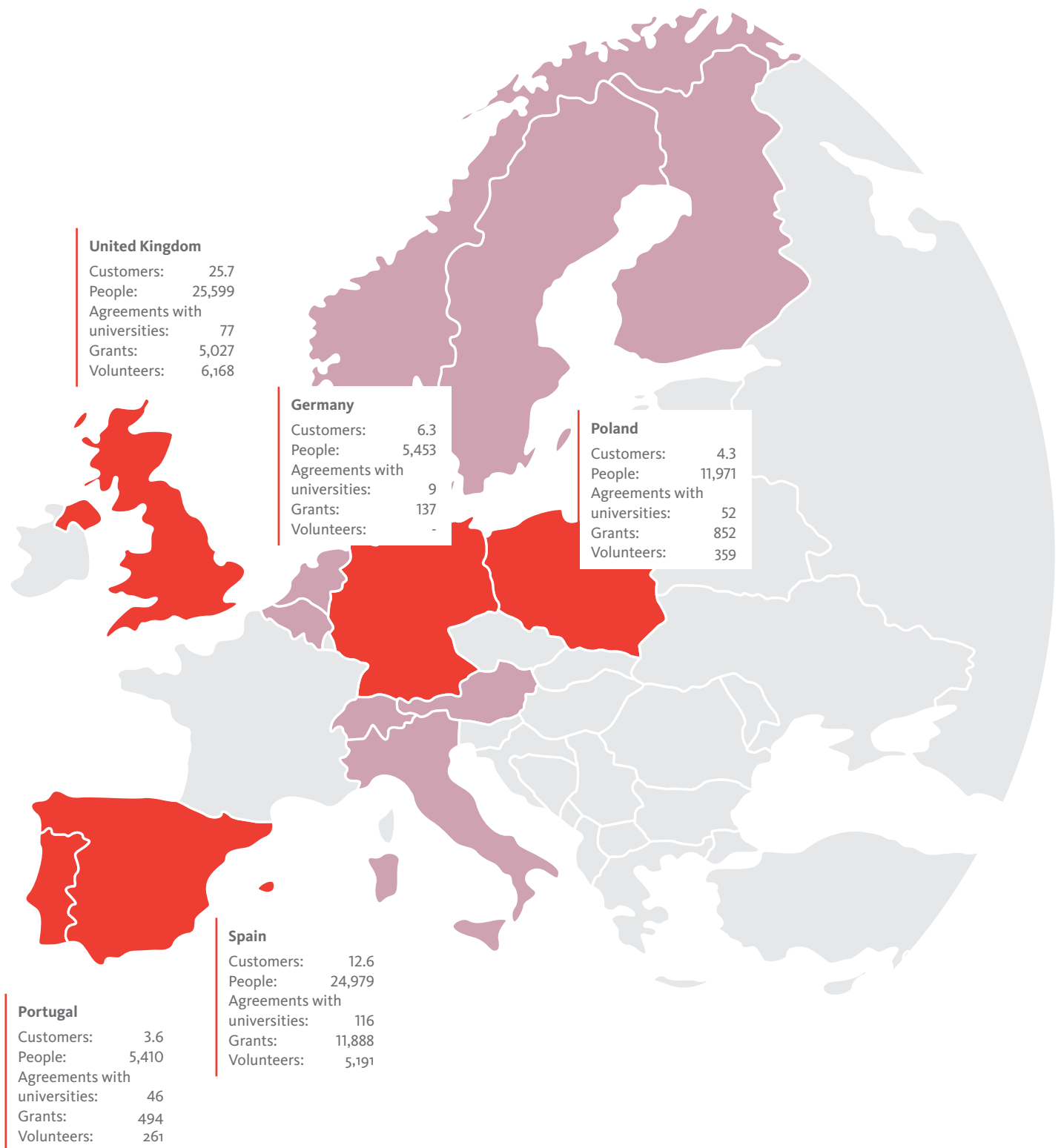


Santander trades with a total of 7,151 approved suppliers through its global procurement model, 92% of which are local.

Geographic distribution

The Santander Group maintains a well-balanced geographic diversification throughout its ten main markets:





- Main countries
- Other countries in which Banco Santander has commercial banking operations: Peru, Puerto Rico, Uruguay, Colombia, Norway, Sweden, Finland, Denmark, the Netherlands, Belgium, Austria, Switzerland and Italy.

Customer data presented in millions.
 The employee data presented is broken down according to management criteria, and is therefore not comparable to that found on page 27, which is presented by legal entity.
 Country-specific volunteering data estimated on the basis of the total number of participants in each initiative.

Message from the executive chairman



Ana Botín, executive chairman of Banco Santander.

Our purpose at Banco Santander is to help people and businesses prosper. We strive daily to help people with brilliant ideas set up their first business, while helping couples looking to buy their first home, students looking to go to university and retired people looking to invest their life savings wisely. This commitment harks back to 1857, when the founders of Santander set up the Bank with the aim of financing trade between Spain and Latin America to help generate employment and prosperity in both regions. Nowadays our reach is even greater, yet the result of our work must remain the same.

Our aim is to become the best retail and commercial bank that earns the lasting loyalty of our people, customers, shareholders and communities. Our most precious asset is loyalty; an absolute must for any business hoping to be successful and sustainable over time. And loyalty is built on trust, which is and will always remain the cornerstone of all banking activity.

The only way of making our aim a reality is by forging the best possible ties with our employees, customers, shareholders and communities.

- If our human team feels motivated, committed, valued and rewarded, it will do everything in its power to help customers.
- If our customers receive excellent service and feel special, they will become more loyal to the Bank.
- When this happens, our profits grow, thus increasing the trust of our shareholders, who invest more heavily in the Bank.

- All this will enable us to provide greater support and aid for society as we invest more and more in our local communities, while at the same time our employees will feel a greater sense of pride.

It is, in a nutshell, a virtuous circle.

Our overriding commitment to supporting our local communities is embodied in Santander Universities. Since 1996, Banco Santander has invested upwards of €1,000 million in university projects and has supported over 160,000 students and university professors and lecturers through its grants scheme.

Of the €187 million spent on social investment in 2014, €146 million went to higher education.

Apart from our investment in higher education, Santander also champions the social development of countries through a wide range of local initiatives targeting key areas such as child education, local enterprise and job creation, financial literacy and art and culture.

We are also staunchly committed to environmental protection, focusing on the need to combat climate change and energy efficiency.

We therefore have a purpose and an aim to work towards each and every day. And we also know how to go about it. We have quizzed employees and customers alike on what they want from the Bank and what kind of relationship and service they expect from it. And their answer has been clear. **They want a bank that is Simple, Personal and Fair.** These three words define what we are and how we approach our work. They shape our conduct with employees, customers, shareholders and the community. These words are the foundations on which we will build the best bank.

“Santander strives daily to help people and businesses prosper. We operate responsibly and with the utmost commitment to the society we serve”

Santander, a responsible and committed bank

Our purpose is to help people and businesses prosper.

Purpose and business model



Plus...

Responsible with our stakeholders



- We attract, retain and engage the best talent.
- We forge long-term relationships with our customers built on trust.
- We offer a dividend with an attractive and sustainable return.
- We maintain stable relations with our suppliers.

Committed to social and economic progress



We remain strongly committed to higher education as the main focus of our investment in society. We also contribute towards the progress of our local communities through initiatives to support child education, enterprise and job creation, financial education and art and culture.

Aim and value creation

Our aim is to be the best retail and commercial bank that earns the lasting loyalty of our people, customers, shareholders and communities.



All this while ensuring our relations with suppliers are rooted in ethical conduct, transparency and mutual respect.

Simple, Personal @ Fair

It defines how we go about our business and take decisions, and the way we interact with customers, shareholders and the community. The path to becoming the go-to bank for our customers and the best company for our employees, customers and shareholders.



- We offer a convenient service to our customers with products that are simple, easy to understand and uncomplicated.
- We use clear, concise and understandable language.
- We improve our processes every day for customers and professionals by simplifying procedures and eliminating unnecessary steps.



- We treat our customers in an individual and personalised manner by offering them products, services and tools so they can decide which ones best suit their needs.
- We strive to make every customer feel unique and appreciated.
- We are committed to our professionals and support them so they can develop their full potential and achieve their objectives.



- We treat our customers in a just and fair way, through transparency and resolving their complaints quickly and diligently.
- We forge relationships that are beneficial to shareholders, customers, staff and the Bank alike.
- We meet our promises and take responsibility for the commitments made with our customers.

Managing sustainability

Santander has a well-defined sustainability governance structure in place at both central and regional level, allowing for all the Bank's business areas and support units across the different countries to become involved in the process.

The board of directors, the Group's senior decision-making body on all matters except those reserved for the general shareholders meeting, is the only body authorised to approve general policies and strategies, especially those relating to sustainability.

Banco Santander has a sustainability committee chaired by the chief executive and comprising the general managers and/or heads of the different divisions of the bank concerned. The committee meets at least once a year to propose the Bank's sustainability strategy and general and sector-specific policies, which it lays before the board of directors. It also tracks all the initiatives rolled out

by the different business areas represented on and involved in the committee.

The committee secretary is the head of the sustainability area. This area is part of the Communication, Corporate Marketing and Research division and is responsible for managing and promoting sustainability throughout the Group while coordinating the different actions undertaken by the Bank.

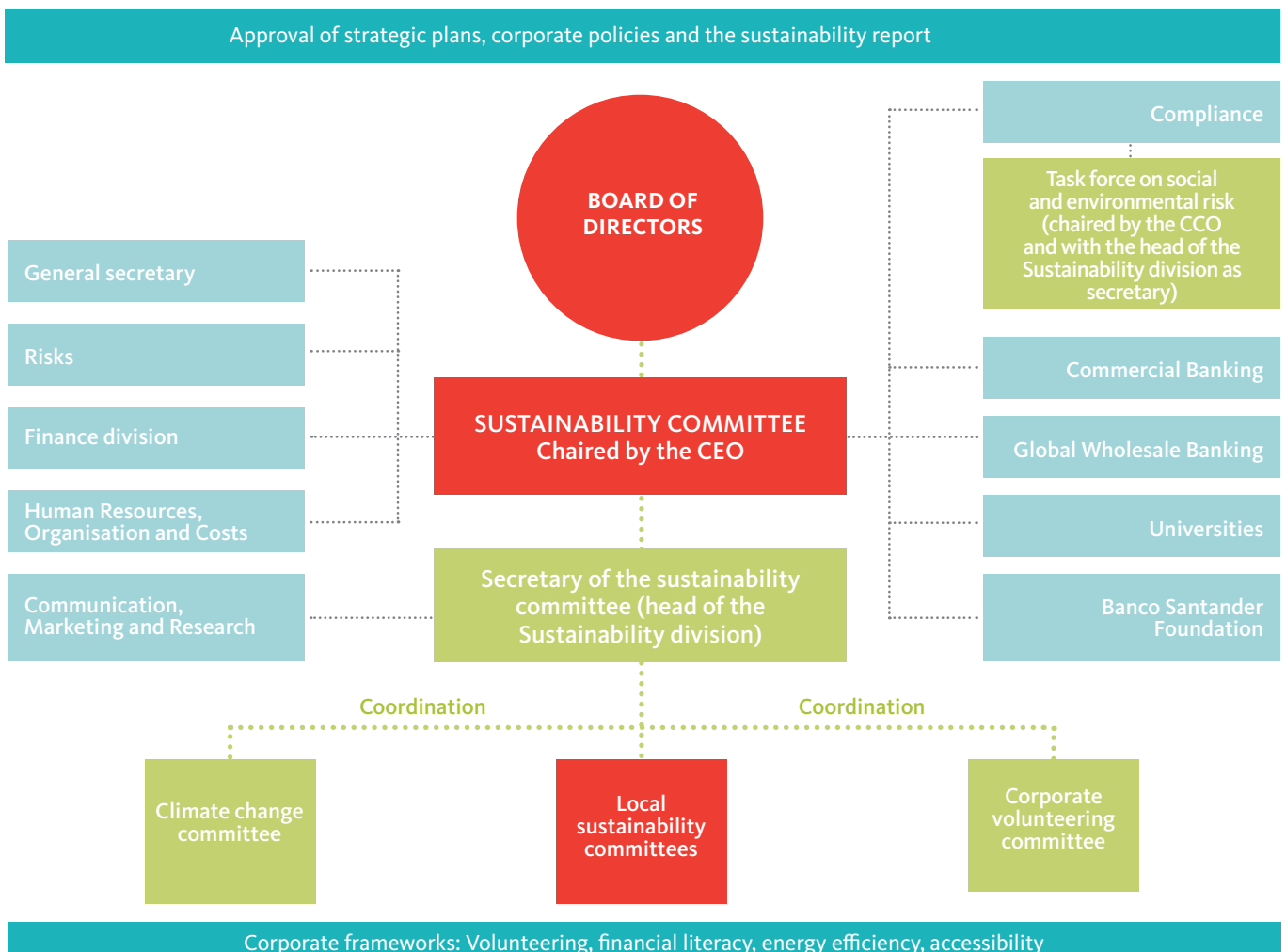
The vast majority of countries have their own local sustainability committee chaired by the corresponding country head. Relying on common corporate frameworks, the units in each country roll out initiatives that target local needs.

A specific task force has also been set up with the aim of analysing the social, environmental and reputational risk of operating in sensitive sectors. The task force is headed by the chief compliance officer, while the head of the Sustainability division serves as secretary.



QR code reader
View section on Managing sustainability

Structure of the Santander Group's sustainability function





Santander Group City, in Boadilla del Monte, Madrid, Spain.

Internal sustainability policies

- **Social and environmental policy.** Sets out the general principles governing the Bank's sustainability actions and the mechanisms needed to analyse social and environmental risks.
- **Defence policy.** Banco Santander does not finance projects related to the manufacture, trade or distribution of anti-personnel mines, cluster bombs, nuclear arms, or chemical or biological weapons.
- **Energy policy.** Relates to activities in the oil, natural gas, coal, and renewable and nuclear energy sectors.
- **Forestry policy.** Lays out the principles and approach to financing activities that have an impact on forest resources.
- **Water policy.** Concerns hydroelectric projects (dams and reservoirs), water treatment and desalination, sewage treatment and related infrastructure.
- **Human rights policy.** Expresses Santander's stance on the subject of human rights and establishes the channels through which incidents are addressed.
- **Climate change policy.** Explains the Bank's commitment to and action in combating climate change.

QR code reader
View section on Policies



International initiatives to which Banco Santander is party

- | | |
|---|---|
| <u>United National Global Compact</u> | <u>Banking Environment Initiative (BEI)</u> |
| <u>UNEP Finance Initiative</u> | <u>The Wolfsberg Group</u> |
| <u>Equator Principles</u> | <u>Roundtable on Responsible Soy</u> |
| <u>Principles of Responsible Investment (PRI)</u> | <u>Working Group on Sustainable Livestock</u> |
| <u>Carbon Disclosure Project</u> | <u>Principles for Sustainable Insurance</u> |

Corporate governance



A balanced and committed board

- Of the 15 directors, 10 are non-executive and five executive.



Equal rights among shareholders

- One share, one vote, one dividend.
- No anti-takeover measures in the Bank's by-laws.
- Informed participation by shareholders encouraged at all general meetings.



Utmost transparency, particularly on the subject of remuneration

- This is key to generating shareholder and investor confidence and security.



Listed on socially responsible investment indices

- Santander listed on the FTSE4Good and DJSI indices since 2003 and 2000, respectively.

Board of directors

Banco Santander's board of directors is the top decision-making body, except for matters reserved for the general shareholders' meeting. It is responsible, among other things, for the Group's strategy. Its functioning and activities are regulated by the Bank's internal rules, which are based on principles of transparency, efficiency and defence of shareholders' interests. The board also oversees compliance with the best international practices in corporate governance and closely involves itself in the Group's taking of risks. In particular, and upon a proposal from the senior management, the board establishes and monitors the Group's risk appetite.

The board's composition is balanced between executive and non-executive directors. The board currently comprises 15 directors, five of whom are executive and ten non-executive.

As of the date of writing, of the ten non-executive directors, nine are independent while one is proprietary.

All members are recognised for their expertise, integrity and independence.

The non-executive directors are all seasoned senior executives and therefore boast extensive experience within the financial world, plus in-depth knowledge of the markets in which the Group operates and of different sectors and customer service models.

The board met on 16 occasions in 2014.

Director remuneration

The Board of Directors, upon a proposal from the remunerations committee, promotes and implements a compensation system that reflects a strict risk management approach as it monitors, on a continuous basis, the recommendations of the main competent national and international organisations on the subject of director remuneration.

Total remuneration paid to the board of directors in 2014 was up 8.9% year on year, while Group profit climbed 39%*. The annual report contains an individual and detailed account of the remuneration received by each director.

Full details of the remuneration policy for directors in 2014 can be found in the report of the appointments and remuneration committee.

In 2014 the board made significant progress in terms of diversity and becoming more international

For further information on corporate governance, please see pages 18 to 23 and 68 to 99 of the annual report

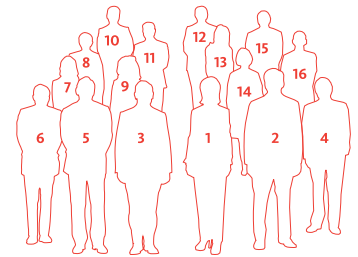
* The increase would have been 39% if it had not been chosen to exclude the effect of restating the 2013 financial statements due to early application of the interpretation of accounting standard IFRIC 21 on levies, which has entailed a change in accounting for contributions made by Santander UK to the Financial Services Compensation Scheme and by Spanish institutions to the Deposit Guarantee Fund. Notwithstanding the foregoing, the growth data used to determine the Bonus was 33%

Board of directors of Banco Santander

- 1. **Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea**
Executive chairman.
Executive director
● □ △
- 2. **Mr. José Antonio Álvarez Álvarez**
Chief executive officer and executive director
● ■ □ △
- 3. **Mr. Bruce Carnegie-Brown**
Vice chairman.
Non-executive director (independent), coordinator of the non-executive directors and lead independent director
● ● ● ○ △
- 4. **Mr. Rodrigo Echenique Gordillo**
Vice chairman.
Executive director
● ■ □ △
- 5. **Mr. Matías Rodríguez Inciarte**
Vice chairman.
Executive director
● ■ △
- 6. **Mr. Guillermo de la Dehesa Romero**
Vice chairman.
Non-executive director (independent)
● ▲ ● ■ ○ □ △
- 7. **Ms. Esther Giménez-Salinas i Colomer**
Non-executive director (independent)
□ △
- 8. **Mr. Juan Miguel Villar Mir**
Non-executive director (independent)
▲ ○



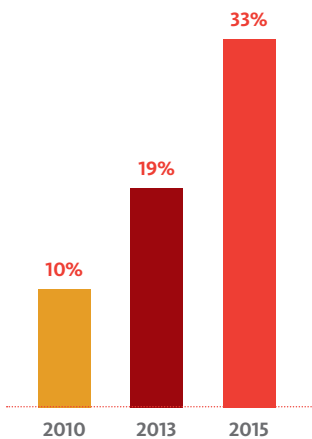
- Executive committee
- Delegate risk committee
- ▲ Audit committee
- Appointments committee
- Remunerations committee
- Risk supervision, regulation and compliance committee
- International committee
- △ Innovation and technology committee



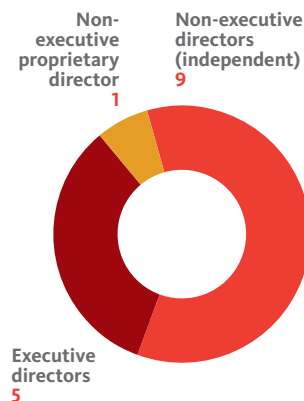
El Faro, Santander Group
City, Boadilla del Monte,
Madrid, Spain. 16 January
2015.

- 9. **Ms. Isabel Tocino Biscarolasaga**
Non-executive director (independent)
● ■ ▲ ■ ○
- 10. **Mr. Javier Botín-Sanz de Sautuola y O' Shea**
Non-executive director (proprietary)
▲ ● ○
- 11. **Mr. Carlos Fernández González**
Non-executive director (independent)
▲ ● ○
- 12. **Mr. Ángel Jado Becerro de Bengoa**
Non-executive director (independent)
■ ▲ ● ■ ○
- 13. **Ms. Sol Daurella Comadrán**
Non-executive director (independent)
● ■
- 14. **Ms. Sheila C. Bair**
Non-executive director (independent)
○
- 15. **Mr. Juan Rodríguez Inciarte**
Executive director
■
- 16. **Mr. Ignacio Benjumea Cabeza de Vaca**
General secretary and secretary to the board
● ■ ▲ ● ■ ○ □ △

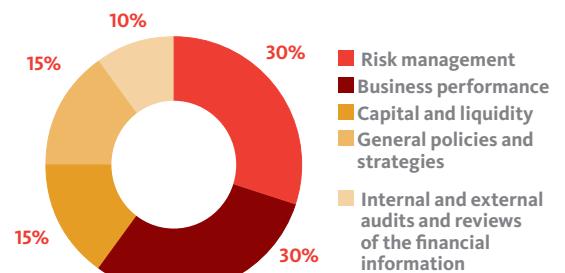
Board diversity % of female directors



Current board membership



Approximate time spent by the board on each function



Strategic priorities and objectives

▼ "We want to be the best retail and commercial bank that earns the lasting loyalty of our people, customers, shareholders and communities. A new way of doing things, a way that is Simple, Personal and Fair". Ana Botín, Banco Santander executive chairman.

Strategic priorities

Objectives for 2017



1. Be the best employer among all banks and transform our culture: *Simple, Personal and Fair*.

- Be among the top three best bank employers in most of the countries.



2. Enhance the satisfaction and loyalty of our customers.

- Increase the number of loyal retail customers and businesses by 40%.

3. Operational excellence.

- Be among the top three banks when it comes to quality of service across all countries.
- Reach 25 million digital customers.
- Cost/earnings ratio below 45%.



4. Capital strength and risk management.

- Bring the NPL ratio to below 5%.
- Improved returns, with RoTE of between 12-14%.

5. Improve profitability and returns.

- Grow in earnings per share (EPS) as we outpace our peers.



6. Help drive social and economic progress of the communities in which the Group operates, focusing on higher education through Santander Universities.

- €700 million in support for universities over the coming four years.
- 90,000 grants to be awarded to students between 2015-2017.
- Rank among the top 10 on the Dow Jones Sustainability Index.

Other priorities



Ensure that our business helps protect the environment.

- Lower use of resources and emissions.
- Cement our leadership in financing energy efficiency and renewable energy projects.
- Review the Bank's policies in view of best international practices.



Manage the Bank's procurement processes rigorously and responsibly.

- Make improvements to the process of assessing compliance among suppliers with social and environmental concerns in line with the principles of the UN Global Compact.

Risk management

G4 - 45 y G4 - 46

High quality risk management is one of the hallmarks of Banco Santander and is therefore a focal point for action and value creation.

Risk prudence has been a constant feature of Banco Santander over its 150-plus years of existence. This focus has been a decisive factor behind the constant growth in profit and its ability to generate value for its stakeholders.

The Santander Group's risk policy is geared towards maintaining a predictable medium-low risk profile for all its risks and its risk management model is a key piece in reaching the Group's strategic objectives.

The main risks facing Santander as a product of its business activities are: credit risk, market risk, liquidity and financing risk, operational risk, compliance risk and reputational risk (more information on page 46 to 49 of the annual report).

The following play a particularly important role when it comes to sustainability:

- Managing reputational and compliance risk. Santander has an independent top-level compliance body covering the entire Group that advises and reports directly to the board of directors on matters relating to compliance risk, conduct risk, reputational risk, prevention of money laundering, financing of terrorism and



El Faro, Santander Group City, Boadilla del Monte, Madrid, Spain.

finances and other sanctions. The area is headed by the Group's chief compliance officer and reports directly to the executive vice-chairman of the board of directors, Rodrigo Echenique.



See the risk management report (part of the annual report)

- In the compliance function, Santander has a number of control bodies to ensure the Bank maintains a suitable range of products and services and commercialises them responsibly.
- Analysing social and environmental risk. The Bank has the necessary mechanisms in place for analysing the social and environmental risks associated with its large-scale financing arrangements according to the Equator Principles (see page 49 of this report).

Corporate principles governing risk management at the Santander Group



Integration of the risk culture and involvement of the senior management in risk management and decision making



Independence of the risk function



All risks fully addressed



Risk appetite of the Group and of the different units fully defined



Clear definition of competencies and decision making through committees and other bodies



Common management instruments used between countries

<p>Compliance and reputational risk</p>	<p>Compliance risk Compliance risk is the risk of receiving fines or other sanctions, or other kinds of disciplinary measures from supervisory bodies for failure to comply with law, regulations, rules, self-regulatory standards or codes of conduct applicable to the business in question.</p> <p>Reputational risk Reputational risk can be defined as the risk of the Bank's reputation deteriorating in the eyes of the public, its customers, investors or any other stakeholder.</p>	<ul style="list-style-type: none"> • Express statement of zero tolerance in relation to compliance and reputational risk. • The Group's compliance structure focuses on: <ul style="list-style-type: none"> • Prevention of money laundering and the financing of terrorism. • Commercialisation of products and services. • Conduct within the securities markets. • Prevention of criminal risks. • Relations with regulators and supervisors. • Preparation and disclosure of institutional information of the Group. 	<ul style="list-style-type: none"> • On the subject of the prevention of money laundering, a total of 22.9 million transactions were analysed and training courses given to 129,233 employees. • The corporate commercialisation committee analysed a total of 103 new products/services. • A total of 12,000 Group employees are subject to the code of conduct in the securities market. • Banco Santander published 90 material facts with the Spanish CNMV (securities market regulator). <p> See pages 268 to 273 of the annual report</p>
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Corporate anti-corruption programme

Santander's anti-corruption programme is overseen by the Corporate Compliance division and includes the following features, among others:

- A whistleblower channel whereby Group employees can confidentially report any possible breaches of the corporate anti-corruption programme.
- Measures to ensure special care is taken when arranging the services of certain agents, intermediaries and consultants.
- Prohibition on facilitating payments (small gifts to obtain a favour or preferential treatment).
- Rules of conduct that employees must follow on the subject of accepting gifts or invitations from third parties, including suppliers.

Prevention of money laundering and financing of terrorism

Santander has an advanced and efficient system to prevent money laundering and the financing of terrorism. The system is kept constantly in line with the latest international regulations and is able to adapt to new techniques used by criminal organisations.

Regulatory changes

In the current climate, the Bank pays particular attention to the following key priorities: ensuring constant oversight of regulatory changes, reacting swiftly to new requirements and the continuous need for Group employees to be aware of the regulatory framework, which shapes the way the Bank does business. The financial crisis and the intensive and extensive response from the authorities mean that these aspects are now of greater strategic importance than ever.

The public policy function has been set up to ensure that the Group is kept permanently informed of all legislative developments, regulatory changes in the financial sector and sector proposals under discussion on the international and European stage and at regional level; to analyse these developments to gauge their potential impacts; to coordinate the Bank's stance with the different areas involved as and when necessary; and convey this stance to the authorities for constructive purposes and through the appropriate channels (mainly public consultations).

Relations with regulators and disclosure of information to the markets

Compliance management is responsible for tending to the information requirements of the regulatory and supervisory bodies, both those in Spain and in other countries where the Group operates, monitoring implementation of the measures resulting from the reports or inspections of these bodies and supervising the way in which the Group disseminates institutional information in the markets transparently and in accordance with the regulators' requirements.

Banco Santander published 90 material facts in Spain during 2014, all of which are available on the Group's website and on the website of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, or CNMV for short).

In addition, the Finance division now includes a supervisor and regulator relations office responsible for global coordination between the Bank and its various units and companies on the one hand and supervisors and regulators on the other.

Main business indicators on the prevention of money laundering in 2014

Subsidiaries reviewed*	123
Investigations	79,978
Disclosures to authorities	23,844
Training course attendants	129,233

* The number of subsidiaries means the total number reviewed by the UCIF (Corporate Financial Intelligence Unit) and by the local Anti-Money Laundering Units.

Dialogue with stakeholders



Santander Group City, in Boadilla del Monte, Madrid, Spain.

Santander has set up stable and long-lasting relationships with all of its stakeholders to better understand their expectations, respond to their needs with innovative solutions, and forge long-term relationships built on trust.

Transparent communication is key in this regard. To achieve this, Santander has set up a variety of channels to improve and facilitate dialogue with its employees, customers, shareholders and local communities.

All these channels of dialogue ensure that the Bank's main stakeholders have the necessary means of voicing their concerns and being heard, while ensuring that the Bank has enough sources of information to gauge their expectations and respond accordingly.

Active listening channels played a particularly prominent role in 2014. In the case of employees, highlights included the global commitment survey handed out to more than 180,000 Group employees, with a high survey completion rate, plus the Santander Ideas platform, which received over 10,000 ideas from Group employees across the globe.

Turning to customers, over one million surveys have been conducted to gauge their expectations and opinions on the different products and services the Bank offers. Forums have also been arranged to flag trends and best practices and personal interviews have been held with the main suppliers to analyse suggested improvements with the aim of streamlining resources and service quality. The Bank has also addressed over 227,968 queries and consultations received from shareholders and has amplified the Group's presence on social networks.

Key figures - relationships with stakeholders

Stakeholder	Main dialogue channels	Performance figures
Employees	Global commitment survey	78% of the workforce took part (185,405 employees)
	Santander Ideas	Over 10,000 ideas put forward
	Santander news (corporate Intranet)	1,050 news items published
	Managers portal	130 news items published
	Local Intranets	15 local Intranets
	Whistleblower channel	Over 400 reports received
Suppliers	Suppliers portal	www.aquanima.com
	Negotiation processes	6,429
	Suppliers polled	569
Customers	Branches	12,951
	Internet	79 commercial websites
	Online banking	12.6 million global customers
	Telephone banking	5.9 million users
	Surveys	One million surveys conducted in the main countries where the Group operates
Shareholders	General shareholders meeting	2,624 attendees
	Shareholder service centres	Presence in eight key countries
	Shareholder hotlines	227,966 queries addressed 3,826,979 alerts sent by SMS
	Shareholder mailbox	235,292 shareholders signed up 32,034 e-mails processed 339,049 letters addressed
Communities	Corporate website	www.santander.com Available in four languages/2,975,000 unique visits received
	Social networks	Facebook: 60 profiles - 5,532,512 followers Twitter: 48 profiles - 742,613 followers YouTube: 39 channels - 5,896 videos and 108,216,029 views Google+: 15 profiles - 150,959 followers and 4,049,616 visits Pinterest: 2 profiles - 1,441 followers

Flagging of material concerns

Banco Santander supplements its stakeholder dialogue channels with a materiality study to probe the opinions of its main stakeholders. Across all its countries and regions, the Bank quizzes employees, customers, shareholders, investors, NGOs and society at large on their main economic, social and environmental concerns.

The study includes a quantitative and qualitative analysis and allows the Bank to draw up a matrix of material concerns and assess just how important these flagged areas are, introducing them into the Group's sustainability strategy as and when necessary. This report aims to respond to the main issues raised during the study.

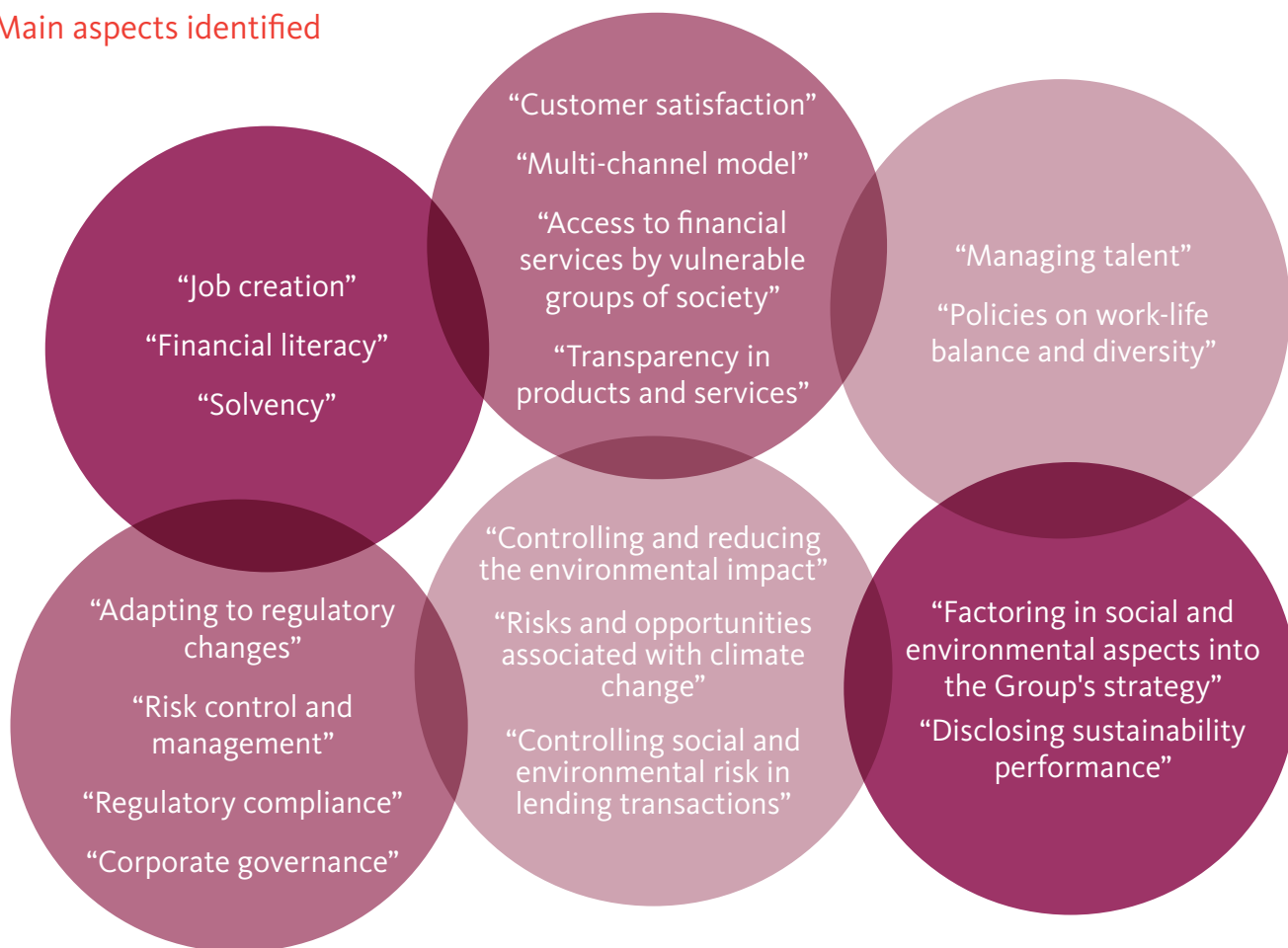
The study concluded that the following aspects are considered highly important:

- Job creation, a particularly sensitive issue in the current climate in countries such as Spain.
- Financial education, which is viewed as an important driver of trust.
- Mechanisms for measuring customer satisfaction and the various customer care channels available to them (multi-channel).
- Access to financial services by vulnerable groups of society (young people, the elderly, immigrants, etc.).

- Managing talent, ensuring the full career development of Bank employees and promoting policies that foster and facilitate a healthy work-life balance.
- Adapting to regulatory changes.
- Controlling and managing risk and, in particular, controlling social and environmental risks in lending transactions.
- Controlling and rolling out measures to reduce the environmental impact, as well as the risks and opportunities associated with climate change.
- Factoring social and environmental aspects into the Group's strategy.

All the material aspects flagged through dialogue with stakeholders and through the materiality study are key priorities for Banco Santander, as clearly shown in this sustainability report. The Bank will continue to analyse these risks given their huge importance, with the aim of shaping its corporate social responsibility strategy accordingly and being able to respond to the concerns and expectations it detects.

Main aspects identified



Materiality study process

External and internal sources analysed		
<ul style="list-style-type: none"> → Analysis of the media and press and social networks → Expert analysis Information that opinion leaders have published on environmental and social aspects → SRI analysis Aspects reflected on different socially responsible investment indices → SASB analysis Quantitative and qualitative analysis of the material sustainability-related aspects envisioned in the guidelines of the Sustainability Accounting Standards Board (SASB), so as to identify those material aspects that companies should address in their sustainability reports 	<ul style="list-style-type: none"> → Working session with the sustainability officers of each country in which the Bank operates → Analysis of the business discussed at sustainability committee meetings over the last four years → Analysis of those issues that receive the greatest attention and exposure on the Bank's Intranet 	<ul style="list-style-type: none"> → Analysis of sustainability reports from previous years → Analysis of changes in corporate governance → Interviews held with experts and investors on ethical, social and environmental issues so as to determine the main challenges and trends in relation to critical aspects of corporate social responsibility for financial institutions

Main areas of action

Sustainability achievements and milestones

<ul style="list-style-type: none"> • Employment and respect for diversity 	<ul style="list-style-type: none"> • 96% of employees have a permanent contract of employment. 55% are women. And 10.49% of staff have been promoted.
<ul style="list-style-type: none"> • Developing talent 	<ul style="list-style-type: none"> • 44.6 hours of training per employee. 97.1% of the workforce underwent training in 2014.
<ul style="list-style-type: none"> • Engagement 	<ul style="list-style-type: none"> • 59,569 volunteers in social initiatives involving the community.
<ul style="list-style-type: none"> • Active listening 	<ul style="list-style-type: none"> • Over 10,000 ideas gathered on how to improve the Bank, with 213 selected for implementation. • Roll out a plan to implement a responsible flexibility model.
<ul style="list-style-type: none"> • Quality service and customer satisfaction 	<ul style="list-style-type: none"> • 85.3% overall satisfaction among customers.
<ul style="list-style-type: none"> • Resolution of claims and incidents 	<ul style="list-style-type: none"> • 11.6 % fewer claims in the main countries versus 2013, with 88% of claims resolved in under 30 days.
<ul style="list-style-type: none"> • Multi-channel strategy 	<ul style="list-style-type: none"> • 55.19% growth in the number of mobile banking users and 6.71% growth in Internet banking users versus 2013. • €314.1 million in loans to micro-businesses.
<ul style="list-style-type: none"> • Products and services with a social and/or environmental focus 	<ul style="list-style-type: none"> • Leaders in financing and promoting renewable energies (participation in the financing of 5,197 MW).
<ul style="list-style-type: none"> • Shareholder remuneration 	<ul style="list-style-type: none"> • Return of €0.60 per share in 2014. New dividend policy: cash pay-out increased to 30% of recurring profit.
<ul style="list-style-type: none"> • Education, focusing on higher education 	<ul style="list-style-type: none"> • €187 million invested in the community, 78% of which was spent on higher education. • 1,175 agreements signed with universities from 20 different countries and 28,443 grants and other study-related aid disbursed.
<ul style="list-style-type: none"> • Enterprise and job creation 	<ul style="list-style-type: none"> • 1.1 million intermediate jobs for young people through the Universia-Trabajando.com employment community. • 9,529 scholarships at SMEs (Becas Santander CRUE CEPYME).
<ul style="list-style-type: none"> • Financial inclusion 	<ul style="list-style-type: none"> • Numerous financial education schemes rolled out in support of our local communities.
<ul style="list-style-type: none"> • Climate change 	<ul style="list-style-type: none"> • New climate change policy. • 4.8% overall reduction in CO2 emissions versus 2013.
<ul style="list-style-type: none"> • Control of consumption and emissions 	<ul style="list-style-type: none"> • 38% of the energy consumed comes from renewable sources. • 8.3% global reduction in paper consumption versus 2013.
<ul style="list-style-type: none"> • Responsible procurement management 	<ul style="list-style-type: none"> • 6,429 negotiation processes, with 3,660 suppliers awarded a contract with the Bank, 92% being local suppliers. • 569 approved suppliers have had their compliance with the United Nations Global Compact appraised.



Employees



Customers



Shareholders



Communities



Environment



Suppliers

Marcos Martínez Gavica

Executive President,
Grupo Financiero
Santander México

G4-1



At Santander, sustainability begins with a business model centered on the needs and expectations of our customers. Our commitment to sustainability goes one step further, by taking into consideration a series of ethical and environmental principles that improve our management practices.

As a result, today we pride ourselves in being one of the preferred banks in Mexico and have the opportunity to lead sustainable energy projects evaluated by the Equator Principles.

Building on that in 2014 we stretched our pockets and expanded our marketing tools to provide better support to SMEs in Mexico. We also expanded our branch network from 1,018 to 1,090 and by partnering with 7-Eleven, our transactional network grew by 1,800 outlets. All of this helps us to better serve our 11,043,353 customers while maintaining high standards of customer service, coupled with cutting edge technology.

The response to these actions demonstrates that as long as we are transparent, ethical and responsible, we will be able to offer all-inclusive solutions to our stakeholders expectations, thereby building long-term commitments with them.

That reason alone is why we provide and maintain open and fast communication with our target audiences.

We further uphold our promise and alignment with the UN Global Compact Principles and through this report present the progress we made in important causes like protecting human rights, fair labor practices, saving the environment and anticorruption.

While on the subject of gender equality, it's worth noting that in 2014, a woman joined our Board of Directors, while 16,055 employees were trained in anticorruption practices, and 13,689 others took courses focused the culture of equality.

In addition, all of our employees are trained and understand our General Code of Conduct, which empowers them to report any action that goes against our business policy and ethics.

Higher education isn't just essential to Santander; it's become part of our identity. In Mexico and the rest of the world, we set human and financial resources aside to fund education - the tool we see necessary to generate social and economic development worldwide.

In 2014, a total of \$106 million pesos were allocated to PAES, the Santander Universities' Plan to Support Higher Education—the emblematic social program that represents our company.

PAES awarded 955 scholarships in 2014 and maintained 185 cooperation agreements with public and private universities. A total of 3,501 young entrepreneurs from 167 private and public colleges and universities enrolled in the Santander Award for Business Innovation. Additionally, 275,058 new SSC or Student smart cards were individually distributed at massive events and Museic-FOBESII Santander Scholarships were created to develop the High-Impact Entrepreneurs Program.

Meanwhile, Universia organized the 3rd International Meeting of Universia in Rio de Janeiro, which led to the creation of the Universia Rio 2014 Charter that outlines a common strategy of action around proposals and commitments made by universities in Latin America.

Though this significant network, we negotiated 35,118 jobs and founded Innoversia, an innovative platform that helps supply companies with university research.

Also during 2014, Santander Universities and Universia joined efforts to develop initiatives for financial education, such as tours, forums, seminars, information materials and publications focused on universities and students, to raise awareness and knowledge to promote sound and healthy finances.

The company gave back to the community through the Trust for the Children of Mexico—an initiative celebrating 20 years assisting impoverished children in Mexico—with a total of \$8.2 million pesos that were used for this purpose to promote education, health and nutrition for more than 27,662 infants.

We also raised \$18.1 million pesos via our ATMs, thanks to our generous customers who chose to support the social causes advocated by our Sustainable Partners UNICEF, Reforestamos Mexico, Provivah, and Béalos.

At the same time, we continue measuring and improving our initiatives to reduce our environmental impact. Therefore, in 2014 we achieved a 25.7% decrease in paper consumption compared to 2013 and reused 58,080 m³ of water at the Contact Center and the Santander Technology and Operations Center located in Querétaro. Our Santa Fe Headquarters also continues to boast its ISO 14001 certification thanks to our Environmental Management System.

All of these initiatives implemented by Santander secure a vision of sustainability that transcends profitability and financial revenues as it develops into a leadership strategy so that we can maintain our listing on the Mexican Stock Exchange Sustainability Index. Everything we do is governed by a sustainability strategy that directs and manages our purposes in this field with a long-term projection that engages and impacts management, employees and stakeholders leading to a better future for everyone in Mexico.

Thank you for making sustainability possible in our company.



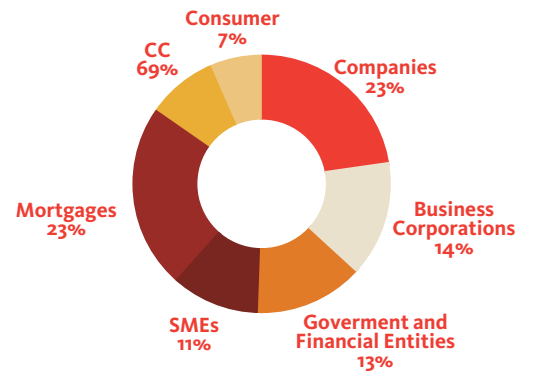
MARCOS MARTÍNEZ GAVICA
EXECUTIVE PRESIDENT, GRUPO
FINANCIERO SANTANDER MÉXICO

Defining Sustainability in Mexico (G4-4 y G4-5)

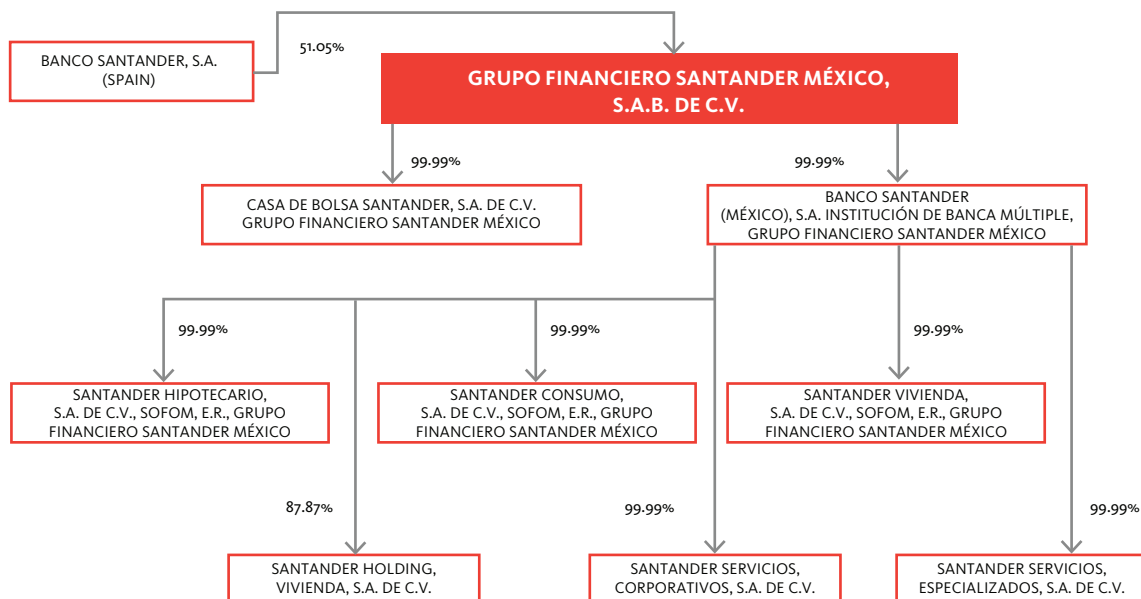
(G4-3) Grupo Financiero Santander México, S.A.B. (Santander México) is one of the leading financial groups in Mexico. It offers a wide range of products and services spanning markets such as Commercial Banking, Credit, Wholesale Banking, Corporate and Institutional Banking, Private Banking, Retail Banking and SMEs. (G4-8)

The Group's main customers are individuals, companies, business corporations and government institutions in all states across Mexico. Our service portfolio is described as follows:

Grupo Financiero Santander México <small>(G4-4 y G4-9)</small>	
Products	Services
Savings Accounts	Banking Services
Credit Cards	Financial and securities
Insurance	Insurance
Investments	Collections, payments and transfers
Loans	



The nature of the Group's ownership and legal form in Mexico are illustrated in the following organizational chart: (G4-7)



Turning Ideas Into Actions: 2014 Achievements

Many ideas became projects in 2014, consolidating Santander Mexico's position as a sustainable institution. These included increased profitability, renewed programs to strengthen ethics and transparency; social, educational and environmental programs that meet the expectations of stakeholders, and efficient corporate governance that increases the degree of environmental and social responsibility with Mexico.



Economic Sustainability (G4 - 8, G4 - 9, G4 - 10 and G4 - LA12)



Regional	Customers	Branches	ATM	Employees Men	Employees Women	Total Employees
Center	1,165,551	122	565	1,456	1,873	3,329
Metro North	1,519,988	153	700	744	768	1,512
Metro South	1,273,031	137	594	790	719	1,509
Metropolitan area*				1,587	1,200	2,787
Northeast	1,121,339	137	677	705	752	1,457
Northwest	1,248,099	103	512	439	703	1,142
North	987,985	88	453	442	472	914
Occident	968,795	114	481	573	654	1,227
South	1,110,867	99	633	432	590	1,022
Southeast	1,647,698	137	913	708	803	1,511
Total	11,043,353	1,090	5,528	7,876	8,534	16,410

*The metropolitan area includes employees working in the corporate headquarters. Branches and ATMs in this area are distributed in the north and south metropolitan areas.



Economic Sustainability (G4 - 9)

Items	2013	2014	% Var.
Asseets**	822.1****	937.4	14.0%
Taxes*	2,852	3,341	17.1%
Catchment*	404,668	459,624	13.6%
Financing*	394,932***	465,541***	17.9%
Investment in training*	142	107.4	-24.4%
Number of cases attended by the Customer Ombudsman	1,793	1,932	7.8%
Number of cases attended by the Employee Ombudsman	186	212	14.0%
Direct economic value created* (G4 - EC1)	72,226	75,417	4.4%
Economic value distributed* (G4 - EC1)	58,407	63,229	8.3%
Economic value retained* (G4 - EC1)	13,819	12,188	-11.8%

* Amounts in millions of pesos.

** Amounts in billions of pesos.

*** This amount refers to net income and deferred taxes.

**** Assets were restated from 821.8 in 2013 to 822.1 in 2014.



Social Sustainability

	2013	2014	% Var.
Santander Universities			
Number of scholarships granted by Santander Universities	33,170	955	-
Number of cooperation agreements	183	185	4.1%
Projects enrolled in the the Santander Award to Innovation	648	746	15.1%
Student Smart Cards delivered to university students - new accounts	202,625	275,058	35.7%
Universia			
Ranking in the Job Bank	35,949	35,118	-2.3%
Trust for the Children of Mexico			
Number of children helped by the Trust	17,856	27,662	54.9%
Number of organizations supported	74	76	2.7%
Amount of aid approved (Mexican pesos)	7,895,050	8,200,000	3.8%
Sustainable Partners			
Total amount collected for social causes through ATMs	20,686,654	18,182,591	-12.1%



Environmental Sustainability

Indicator	National 2014	Santa Fe Headquarters in 2014
CONSUMPTION OF <small>(G4-EN1)</small>		
Fuel (liters) - diesel	73,724	5,953
Electricity (MWh) <small>(G4-EN3)</small>	133,410	7,799
Water (m ³) <small>(G4-EN8)</small>	448,918	30,296
Paper (Kg)	2,017,686	191,738
Electronic equipment (number) - Generation	3,430	269
Air Travel (number) <small>(G4-EN30)</small>	17,692	NA
MANAGEMENT		
Water reused (m ³) <small>(G4-EN10)</small>	58,080	240
Paper and cardboard (tons)	423.67	20.33
Plastic (tons)	99.92	5.11
Glass(tons)	53.52	1.35
GENERATION		
Total GHG emissions (tons of CO ₂ equivalent)		
Scopes 1*, 2** and 3*	80,601.42	NA
Wastewater (m ³) <small>(G4-EN22)</small>	291,797	19,693
Total waste (tons) <small>(G4-EN23)</small>	577.12	26.80

The DEFRA conversion factors were used to calculate the Scope 1 and 3 emissions.

**We used the latest International Energy Agency (IEA) emission factors available that were published in 2011, to calculate the Scope 2 emissions with the 1,134 conversion factor of CO₂ to CO₂ equivalent (Source: DEFRA Guidelines)

Sustainable Management Model in Mexico

(G4-25)

Globally and in Mexico, Santander builds its sustainability management model on three pillars consisting of investments in higher education, community and environment, and a long-term commitment to stakeholders.

These three pillars align all of our sustainability actions to generate value for each stakeholder group established in the Sustainability Model and Stakeholder Relationship Matrix.

The model is intended to support and accompany the environmental, social and economic progress made in Mexico in an environment of ethics and transparency, to create long-term shared value on behalf of future generations. The matrix also recognizes each stakeholder group identified by the institution prior to the internal analysis.

The Sustainability Model and Stakeholder Matrix promote an ongoing dialogue with those groups, which is essential to make sure the Bank is able to fulfill its vision and corporate values.

Sustainability model

Vision

Santander is a great international financial group. It is a commercial bank that provides all-inclusive financial services for its customers and high value to its shareholders.

The Group maintains a presence in 10 core markets where it operates with independent affiliates in terms of capital and liquidity. It provides its affiliates with a global business platform and corporate organization and technology capacities.

Values

- Dynamism
- Strength
- Leadership
- Innovation
- Service quality and customer satisfaction
- Professional ethics and sustainability

Objectives

- Promote the development of social programs and initiatives that encourage employee engagement
- Promote financial literacy.
- Develop new channels to spread the Group’s social initiatives
- Press forward in measuring the impact produced by the social initiatives

Pillars



Investment in Higher Education



Community and Environment



Long-term commitment to stakeholders

Action guidelines



Social Sustainability and Strong Community Ties



Economic Sustainability



Environmental Sustainability



Corporate Governance

Stakeholders



Civil Society Organizations



Employees and their family members



Authorities



Academia



Competitors



Society



Customers



Suppliers










Environment







Shareholders/ Investors

Stakeholder matrix (G4 - 24, G4 - 25, G4 -26 and G4 - 27)

Stakeholder groups	Expectations	Response 2014	Communications Channels	Frequency to contact
 Society	Nurture social development and environmental care in Mexico	Trust for the Children of Mexico, 8.2 million pesos donated by the Bank and our employees	Invitation to help the trust for the Children of Mexico	Annual
		Support for Sustainable Partners, \$18.1 million pesos donated by customers in 2014	Fund-raising through ATMs	Annual
		Environmental Management System (Santa Fe Headquarters) and national Internal Footprint measurement	Internal campaigns to raise awareness and training on the Group's Environmental Policy	Ongoing
 Academia	Support for education and development of the university sector in Mexico	3rd International Meeting Universia Deans - Rio de Janeiro 2014	Universia Board of Directors	Twice a year
		955 Grants awarded 185 Collaboration Agreements 746 Participants enrolled in the Business Award to Innovation 275,058 SSC student smart cards delivered - new accounts	The Santander Universities Plan to support higher education	Ongoing
 Civil society organizations	Institutional support for social causes led, volunteers, donations in kind and financial aid	5,490.33 Kg. of donations in kind for emergencies 76 Institutions supported through the Trust in 2014	Meetings, visits and feedback to social organizations responding to the call	Bi-annual /annual
 Customers	Coverage efficient service and competitive costs	Development of new products and services	Digital media and advertising in offices	
		1,090 branches and 5,528 ATMs throughout Mexico 16,481 transactional points through Oxxo, Telecom and 7-Eleven	Customer Care in offices, Contact Center and social networks	
		1,932 cases received by the Santander Customer Ombudsman	Santander Customer Ombudsman	Ongoing
		Santander provides customers with eight communication channels to report their grievances or offer recommendations 64,982 customer satisfaction surveys applied	Complaint and Claims Center	

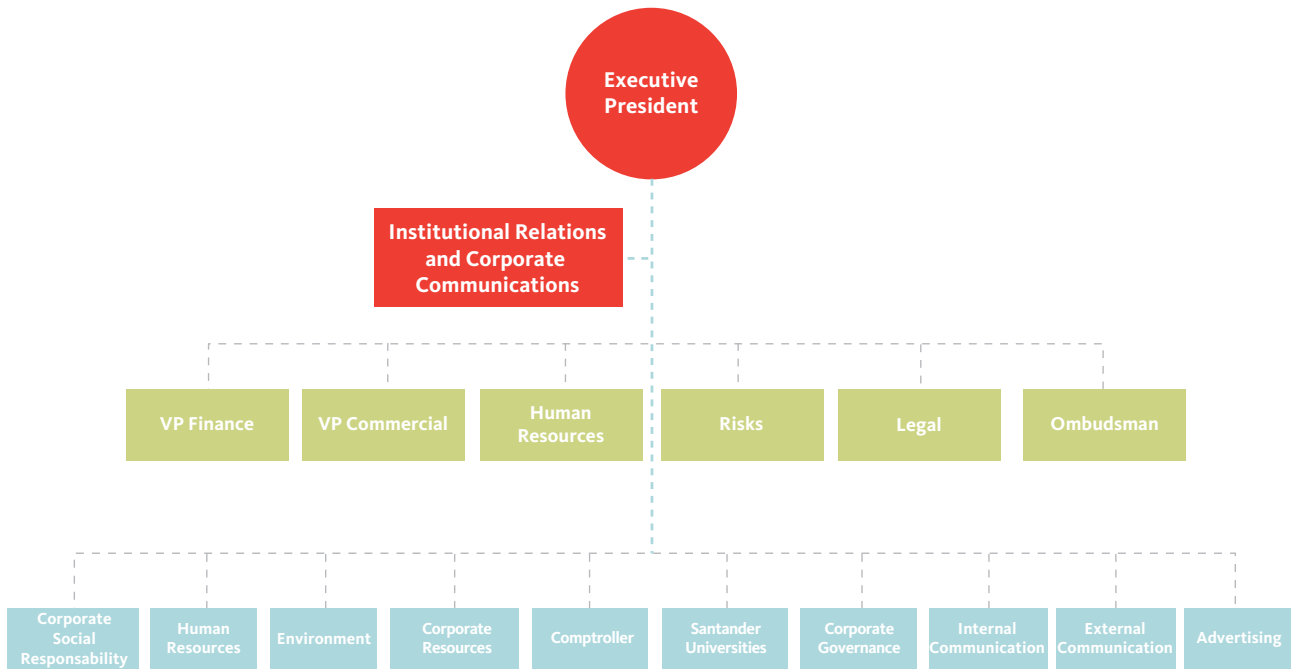
Stakeholder groups	Expectations	Reply 2014	Communications Channels	Frequency to contact
 Our Employees and their family members	Maintain work-life balance, and labor conditions promoting professional growth and development	\$107,409,895 pesos invested in training	Intranet/Training & Development Portal	
		920,358 hours of training		
		728 drills and 5,040 people trained in civil protection nationwide	Training Brigade members	Ongoing
		212 cases received by the Santander Employee Ombudsman	Santander Employee Ombudsman	
		47 Events with employees and their family members during <i>We are all Santander Week</i>	Work and family life balance agreement Employee Helpline	
 Shareholders*	Transparency in the management of corporate resources and information	General Code of Conduct and Code Of Conduct in Securities Markets	Annual report (financial)	Annual
			Shareholder Report	Quarterly
		Corporate Governance Best Practices	Shareholder helpline: +52 (55) 5249-4455	Ongoing
		Management of financial reports and information	Email and website: accionistas_mx@santander.com www.santander.com.mx/accionistas/	Ongoing
		Calls and Shareholder Meetings	Newsletters	Daily and monthly
 Investors*	Access to the Group's relevant financial information	Management of financial reports and information	Reports and presentations with financial data	Quarterly and annual
			Roadshows and conferences	Quarterly
			Email and website: investor@santander.com www.santander.com.mx/ir/	Ongoing

* The actions implemented to respond to Shareholder and Investor expectations in 2014 were not necessarily linked to a specific communication channel; however, the Division has a wide variety of communication channels available, which is why it mentions all.

Stakeholder groups	Expectations	Response in 2014	Communications Channels	Frequency
 Authorities	Compliance with local and national standards	<p>We are a company regulated by:</p> <ul style="list-style-type: none"> > The Ministry of Finance and Public Credit > National Banking and Securities Commission > The Ministry of Economy > The Central Bank of Mexico > The National Commission for the Protection of Users of Financial Services (CONDUSEF) 	<p>Meetings and participation in the country's financial trade associations</p>	Periodic
		<p>The Group aligns to the regulations of the to the Mexican Stock Exchange and The New York Stock Exchange</p>	<p>Presentation and publication of reports consistent with the rules of the securities markets where the Group's shares are traded</p>	
 Suppliers	Equal opportunities in the procurement process management and long-term relations	<p>All (100%) supplier contracts include the Social Responsibility Protocol</p>	<p>Email and meetings</p>	Ongoing
		<p>The supplier standarization process consider the UN Global Compact Principles</p>	<p>Aquanima:- centralized procurement information on line</p>	
 The Competitors Landscape	Free trade	<p>Santander México is a regulated company respectful of free trade.</p> <p>It is an active member of the Association of Banks of Mexico</p>	<p>Meetings and participation in trade associations in Mexico</p>	Periodic
 Media	Constant information management of related to the Group's position	<p>Press releases, events and information for mass media about current events and relevant situations</p>	<p>Telephone: +52 (55) 5257-8124 Email: agduran@santander.com.mx</p>	Ongoing

Sustainability Committee in Mexico

The Group's Sustainability Committee will complete its consolidation process in Mexico in 2014 and the first half of 2015, in line with corporate guidelines. Its main role is to validate strategies, guidelines and actions concerning the Group's sustainability policy and organization model, to present them to the Steering Committee for approval, when appropriate. The Committee is organized as follows:



The Santander México sustainability policy is based on the General Code of Conduct that directs our actions that contribute to society and strengthen our business viability for the long term. This is why our commitment to sustainability involves:



Sustainable Business Model

Incorporate ethical, social and environmental criteria in the operation.



Commitment to Stakeholders

Maintain stable and long-lasting relations with stakeholders to build trust in the operation in the long run.



Contribute to social community processes

Anticipate environmental challenges and changes to establish sustainable actions to reduce their impact.



Ensure the best Corporate Governance

Consolidate corporate governance best practices.

This commitment is generated to provide a framework that integrates the principles of economic, social and environmental sustainability, and aligns the actions in the field to the overall business strategy.

Corporate Governance and Business Ethics

The Group's commitment to customers, employees, shareholders and other stakeholders with its sound business ethics and transparent corporate governance, ensures our profitability and boosts financial development.

CORPORATE GOVERNANCE (G4-34)

Santander México Corporate Governance is not only a strategic axle in managing its sustainability, but it is also an effective tool to assure shareholders and stakeholders in a timely manner about the business value and resources, ethically and in compliance with the law.

A. Board of Directors (G4-38)

The Group's Board of Directors is the entity responsible for making decisions. In accordance with its corporate bylaws, the Board's composition must include at least 25% of independent directors. Twelve of the 19 regular and alternate Board Members at the end of 2014 were independent; that is, 63%.

A female independent alternate director joined the Board in 2014, to generate diversity and enrich its composition. The Board structure at the end of 2014 was as follows: (G4-34 - G4-LA12)

Regular Board Members Not independent Series "F"	Appointment date	Number of years on the board	Age	Alternate independent board members Series "F"	Appointment date	Number of years on the board	Age
Carlos Gómez y Gómez	04/01/1992	22	65	Francisco Javier Hidalgo Blazquez	04/25/2014	7 months	57
Marcos A. Martínez Gavica	04/21/1997	17	61	Eduardo Fernández García Travesí	10/24/2006	8	52
Carlos Fernández González	04/21/1997	17	48	Pedro José Moreno Cantalejo	10/24/2006	8	51
Rodrigo Brand de Lara	05/14/2012	2	42				
Directors Regular Independent Series "F"				Directors Alternate Independent Series "F"			
Guillermo Güemez García	05/14/2012	2	73	Eduardo Carredano Fernández	04/21/1997	17	63
Joaquín Vargas Guajardo	02/19/2009	5	60	Jesús Federico Reyes Heróles González Garza	02/19/2009	5	62
Juan Gallardo Thurlow	13/04/2013	2	67				
Vittorio Corbo Lioi	05/14/2012	2	71				
Regular Independent Directors Series "B"				Alternate Independent Directors Series "B"			
Fernando Ruíz Sahagún	11/27/2003	11	72	Gina L. Diez Barroso Azcárraga	04/25/2014	8 months	59
Alberto Torrado Martínez	02/19/2009	5	51	Antonio Purón Mier y Terán	02/19/2009	5	61
Fernando Solana Morales	11/27/2003	11	84	Enrique Krauze Kleinbort	02/25/2010	4	67

Executive Officers	Position	Year appointed to current position
Marcos Alejandro Martínez Gavica (G4- 39)	Executive President and CEO	1997
Pedro José Moreno Cantalejo	VP Management and Finance	2010
Francisco Javier Hidalgo Blazquez	Commercial Banking VP	2014
Eduardo Fernández García-Travesí	VP Commercial Banking	2006
Fernando Borja Mujica	General Legal Counsel	2014
Emilio de Eusebio Saiz	Deputy Director General, Legal for Intervention and Control	2010
Estanislao de la Torre Álvarez	Deputy Director General, Media	2006
Roberto D'Empaire Muskus	Deputy Director General, Credit	2013
Juan Garrido Otaola	Deputy Director General, Global Wholesale Banking	2013
José Antonio Alonso Mendivil	Deputy Director General, Commercial Strategy	2011
Rodrigo Brand de Lara	Deputy Director General, Institutional Relations and Communication	2011
Pablo Fernando Quesada Gómez	Deputy Director General, Corporate Banking and Institutions	2013
Jorge Alberto Alfaro Lara	Deputy Director General, Payment Media	2005
Juan Ramón Jiménez Lorenzo	Executive Director, Internal Audit	2014
Alfonso Sánchez de Pazos	Deputy Director General, Private Banking	2013
Juan Pedro Oechsle Bernos	Deputy Director General, Individual Banking and SMEs	2011
Enrique Luis Mondragón Domínguez	Deputy Director General, Human Resources and Costs	2013

(G4 - 35) The main role assigned to the Board of Directors, which cannot be delegated, is to supervise, monitor and manage the Group. It relies on the Committees and on the Management Team to do this.

These channels are used to analyze and approve relevant financial, environmental and social issues, which are submitted to the Board of Director for approval and recorded in the minutes, to ensure timely follow up of the agreements.

(G4- 40) All Board, Committee and Management Team members must meet the strict legal criteria established for selection and appointment purposes while also demonstrating their qualifications in terms of technical knowledge and honesty, and a satisfactory credit history. They must also have extensive knowledge and experience in financial, legal or administrative matters, among other areas of knowledge. For more information on our board members, please go to:

http://www.santander.com.mx/ir/pdf/gob_corp/consejo_de_administracion_banco.pdf

Board members are appointed by a Special Meeting of Shareholders. However, they must first be proposed by the Office of the CEO and approved by the Executive Committee. Committee members are elected by the Board of Directors.

Banco Santander in Mexico does not have specific tenure periods. The Meeting of Shareholders determines whether a board member should stay in office and keep its position, based on its performance.

(G4-51) Compensation for directors and board members is based on internal equity studies and assessment of the positions they hold, in addition to benchmarking efforts implemented to guarantee the competitiveness of their compensation packages.

Moreover, and depending on the annual performance of each board member and on the results reported by the Bank, a valuation committee decides whether or not to apply changes to individual compensation plans. Please refer to the Group's annual report for a breakdown of information related to compensation.

The Board of Directors held five meetings on the following dates in 2014:

- January 23rd
- April 24th
- July 22nd
- October 23rd
- December 9th

The topics broadly covered in such meetings are listed as follows:

- Approval of the minutes of the previous meetings
- Review of the quarterly reports provided by each Committee
- Presentation and approval of the work proposed by the different committees and the quarterly and annual financial statements

B. Board of Director Committees

(G4 - 38) The Group has four Regulatory Committees, each tasked with different functions depending on their nature. Their main purpose is to assist the Board in identifying, analyzing and monitoring relevant issues or decisions.

Once these decisions are approved, they are reflected in the Board Meeting minutes and posted on the Santander México website. Following is a list of the Group's committee members with a description of their roles. It bears noting that the Compensation Committee only applies to Banco Santander.

Audit Committee, Independent members

Fernando Ruíz Sahagún (President)

Eduardo Carredano Fernández

Antonio Purón Mier y Terán

ROLE: Provide an opinion for the Board of Directors regarding the financial statements, after assessing the performance of the external auditors; analyze the opinion issued by the external auditor, report the results of the internal control and audit system to the Board, prepare views on the report presented by the Office of the Director General on internal control and assist the Board in preparing the report.

Corporate Practices, Appointments and Compensation Committee Independent members

Antonio Purón Mier y Terán (President)

Fernando Ruíz Sahagún

Jesús Federico Reyes Heróles González Garza

ROLE: Convene the Shareholder Meetings, support the Board in reporting to that entity and provide advice to the Board of Directors on issues such as: (i) policy and guidelines for the use or enjoyment of the property, (ii) loans or other credit transaction policies with related parties, (iii) policy to exempt the company's operations with related parties from the need for authorization, (iv) transactions with employees, (v) unusual or non-recurring transactions, (vi) the CEO's appointment, removal and compensation; (vii) appointment and compensation policies for executive officers, (viii) policies that circumscribe the scope of the CEO and relevant officers' authority, (ix) organization and strategic succession of human resources, (x) support to establish policy to promote the Company's activities within the legal framework and make sure that it has the adequate legal defense; (xi) monitor compliance with the corporate practices established by law and the applicable regulations, among other functions.

Comprehensive Risk Management Committee (CAIR) (G4 - 45). Independent members

Guillermo Güemez García (President)

Joaquín Vargas Guajardo

Alberto Torrado Martínez

Not Independent

Marcos Alejandro Martínez Gavica

Pedro José Moreno Cantalejo

Roberto D'Empaire Muskus

Juan Garrido Otaola

Juan Ramón Jiménez Lorenzo*

*With voice but no vote

ROLE: Propose the objectives and policy and procedures for risk management and the Bank's exposure limits to such; approve methodologies for measuring the different types of risk, as well as its measurement models, parameters and scenarios. Monitor issues related to market and liquidity risks, and credit, corollary, and legal and operational risks.

Independent Compensation Committee members

Antonio Purón Mier y Terán (President)

Fernando Ruíz Sahagún

Eduardo Carredano Fernández

Not Independent

Marcos Alejandro Martínez Gavica

Roberto D'Empaire Muskus

Enrique Luis Mondragón Domínguez

Juan Ramón Jiménez Lorenzo

Eduardo Fernández García Travesí

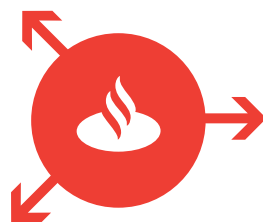
ROLE: Disseminate information about the compensation scheme criteria and policy among employees and determine the evaluation, calculation and payment standards, as well as the management policies governing the different compensation plans. Generate annual reports on management of the payment plans, inform the National Banking and Securities Commission about changes made to the Compensation System and present the following to the Board for its approval: (i) compensation policies and procedures (ii) employees or staff members who are subject to the Compensation System, and (iii) special cases or circumstances. Implement and maintain the Compensation System within the institution, report the compensation policies and procedures online and present reports to the Board of Directors every six months on the operation of the Compensation System and the strategic succession of human resources, (x) support the establishment of policy that promotes the Company's performance within the legal framework and ensure the adequate legal defense; and (xi) monitor compliance of the corporate practices established in all applicable laws or regulations, among other functions.

C. Corporate Citizenship (G4 - 15 Y G4 - 16)

As stewards of the ethical and sustainable development of the financial sector in Mexico, the Group is a member of several associations that promote integrity and fair competition throughout the country, such as:

The Group voluntarily adheres to the UN Global Compact Principles in order to ensure its internal consolidation and the establishment of its position within its circles of influence for respect and support of human rights, fair labor standards, environmental protection and anticorruption.

The Mexican Association of Banks (ABM)



Mexican Association of Brokerage Houses (AMIB)

Communication Council

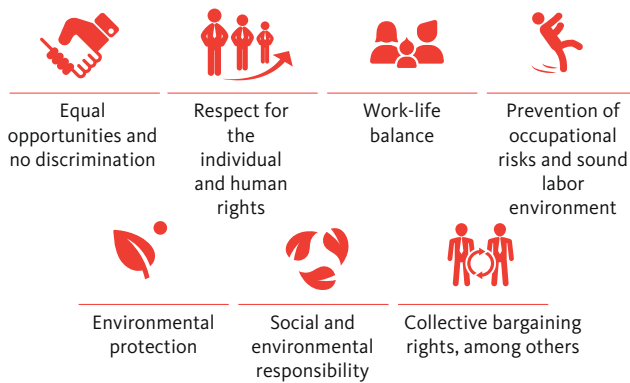
Business Ethics

(G4 - 56, G4 - 57 y G4 - 58)

The Group's guiding principle in its daily business activities is the defense of its integrity and reputation. On this basis, we comply with all legal regulations concerning our business. We do the same with the ethical standards applicable in the markets in which we have a presence, as established by the Code of Conduct for Securities Markets.

A. GENERAL CODE OF CONDUCT

The General Code of Conduct sets out the ethical principles and rules of conduct governing the performance of all Group employees and its member entities. It was last updated in 2013 and includes topics such as the following:



a. Channels to report violations to the Code of Conduct

Santander México has reporting channels in place to listen to and respond to employees who need to communicate allegedly illegal activities or breach of the codes and manuals.

The complaint channels are internal and held in strict confidence by the Regulatory Comptroller. We received two complaints in 2014. The main characteristics featured by these channels include:

- An open door policy for all Santander employees
- All reports are confidential but not anonymous
- The strict prohibition of retaliation and negative consequences for filing a compliant, except for false allegations, which are subject to disciplinary action

The Code guarantees that the processing of grievances shall be circumscribed to strict parameters in terms of:

- Confidentiality
- No retaliation
- Response to the grievances received
- Handling of the grievance information in conformity with the law for the protection of personal data held by individuals

b. Advice regarding the promotion of ethical conduct

(G4 - 57) The Group also has an internal mechanism to provide advisory services for ethical and lawful conduct to employees through the Regulatory Comptrollership, which seeks to resolve questions regarding the implementation of the Code or anticorruption

Another effective means to ensure understanding, acceptance and monitoring of the General Code of Conduct is the training and annual re-certification process established for all employees.

(G4 - HR2) Lastly, the regulatory course on the Culture of Equality taken by 13,689 employees in 2014, totaled 6,844.5 hours of training in relevant topics to permeate corporate values such as human rights, respect for the individual and gender equality, among others.

B. RISK MANAGEMENT (G4 - 45, G4 - 46 and G4 - 47)

The Comprehensive Risk Management Committee is responsible for the risk identification, management and evaluation activities within the Group, supported by the following four committees: Operational Risk Committee, Regulatory Compliance Committee, Financial and Counterpart Risk Committee, and the Commercial Banking Committee.

The Comprehensive Risk Management Committee is, by law, an entity that is part of the Board of Directors. It approves methodologies for measuring the different types of risk and the models, parameters and scenarios used to measure and track market and liquidity risks and issues, credit, counterparts, legal and economic matters, and social and environmental concerns that may affect the business operation.

This structure is based on the Policy and Procedures Manual, which documents all of the methods implemented by the different Divisions through flow charts, and risk and control matrices. These are updated at least twice a year in order to certify their proper functionality.

C. PREVENTION OF MONEY LAUNDERING ACTIVITIES

We have a structured system for the prevention of money laundering and financing of terrorist activities, grounded on the following bases:

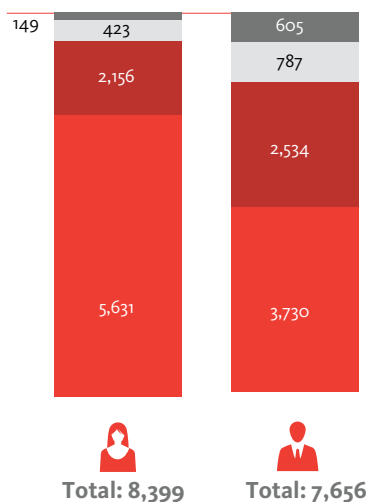
- Institutional support and involvement at all levels throughout the organization
- Internal regulations that are more restrictive than national legislation on the subject matter
- Implementation of a Know Your Customer policy
- Monitoring of all operations that require oversight, according to the established rules
- Detailed analysis of the operations reported

- Prevention of risk situations
- Prevention priorities based on commercial interests

The internal organization supporting this system rests on the following three main figures: The Communications and Control Committee, a body chaired by the General Legal Counsel and made up of the Executive and Managing Directors and executives of the Group's business and control divisions; the Money Laundering Prevention Unit, which is divided into four subdivisions in charge of oversight, analysis, ties and strategy and risk management; and lastly, the Compliance Officer.

This strong structure, plus the ongoing training courses taught to employees every year, ensure efficient prevention controls and processes to this risk immersed in socioeconomic realities.

Training in the prevention of money laundering



Level	Hours
Directors	788
Deputy directors	1,504
Managers	7,320
Administrative and Operational staff	14,389
Total hours:	24,001

The Group also maintains the Banco Santander USA Patriot Act certification and applies the Wolfsberg Questionnaire on the Prevention of Money Laundering activities.

D. ANTICORRUPTION

(G4 - SO4, G4 - SO3 and G4 - SO5) In terms anticorruption, Santander México is governed by principles of transparency and honesty in its dealings with authorities, organizations, and public and private officials, rejecting any action that may be linked to embezzlement, bribery, extortion, influence peddling or any form of corruption.



It created the Manual and Program for the Anticorruption based on the above, which it applies to the entire Group and its operation in Mexico. Its purpose is to establish standards that must be met by everyone in Santander on the subject matter.

The Regulatory Comptroller and various support committees are responsible for overseeing the program's proper operation.

Furthermore, each officer and employee must sign a statement before a training process, confirming its knowledge of the Group's principles on anticorruption and behavioral patterns. They must also agree to respect such during their tenure, both on a personal level and on behalf of Santander.

The Group's anticorruption program includes a regulatory course 16,055 employees took in 2014. The company did not receive any reports on cases of corruption in 2014.

Employees trained in anticorruption related processes

Professional category	 Number of employees trained	 Percentage compared with the total in the category
Directors	754	95%
Deputy directors	1,210	98%
Managers		
Administrative and operational staff members	9,401	98%
Total	16,055	98%

E. PERSONAL DATA PROTECTION

(G4-PR8) The Group has adopted the security levels that are legally required for the protection of personal data. It also strives to install additional means and technical measures to prevent loss, misuse, alteration, unauthorized access and theft of personal data if holds on its customers and employees.

In Santander, the procurement, storage, processing and transfer of personal data complies with current legislation, both in terms of technical and operational controls, to ensure its protection.

F. BUSINESS CONTINUITY

SFollowing international standards and best practices such as ISO 22301, Santander México has a Business Continuity Plan (BCP) designed to provide an immediate response and recovery in light of any unforeseen event.

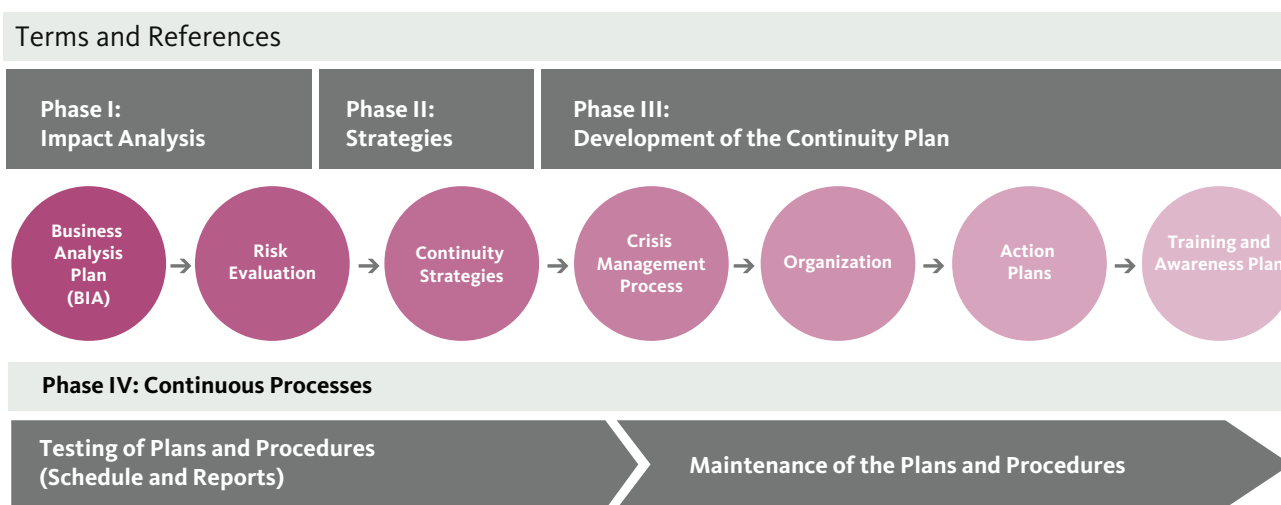
There are three scenarios with specific strategies to ensure business continuity:

- 1) Technological: equipment, communications, servers and data center failures.
- 2) Real Estate: building failures that prevent working activities due to natural disasters, among other causes.
- 3) Unavailability of the population: pandemics, etc.

In the case of incidents that endanger personal safety, the crisis management team headed by the Local Security Division will activate the Crisis Management Plan with the emergency procedures established for all support areas in order to provide an immediate response.

We also have a political and corporate methodology in place that applies to all Group entities. The methodological approach has been defined as a framework for the implementation of the Grupo Santander Continuity Plan illustrated in the following graph:

Business Continuity Management Policy and Scope



Investment in Higher Education

In line with the global sustainability strategy confirmed by its actions, Santander México places a priority on education as the main engine for generating social change and development in Mexico.

On this basis, we promote young people and their ideas, so they can make a positive impact in society in general.

The Group supports higher education and research as knowledge generators through Santander Universities. We create partnerships with public and private academic institutions to offer scholarships, develop professorships, facilitate the construction and furnishing of classrooms, and promote academic and cultural ties.

This is the way the Group contributes to the social and economic progress of the communities in which it has a presence.

Santander Universities

This is an initiative unique both to Mexico and the world, in which the Group invests over 90% of its Corporate Social Responsibility budget to Support Higher Education (PAES).

This plan consists of four axes with which the Group seeks to fund projects that improve the quality of teaching, promote research and the transfer of knowledge, and stimulate the entrepreneurial culture. These axes are:

- Santander Scholarships
- Innovation and Entrepreneurship
- Technology and university services
- Association projects

The Aid Allocation Committee analyzes, defines and monitors the initiatives governing the PAES and the collaboration agreements derived from the collaborative ties with different academic institutions. This ensures the generation of a true and positive impact on the academic community through the Group's actions.

A. SANTANDER SCHOLARSHIPS

Santander México's commitment to education leads us to stay on the cutting edge and innovate with our programs and services, which involve facilitating access and possibilities that permit academic exchanges at different institutions, thereby mobilizing the generation of knowledge.



The Group invested

\$106,354,213

pesos in higher education projects in 2014

Museic-FOBESII Santander Scholarship for Developing High-Impact Entrepreneurial Leaders

This scholarship program is promoted in conjunction with the Mexico City Government, the National Institute of Entrepreneurship, the Ministry of Foreign Affairs, the United States Embassy in Mexico and major business accelerator, Impulsa, as part of the initiatives implemented by the Bilateral Forum on Higher Education, Innovation and Research (FOBE-SII) and the Mexico-U.S. Entrepreneurship and Innovation Council (MUSEIC).

The program seeks to help Mexican university students spend four weeks in Silicon Valley to develop high-impact entrepreneurial skills as part of an advanced internship program.

The scholarships were handed out during the 9th Santander Award to Business Innovation awards ceremony. The first 80 fellows selected from among 3,500 college students in Mexico City were introduced during the ceremony.

Santander Mobility Grants

The Group invested \$46,037,313 pesos in the Santander Mobility scholarship program in 2014, by giving out 955 national and international mobility scholarships for students at private and public universities in Mexico.

B. INNOVATION AND ENTREPRENEURSHIP

Santander Award to Business Innovation

Santander México encourages young people to keep moving forward by rewarding their efforts in presenting the best business projects. It does so by celebrating the Santander Award to Business Innovation every year, which is supported by the Ministry of Economy (through the National Institute of Entrepreneurship), the Ministry of Public Education, the Mexican Business Coordination Council, the National Association of Universities and Institutions of Higher Education (ANUIES) and the Communication Council.

A total of 746 projects from 167 universities were enrolled in the 9th Edition of this Award and three finalists were selected in the categories of Business Innovation and Business Projects that Produce a Social Impact.

A unique technology that can process Styrofoam efficiently and produce polystyrene pellets (National Autonomous University of Mexico, UNAM); the creation of plastic biodegradable polymer contacts and switches (Autonomous University of Yucatan), and a process that reduces cooling energy consumption by up to 80% in data centers (University of Guanajuato) were the projects in the "Business Innovation" category that took the first three places in the 9th edition of the Santander Awards.

\$500,000 pesos were given to the first place, \$200,000 to the second place, and \$100,000 to the third place. The young people will be able to start a business with these funds.

On the other hand, the top three winners of the "Business Projects that Produce a Social Impact" category received the same amounts. The first award was given for a set of devices that provides an effective teaching methodology for autistic children (ITESM - Guadalajara Campus). The second prize went to a project that provides a comprehensive treatment with personalized monitoring of children with cranial deformities in Mexico (International Polytechnic Institute), while the third place went to a technological tool designed to enable communication for ALS patients (Universidad Autónoma Metropolitana).

2014



In 2014 a total of 3,501 young entrepreneurs enrolled in the program from 167 universities all over Mexico.

The 9th Edition of the Santander Award to Business Innovation attracted 39% more participants with a 15% increase in the number of projects enrolled, compared with the last edition.

SPIN 2014

This event, attended by successful international role model entrepreneurs, presented the latest trends and technologies resulting from university research.

The event encouraged participants to share experiences in an effort to improve their knowledge and skills. This program secured the participation of 1,000 college entrepreneurs from 150 Mexican universities and 20 universities in other Latin American countries.

C. UNIVERSITY SERVICE AND TECHNOLOGY

For Santander Universities, supporting education also translates into technological solutions to provide mobility for the university community. One example is the SSC Student Smart Card developed by the Division specialized in University Technology and Services in a partnership with the Santander-ITESM Technological Observatory.

This device unifies official identification methodologies at universities, debit cards, electronic wallets and access to parking lots, access points, computers and the Internet.

In 2014, a total of 275,058 new SSC student smart cards were delivered in 33 universities with which Santander has agreements.

D. ASSOCIATION PROJECTS

Through the 185 agreements signed with universities at the end of 2014, Santander promotes teamwork on behalf of an all-inclusive academic development program, which also promotes projects like:

SEP-Bécalos-Santander Universities

In 2014, we launched this program in a joint effort with the General Coordination of Technological Universities (CGUT), in order to create a database of around 3,000 students from Technological Universities, Polytechnic Institutions and the National Technological Institute of Mexico with solid skills in English language proficiency.

Therefore, the Proyecto 100,000 and 100,000 Strong in the Americas program seeks to consolidate the academic exchange of 100,000 university students between the United States and Latin America. A total of 300 scholarships will be awarded to the best students, who will have the opportunity to taken short English language proficiency courses, either with scholarships granted by the Ministry of Education or through a SEP-Bécalos-Santander Universities mobility grant for one semester at a community college in the United States.

These programs will allow them to strengthen their proficiency and skills in the English language as well as their knowledge of science, technology, engineering and mathematics (STEM).

Bicycle Program

Santander Universities is involved in the Potro Bike project with the University of the State of Mexico. The purpose of this project is to integrate the university community (students, teachers and administrators) and contribute to the environment by building bicycle lanes, providing signs on the university circuit and installing 10 bicycle stations.

Universia

Universia is the largest network of universities in Latin America. It promotes social and business development through talent, knowledge, applied research and institutional collaboration between universities and businesses.



Universia has 1,290 partner universities in 23 countries in Latin American, representing a community of 16.8 million university students and professors.

Governed by a Master Plan, Universia designs the path and strategy, every three years, to generate constant change and evolution in the impact produced by its activities.

The 14-16 Director Plan reflects this evolution and defines key processing lines for the next three years, framed under the following two action axes:

Academic Projects



Studies, Publications and other Projects
Meetings and Events

University Services



Jobs
Training
Marketing

A. UNIVERSITY SERVICES

A total of 41,821 jobs were posted on the Jobs Portal and through the Students and Graduate Management Software (SAAEs) during 2014. This initiative serves to encourage and promote the integration of young university students in the workplace and unite partner universities in a jobs network community working under similar technology platforms.

Furthermore, a total of 286,577 job applications were registered on the platform in 2014, which meant 35,118 jobs offered through this labor community, 32,279 of which consisted of job offers for Mexican university students. A total of 299 job banks have been donated to Higher Education Institutions (HEIs).

Three seminars attended by 26 representatives from 22 Higher Education Institutions in Mexico were taught through the Universia Development Center. These seminars focus on the need to professionalize management of partner universities and are carried out in a joint effort with renowned international institutions.

B. ACADEMIC PROJECTS

The Iberoamerican Journal of Higher Education (RIES) is a quarterly electronic publication created to serve as an open space for debate and multidisciplinary research related to issues concerning systems, projects and institutions of higher learning in the region. A total of 14 issues were published by the end of 2014.

The Open Course Ware is an MIT initiative that promotes free access to courses and teaching materials. Thanks to Universia, 13 universities in Mexico have now signed a Memorandum of Cooperation, which gives them access to hundreds of published courses.

Innoversia is an open innovation portal which aims to contribute to connecting business needs for technological innovation with the capabilities of researchers and scientists at HEIs, in order to inform businesses of the university talent and technological development available. At the end of 2014, a total of 1,801 researchers and 666 research projects from Mexican universities were enrolled in the portal.

C. 2014 INTERNATIONAL MEETING OF UNIVERSIA DEANS IN RIO DE JANEIRO

The trends and challenges universities face in the 21st century were the central topic of the ideas raised during the sessions of this meeting held in Rio de Janeiro, Brazil. The consultations, debates and network participation resulting from this unprecedented forum were used to develop a common action strategy based on the key proposals and commitments made by the Latin American universities, which were recorded in the Universia Rio 2014 Charter.

A total of 190 deans representing Mexico attended this important event. The Ministry of Foreign Affairs in Mexico City hosted a follow-up breakfast on October 9th, which was attended by 30 deans and representatives of universities and government authorities, in order to share information and establish actions to further promote the proposals recorded in the Universia Rio 2014 Charter.

Financial Education

(FS16)

Santander México recognizes the importance of financial education for the sustainable development of its business model and relationship with society. Therefore, our strategic objectives include tools, concepts and access to information and orientation useful for university students to maintain sound and healthy finances.

Santander Universities and Universia implemented the "Financial Education Tours" in 2014, which are intended to raise awareness among current and potential university customers on different topics related to the subject matter, including products, benefits and risks, among others. Twenty university tours are scheduled for 2015.

Universia, on the other hand, developed five initiatives in 2014 aimed at college students, professors and universities. These are described as follows:

1. Seminar on "Financial Management in Universities"

This seminar was created for administrative university positions. The first edition was held in October 2013 by the Universia Center for Development in a joint effort with the National Association of College and University Business Officers (NACUBO). The theme of the seminar was one of the most successful to date, and was repeated in November 2014, and attended by 14 H E I s .

2. Forum "Learn to manage your money: the best investment"

This was held on April 10th, 2014 in conjunction with W Radio and the Mexico City School of Banking and Commerce. It was broadcast live on W Radio and its affiliate stations across Mexico in prime time. The live broadcast included the participation of Roberto Morán, an editor specializing in personal finance, and financial journalist Regina Reyes Heróles.

A. The Forum spurred debate among financial specialists and university students in person and on social networks.

B. W Radio has an average global audience of 83,790 listeners, plus an audience of 113,891 people who listen to the station while in their cars. Streaming of the Forum through the W Radio website was followed by 2,007 people.

3. "University students and money" infographic

An informative infographic highlighting advice and financial products with an educational focus on college students was developed and distributed through the Universia Mexico Facebook profile and @UniversiaMex Twitter account.

4. "Financial education and university students" poll

Universia Mexico conducted a survey among 1,625 young people from 132 universities in 31 Mexican states, in an effort to identify patterns related to saving for a college education. The survey was publicized in social media and networks, reporting 14,230 people reached.

5. 2014 publications

A total of 57 stories were posted on the Universia Mexico website (www.universia.net.mx) highlighting subjects related to financial education. Recommendations and information relevant to the university community developed by our partner institutions, were also shared.

Community and Environment

Santander México establishes relationships with civil society organizations or NGOs working on behalf of society on matters related to education, health, nutrition and environment. These efforts are carried out through the Trust and its Sustainable Partners.

Community

A. TRUST FOR THE CHILDREN OF MEXICO WITH THE HELP OF EVERYONE AT SANTANDER

The Trust celebrated 20 years of uninterrupted work, in 2014. This project is an initiative promoted by the Group's employees intended to support underprivileged children who are at a disadvantage in terms of education, health and nutrition, by financing projects and strengthening NGOs working on behalf of this population group, in order to contribute to creating safe environments for the comprehensive development of children in Mexico.

The joint efforts, commitment and social responsibility demonstrated by Santander employees over the last 20 years are the greatest achievement of the Trust, which has succeeded in implementing the following activities:

- Supporting 333 civil society organizations
- Delivering \$81,757,833 pesos in donations
- Benefiting 211,131 children across the nation

The results obtained from the Trust's invitation to participate in 2014 were used to support 76 organizations, two more than in 2013. These are distributed throughout 17 of the country's 32 states. These efforts produced a positive impact on 27,662 children, representing a 54.9% increase over the previous year. A total of 34 projects focused on health, 27 on education, and 11 on nutrition, while the remaining four projects focused on training.



The Trust approved the allocation of \$8.2 million pesos in 2014

Population by area of focus

	Health	Education	Nutrition
Beneficiaries	11,541	12,727	3,394
Boys	5,667	7,061	1,687
Girls	5,874	5,666	1,707

The amount approved by the Trust Committee for distribution among the organizations that responded to the 2014 invitation, totaled \$8.2 million pesos, comprised of voluntary funds donated by 73% of the Group's internal and external partners and employees, who contributed \$4,916,862 pesos, plus \$3.1 million pesos donated by Banco Santander. The remaining \$183,138 pesos came from the balance carried over by the Trust from last year.

The Trust in 2014

Voluntary donations (internal and outsourced employees)	\$4,916,862
Santander Bank	\$3,100,000
Trust (balance carried over from 2013)	\$183,138
Total amount approved	\$8,200,000

Under a single association model, we continue to work with the support of 11 young people from the National School of Social Work at the National Autonomous University of Mexico (UNAM), who provide valuable knowledge, enthusiasm and the support needed to effectively promote the selected projects, thus giving transparency to the invitation to participate in the process.

Some of the projects supported by the Trust in 2014 included:

To see again without cataracts

This is a program by which Dr. Jorge Castro, founder of the Medical and Social Assistance (MAS) program, performs eye surgery on people living in the low, middle and high mountain ranges in the State of Guerrero.

Quality healthcare is offered to people living in Tlapa de Comonfort, one of the most underprivileged areas in the region, with special emphasis on children and adolescents, who are given food, health care and education—the three pillars of the Santander Trust.

Breakfast diner in Kino Viejo Bay

Located in the coastal area of the state of Sonora, Kino Viejo Bay is home to numerous and extended families that depend on fishing and tourism activities, which do not always allow them to obtain the income they need to meet their basic needs.

The Hermosillo Food Bank, together with members of the community, installed a community breakfast diner in the Bay's parish hall to meet this need.

Training

One of the primary objectives of the Trust for the Children of Mexico is to strengthen the organizations it supports. It has achieved this goal through a strategic partnership with experienced institutions that train participants on issues related to their work.

The Trust organized the "Impact Assessment" workshop in collaboration with the Merced Foundation, for people responsible for developing and evaluating social projects at the institutions benefiting from the program.

The workshop was held in two venues: the Mexico City Santa Fe Headquarters, and at the Santander Contact Center in Querétaro. A total of 65 organizations from different states across Mexico participated in these events.

The Trust implements these training processes to promote and strengthen best practices in the care, treatment and attention provided for the neediest children in Mexico.

The Trust, in coordination with the National School of Social Work, implemented a pilot tool in 2014 to understand the perceptions held by the organizations in regard to the services provided by the Trust. This tool will also be applied to all of the organizations supported by the Trust in 2015.

B. SUSTAINABLE PARTNERS

In 2014, we implemented a variety of collection efforts through the Bank's ATM network to support the social and environmental causes promoted by the Sustainable Partners the Group supports in Mexico. These efforts transformed the trust of our customers into actions that drive development and wellness across the nation.

• Fundación Vivienda, A.C.

The Bank has supported Fundación Vivienda, A.C. since 2007. This is an organization engaged in building housing complexes and homes for underprivileged families in different Mexican States. A record \$4,034,685 pesos was collected through the ATM fund-raising campaign by the end of 2014.

• Reforestamos México, A.C.

Santander México promotes environmental care and protection through this association's projects focused on preserving and caring for the nation's forests. In 2014, we participated by collecting \$2,681,090 pesos on behalf of this institution through our ATM network.

• Unicef

Santander has supported the "All Children to School" program UNICEF Mexico has promoted for the last 11 years. A total of \$2,106,360 pesos was collected for this program in 2014, thanks to the generosity of customers pushing the "I want to donate" button on our Automated Teller Machines.

The Group is aware of the urgent need to coordinate efforts to preserve the rights of children and adolescents, especially as related to the phenomenon of migration, which according to UNICEF, increased to 52,000 children detained at the U.S. border in 2014, of which 25% are Mexican.

Santander broadcasts related information capsules on the screens installed in its branches in an effort to raise awareness and continue to advance this cause.

• Bécalos

Santander México has supported this initiative created by the Association of Banks of Mexico and Televisa, for more than 10 years. This initiative has benefited more than 200,000 students to date, enabling 90 of every 100 students enrolled in the program to move on to their next school year. Total contributions customers donated through this campaign amounted to \$9,360,456 pesos.

Sustainable Partners	2014
Fundación Vivienda A.C*	\$4,034,685.00
Reforestamos México A.C*	\$2,681,090.00
Unicef*	\$2,106,360.00
Bécalos*	\$9,360,456.00
TOTAL	\$18,182,591.00

*Fundraising through our ATM network

We donated an additional \$6.6 million pesos to other causes over the course of the year.

Other Partnerships	2014
Quiera Fundación of the Association of Banks of Mexico	\$1,826,577
Centro de Información y Comunicación Ambiental de Norte América A.C.	\$50,000
Mexican Red Cross	\$50,000
Mexicanos Primero, Visión 2030 A.C.	\$1,500,000
International Music Festival Pro Valle de Bravo	\$150,000
TOTAL	\$6,676,577

Collective Art Auction

An art auction to benefit people with hearing disabilities was held as a joint effort in which Santander México participated with different public, private and social entities in the City of Querétaro.

The "AyudARTE a Escuchar" event was held at City Hall in the Corregidora DIF facilities. A total of 60 paintings, photographs and antiques from 40 artists were auctioned and 21 pieces of art were sold.

The auction was followed by a two-month campaign raising \$140,000 pesos to support more than 560 children with profound, severe and average hearing disabilities.

C. NATURAL DISASTERS

A joint and timely response to natural disasters can make a huge difference for the victims. Santander has a group of employees committed to the cause and the means needed to provide timely and effective help.

Hurricane Odile in Baja California Sur

Following the devastating effects produced by Hurricane Odile in September 2014, employees living in the area affected in Baja California Sur needed support from Santander and its employees to be able to cope with the situation.

\$484,704.25 pesos were raised through the Santander Helps Account, thanks to the solidarity demonstrated by the Bank's employees. This amount was distributed among 19 employees affected by the natural disaster.

The allocation of resources was determined by the Santander Crisis Committee and distributed as follows: 30% to the people most affected by the disaster; 25% to people reporting average impacts, and 45% to people reporting a moderate impact. This Committee is the Bank's internal entity that monitored and provided support to the employees and 11 Bank branches affected by Hurricane Odile, from the time the emergency occurred.

In this case, the Human Resources Division provided support to employees affected by the disaster through solvency measures, such as suspension of their loan payments, interest-free loans and the replacement of uniforms. They were also given food baskets at the time.

The Largest Food Bank

In an effort to support emergency situations in Mexico, 612 people at 13 Santander branches located in the BEI Southeast and the Southeast Staff division, collected 5,490.33 Kg of food products representing an investment of \$162,496.81 pesos. The products were donated to four institutions that work with the 'For the Children of Mexico' Trust.

Environment

The environmental policy and the General Code of Conduct govern our environmental operating criteria, to regulate consumption and resource management to avoid negative impacts on nature.

In 2014, the Group participated in the banking industry's "Carbon Footprint" project through the Association of Banks of Mexico, whose purpose was to count the Banking sector's emissions through an external consultant.

The Environmental Legal Compliance Diagnosis project was also launched in the metropolitan area under the Energy Project, to run a real-time measurement pilot project in three branches. This was further supplemented by a physical inspection and information survey applied in 24 branches and 12 buildings in the region, in order to develop action plans and then implement a monitoring and control system under ISO 14001 standards.

We partnered with Comexhidro in 2013, to implement a project at a hydroelectric plant for a self-sufficient energy supply obtained from renewable sources. With this power plant, which is located in the State of Guerrero, we expect to have 402 chargepoints in place by December 2015, including buildings and branches. This will represent 27.5% of Santander Bank's total consumption in Mexico.

The estimated construction time-line to build the entire project is set at 24 months and is expected to provide an 11% discount off current rates charged by the Federal Electricity Commission (CFE) over the course of a 20-year contract.

A. ENVIRONMENTAL FOOTPRINT PROGRAM

The Group started to use the Environmental Footprint Program in 2009 with the corresponding corporate guidelines, to measure consumption and management of its key resources nationwide. This system is audited by an external party once a year. The most representative results obtained from the latest audit are summarized as follows.

Environmental footprint system (National)			VAR. %
	2013	2014	14/13
CONSUMPTION OF:			
Fuel (liters) - Diesel	59,742	73,724	23.4%
Electricity (MWh)	138,106	133,410	-3.4%
Water (m ³)	404,141	448,918	11.1%
Paper (kg)	2,616,340	2,017,686	-22.9%
Electronic equipment (núm.)	1,210	3,430	183.5%
Air Travel (núm.)	17,904	17,692	-1.2%
WASTE GENERATION:			
Paper and cardboard (tons)	449	423.68	-5.6%
Plastics (tons)	88	99.92	13.5%
Glass (tons)	48.4	53.52	10.6%
OTHER			
Total GHG emissions (tons of CO ₂ equivalent) including all three scopes	82,755	80,601.42	-2.6%
Total waste (tons)	585.4	577.12	-1.4%



58,080 m³ were reused at the Contact Center and at the Technological and Operations Center in Querétaro, with a savings of 240 m³ at the Santa Fe Headquarters.



Paper consumption was reduced by 22% nationwide, compared to 2013.



Power consumption was reduced 3.4% nationwide.

B. ENVIRONMENTAL MANAGEMENT SYSTEM

Santander México knows that having an Environmental Management System (EMS) in place has contributed to reducing the environmental impact associated with the activities and processes it performs at its Santa Fe Headquarters in Mexico City. Proof of this is that we have maintained our ISO 14001 certification for 10 consecutive years.

We invested \$533,720 pesos to implement re-certification prevention and environmental management programs and prepared our second Performance Report on the subject matter. Consistent with our commitment to continuous improvement, the Environmental Management System Division presented a new record called the "GHS Master Scorecard" in October 2014, with the results of the inspection. Following this first exercise, the Bank began to keep track of the monetary savings associated with its environmental initiatives.

Significant progress was made in 2014, thanks to the efforts and commitment demonstrated by the employees working at the Santa Fe Headquarters. These are described as follows:



• Water (G4 - EN8)

In 2014, the total amount of water consumed equaled 30,296 m³, implying an increase of only 1.1% compared to 2013.

Three dry urinals were installed in the men's room on the ground floor of our Corporate Headquarters. Although this is a pilot project, each urinal is expected to help save an average of between 250,000 and 300,000 liters of water per year.



• Electricity (G4 - EN3)

In 2014, power consumption was recorded at 7,799,403 kWh, representing a saving of 3.7% compared to consumption reported in 2013. This was due primarily to the replacement of old air conditioners with energy efficient models.



• Fuel

The LP Gas consumed in stoves and boilers at the corporate headquarters is the only fuel used in the building. Meters were installed in 2014 to measure actual consumption at the point of use and determine a new LPG indicator per person. Gas consumption was set at 123,510 liters.

As for the consumption of diesel, this is used in emergency situations; that is, for the use of backup generators during power failures. In 2014 we consumed 5,953 liters of diesel, which represents a 60% decrease compared to 2013 because the Torre Diamante storage tank is under repair.



• Paper

We use environmentally-friendly bond paper at our corporate headquarters, which means that it contains at least 50% total recycled fiber from waste paper or production cuts and is made with a non-chlorine bleaching process.

With the implementation of a duplex policy requiring that we always use both sides of a sheet of paper and the corresponding communication campaign, in 2014 we decreased the number of reams of paper used by 8% compared to 2013. The purpose was to make sure we did not exceed the total consumption reported in 2012 by more than 5%.

Furthermore, in 2013 we developed indicators to track the total number of pages printed with 160 multifunction printers, in order to determine the use and consumption habits of the different Divisions operating at the Corporate Headquarters. This analysis served to identify the printers with the highest and lowest paper consumption and raise awareness regarding their use throughout 2014.



• Waste (G4 - EN23)

Staff at our Corporate Headquarters sorts and recovers the waste generated according to the law. Therefore, the use, recycling or, where appropriate, the disposal of such waste is carried out by classifying and sorting solid urban organic and inorganic trash, separating it from special and hazardous waste. All of these efforts were reinforced with a communication campaign.

On this matter, the dining room at the Corporate Headquarters improved its raw material selection process while raising widespread awareness among all staff members and employees on the issue. Thanks to these efforts, the dining room reduced its waste generation by 36%, which is equal to 16,356 kilograms less organic waste.

In regard to special and municipal solid waste management, the Group reported a 20% reduction; that is, 23 tons less. We obtained an ecological recycling certification for 2,488 kilograms of electronic waste collected through a communication campaign.

This figure represents a 213% increase compared with the amount collected in 2013. We also sent 2,112 Multifunction Printer toner cartridges out for recycling by working closely with suppliers, thanks to another campaign focused on corporate social responsibility.



• **Transport** (G4 - EN30)

With the implementation of our car pool system, we seek to reduce emissions from the vehicles employees use to drive to work. In 2014, we set up two new routes as part of the objectives included in the 2014 Environmental Management System.

Environmental Management System			VAR. %
Santa Fe Headquarters	2013	2014	14/13
CONSUMPTION OF:			
Fuel (liters) - Diesel	14,454	5,953	-58.8%
Electricity (MWh)	8,103	7,799	-3.7%
Water (m ³)	29,963	30,296	1.1%
Paper (kg.)	257,890	191,738	-25.7%
Electronic equipment (number)	114	269	136.0%
WASTE GENERATION:			
Paper and cardboard (tons)	27.1	20.34	-24.9%
Plastics (tons)	5.9	5.10	-13.5%
Glass (tons)	1	1.35	35.0%
OTHERS			
Total waste (tons)	34	26.80	-21.2%

(G4 - 14) Mexico adopted the Rio Declaration in 1992 and incorporated its principles and provisions in its laws and regulations. Our company complies with Mexican regulations on environmental issues and in that sense tacitly incorporates the principles of the agreement considered in each law.

C. TRAINING AND AWARENESS

Since 2013, all employees working at the Santa Fe Headquarters must take the "Environmental Management System" regulatory course, intended to promote the Group's policy and program on the subject matter and engage all employees in the project's objectives. A total of 2,331 internal and outsourced staff members working at the Corporate Headquarters took the course in 2014.

Moreover, face to face talks and courses were taught to staff members working in critical or strategic positions related to environmental management at the Corporate Headquarters.

The duration of these talks and courses varied between one and two hours in one day, for a total of 40 hours spread throughout the work week.

These efforts were used to cover a variety of topics, such as introduction to the Environmental Management System, competency development for effective training on environmental matters, environmental legislation, and hazardous materials and waste management, among others.

In 2014, efforts were also made to implement internal communication campaigns and raise awareness on environmental issues. The Ideas electronic journal constituted an important channel to help raise awareness among employees on a national level and at the Santa Fe Headquarters, through the consistent dissemination of all related objectives and activities under a special section on the environment.

Long-Term Commitment to Our Stakeholders

Customers

In keeping with the commitment to customer satisfaction, product development and quality services, Santander México has opened a variety of innovative communication channels to access the Group's services.

It also maintains strict internal processes and operating standards to ensure transparency in the sale and marketing of its products, and to evaluate the impact they produce on the communities in which the Bank has a presence.

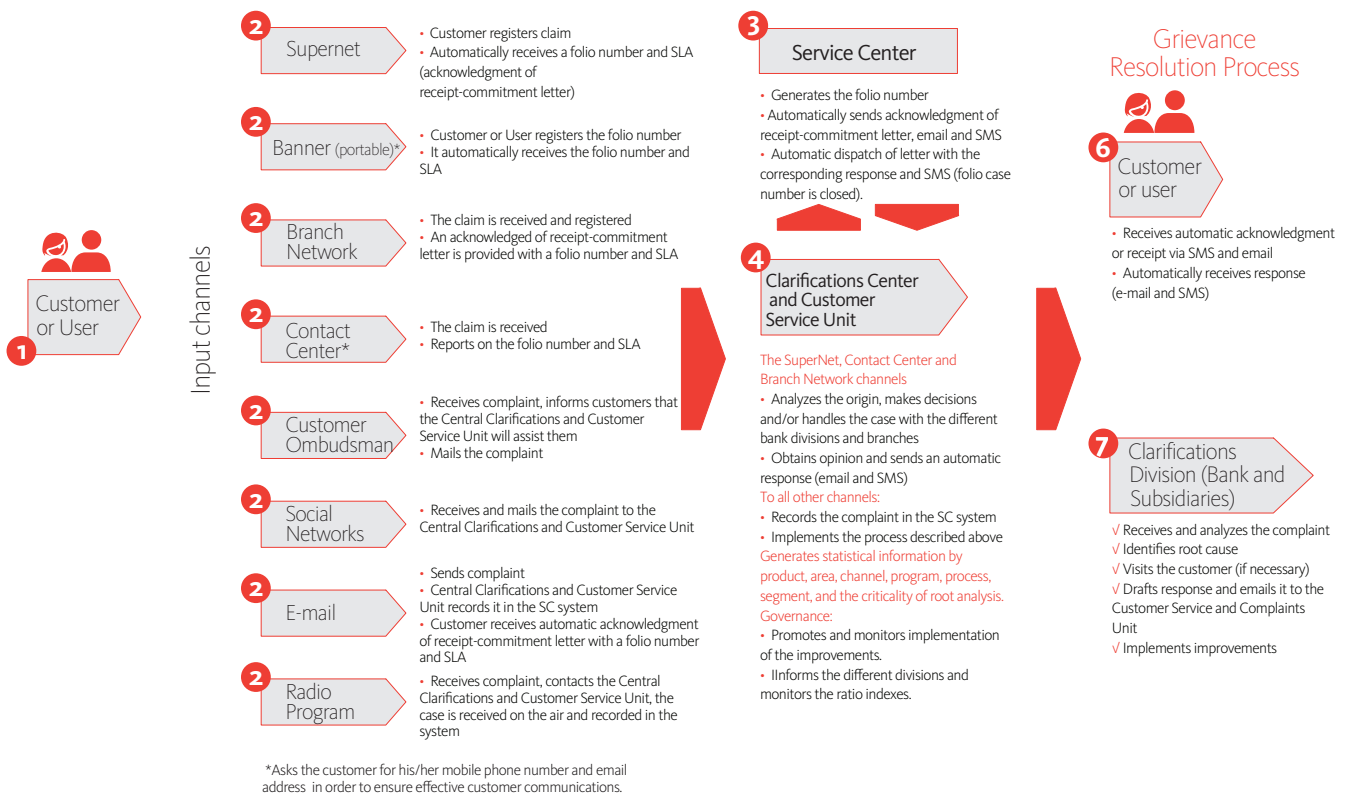
A. CUSTOMER SATISFACTION (G4 - PR5)

Santander México offers customers and users of its banking network eight different communication and contact channels, they can use to send their comments, suggestions, compliments and complaints about the service provided or the products offered.

Once a request is received, it is reviewed, classified and documented in the Central Customer Care Clarification Unit through the Service Center. The request is then sent to the Clarifications Division for resolution and so it can send the customer a notice regarding the same. Following is a detailed description of this process:

We periodically conduct customer satisfaction surveys to learn their perceptions about certain products, services and even about a given Division within the Group. A total of 64,982 surveys were conducted in 2014.

In order to identify our customers' tastes, preferences and needs in terms of financial services and products, we conducted 25 customer market research studies in 2014, with methodologies such as focus groups and face to face interviews, among others. We also use benchmark, media monitoring and mystery shopper methods.



B. ETHICS & TRANSPARENCY IN THE SALE OF PRODUCTS (G4 - PR3 - FS15)

Santander has a strong structure in place to analyze, evaluate and approve products for market, in order to maintain the right balance between customer costs and risks for new and renovated products, and the profits or earnings expected from a product, representing economic value for our customers. All of our products and services comply with our local and corporate sales and promotion requirements.

The main figure responsible on a global level is the Corporate Marketing Committee based in Spain, and the Local Marketing Committee in Mexico, chaired by the head of the Strategic and Competitive Executive Office. The Committee is comprised of representatives from the following divisions: Business Strategy, Wholesale Banking, Payment Means and Methods and Consumer Credit, Private Banking, Private Banking and SMEs, Companies and Institutions, Credit, Intervention and Management Control, Media, Human Resources, General Legal Counsel, Regulatory Comptrollership (Secretariat), Strategic Planning (Coordination) and Internal Audit.

C. PRODUCT AND SERVICE IMPACT (FS1, FS2 and FS3)

At Santander, we analyze relevant financing projects in excess of \$10 million USD by considering the Equator Principles the Group is aligned to as part of its corporate strategy.

This is done in order to maintain control and registration of potential social and environmental risks that the credits granted might incur, especially in the field of development of infrastructure and energy projects, which are currently booming based on the structural reforms Mexico has implemented in the last two years.

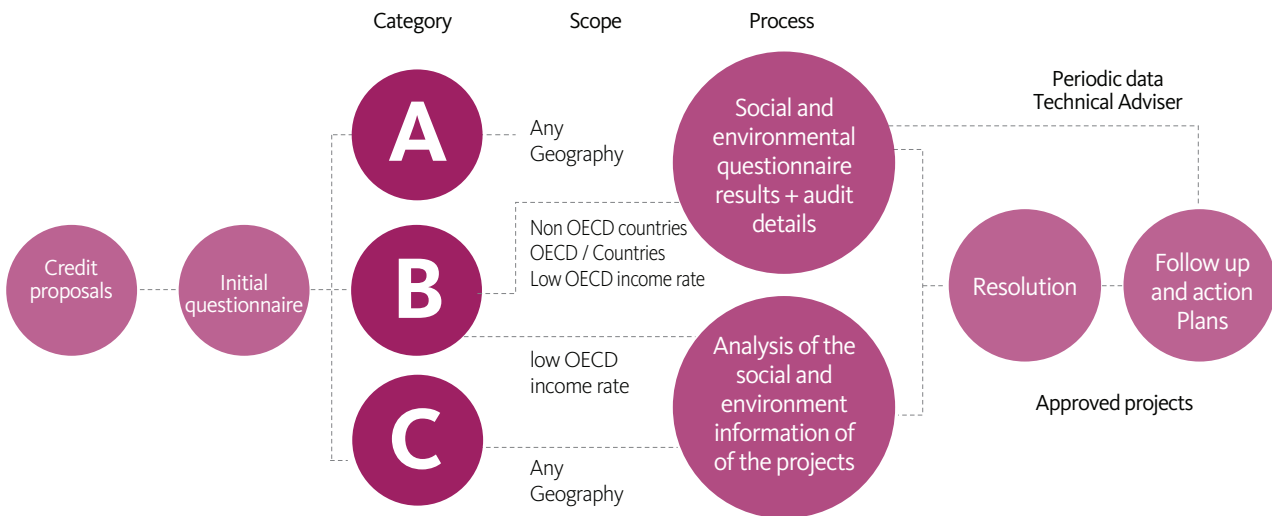
This financial and business analysis is complemented by a detailed study of a social and environmental nature based on the Environmental and Social Questionnaire (ESQ-Corporate).

This study aims to determine the socio-environmental risks related to the projects and monitor those that produce a high/moderate impact with the help of expert consultants in the respective field related to the risk.

The following graph describes the process the Bank uses to analyze social and environmental risks according to the Equator Principles

Social and environmental risk analysis according to the *Project Finance* Equator Principles

Over \$10 million USD



- A. *Project Finance* with a significant negative and riskier impact.
- B. *Project Finance* with a significant negative and lower risk impact
- C. *Project Finance* with an insignificant or zero impact on the environment.

A total of 30 projects have been evaluated to date with the ESQ-Corporate questionnaire; 100% of the evaluated projects have been approved and none have been rejected.

The Bank in Mexico has a team dedicated to following up on Wholesale Banking projects. This team coordinates the environmental consultants and the compliance reports related to the projects.

These Equator Principles compliance reports are issued on a semiannual basis during the construction phase, and annually during the project's operating phase. If these reports indicate some kind of potential risk, the agent bank meets with the customer to establish a risk mitigation or prevention plan.

D. INNOVATION: PRODUCTS AND SERVICES

The Santander sustainable business model is customer focused and geared to meet our customers needs with innovative products and services tailored to their individual profiles. Therefore in 2014, "Advance" was launched as the largest financing program offering comprehensive services for Small and Medium Enterprises (SMEs), along with "SuperAgro" a credit card aligned with the farming cycles.

"Advance" encompasses a variety of unique aid and services in Mexico that are used to provide comprehensive services to SMEs and thus promote the country's economic and social development. Features of the program include a one million peso fund for loans, training for 9,000 SMEs and workshops for 3,600 more, plus the Advance Growth Award, among others.

Meanwhile, SuperAgro opens a credit opportunity that did not exist for this sector, as producers can choose one of various payment plans depending on the farming cycles. The card offers benefits and control schemes that seek to promote the development of agricultural producers and entrepreneurs to facilitate the replacement of the use of cash for a card

Financing sustainable energy

In 2014, Santander México confirmed its leadership position by supporting the energy sector with funding for 20 different projects, which together have the capacity to produce over 2,800 MW.

Today we are at the forefront and are able to respond to the potential that exists in Mexico with the implementation of the energy reform. Therefore, Santander announced the provision of 65 million pesos to fund new infrastructure projects in the sector, in August of last year.

Innovation

AutoCompara represented a milestone in the auto insurance sales market, because it allowed users to identify their best insurance option based on their needs and preferences. Therefore, by the end of 2014, this search engine had presented 3.5 million quotes and issued 357,200 insurance policies. In order to ratify the success and innovation of this tool, the Bank launched the CasaComparara housing search engine, and the ViajaComparara travel search engine in 2014, reporting the following results through December 2014:



Casacompara
49,689 properties registered
644 referrals
116,800 visits



Viajacompara
289,210 visits
213,563 users

In 2014, the Bank installed Full Service ATMs at certain branches to handle everyday banking transactions. Furthermore, the Mexico City government selected the Santander "Vocal Signature" speech recognition technology to implement the first payment system for retirees in Mexico, benefitting more than 19,000 people. In terms of social networks, the Group maintains its presence with 657,100 followers on Facebook and 62,779 followers on Twitter.

E. ACCESSIBILITY (FS13 Y FS14)

Santander México offers its customers a wide range of channels and transactional media to ensure easy access, use and availability of the Group's products and services, even among the low-income communities it serves through the more than 16,000 branches operated by its partner Oxxo, Telecomm and 7-Eleven, thus promoting financial inclusion.

Contact Center	Average customers served per month: 965,000 Total number of transactions completed through the Contact Center: 61,5 million Percentage of total Group transactions in 2014: 5% Portfolio recovery in 2014: 8,348 million
Supernet	Total transactions completed: 235,4 million Percentage of total Group transactions in 2014: 19% Number of SuperNet customers: 535,000
Super móvil	Total transactions completed: 169,7 million Percentage of total Group transactions in 2014: 14% Number of Super Mobile customers: 281,000
Mobile Banking	Total transactions completed: 405,2 million Percentage of total Group transactions in 2014: 33% Number of affiliated customers: 1,072,000 Number of active customers: 669,000
Payment by direct debit	Total new payment by direct debit transactions reported in 2014: 599,000
Correspondents	Total Branches <ul style="list-style-type: none"> ■ OXXO: 13,061 ■ Telecomm: 1,620 ■ 7-Eleven: 1,800 Total Transactions Completed <ul style="list-style-type: none"> ■ 8.3 million transactions in OXXO, 40% completed by low income segments ■ 1.7 million transactions in Telecomm, 43% completed by low income segments ■ 11,000 transactions in 7-Eleven 42% completed by low income segments
Automated Teller Machines	Percentage of total Group transactions in 2014: 1% Total transactions completed: 355.33 million Percentage of total Group transactions in 2014: 29%

F. THE SANTANDER CUSTOMER OMBUDSMAN(G4 - PR5)





The Customer Ombudsman is an ombudsman with a seven-year track record in Santander. This position was created to offer customers a communication alternative and a solution to meet their needs, when they believe that their rights have been violated by the Group or its staff members.

This instance is not included in the Mexican rules for financial institutions, and has thus become a differentiating service that Santander México offers to the marketplace. It is also recognized as a pioneer and unique mechanism in the country based on its features that include:

- Total independence of the Group and its companies
- Direct contact with the Group's Board of Directors
- Their determinations are final and cannot be appealed within the Group
- A rigorous monitoring system was implemented to follow up on the Ombudsman's recommendations to ensure the continuous improvement of products and services

During 2014, 1,932 cases were filed with the Customer Ombudsman. This figure represents a 7.8% increase over last year. A total of 1,344 cases was resolved in the customer's favor; that is, 70% of the total.

The Ombudsman also has four channels available for receiving cases, which include a hotline, email, personal visits and the website. The channel most used by 56% of the customers in 2014 was email. The following table provides greater detail on the Ombudsman's performance indicators in 2014.

RESULTS		2014	
CUSTOMER OMBUDSMAN			
Cases received	Cases closed	Cases resolved on behalf of the customer	
1,932	1,937	1,344	
COMMUNICATION AND CONTACT CHANNELS			
			
412	1,082	118	320

Employees



The Bank's business sustainability is based on its employees' experience and comprehensive satisfaction levels. This is why we provide workplace, health and safety conditions that allow for each employee's optimal and well-rounded development.

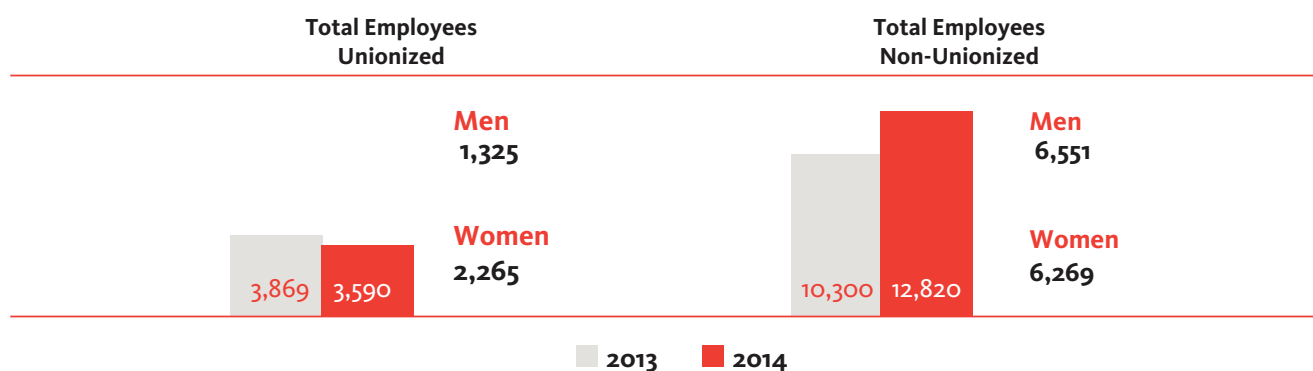
A. EMPLOYMENT (G4 - LA1, G4 - 10, G4 - SO4)

Santander reaffirms its commitment to strengthening the sector. It is also committed to Mexico's development by continuously investing in the creation of jobs. During 2014 it increased its number of employees by 16%, growing from

14,169 employees in 2013 to 16,410 in 2014. It also created 650 new jobs/positions with the branch expansion plan it began to implement in 2013.

Also, less than 1% of its employee contracts are temporary and 16,284 people have permanent job contracts. The Bank also receives support from a total of 3,212 outsourced employees. It is important to note that 22% of the Bank's employees are unionized. (G4-11)

(G4 - 10)	Total number of permanent contracts	Total number of temporary contracts	Outsourced employees
	7,817	59	1,458
	8,467	67	1,784



Another significant characteristic of the Santander México workforce is that 9% of all managers in the company are foreigners, which means we give priority to the development of local human capital, despite the fact that we belong to an international institution. Therefore, only 165 of Santander México employees are foreigners.

(G4-EC6)	Total employees		Senior Management	
	Foreigners	Nationals	Foreigners	Nationals
	165	16,245	69	724
Total	16,410		793	

We also like to highlight the low percentage (2.1 points) among employment conditions listed in Santander's general turnover index which dropped from 16.4% in 2013 to 14.3% in 2014. The group's members below 30 years of age (7,908) showed the greatest turnover rate at 18.4%.

(G4-LA12)	2014	% Turnover Percentage
Age Under 30	7,908	18.4%
Between 31 and 40	5,068	14.1%
Between 41 and 50	2,301	8.5%
Older than 51	1,133	5.8%
Total	16,410	14.3%

B. EQUITY (G4 - EC6)

An equal opportunity culture is promoted both inside and outside of the institution. The General Code of Conduct, the Internal Organizational Regulations and the Equality Policy consolidate the support provided to ensure the employees' integral development. We also provide a normative training program on the Culture of Equality every year.

Fifty-two percent of the employees are women, 156 of which hold senior management positions, seven more than in 2013. Furthermore, most also have permanent contracts (8,467) and union contracts (2,265).

C. BALANCE BETWEEN WORK AND FAMILY LIFE

The Balance between Work and Family Life Agreement was signed together with the Bank's Trade Union, by which both parties agreed to provide our employees with different tools, permits and possibilities that allow them to keep a healthy balance in the various aspects of their lives, thereby contributing to their overall wellness. Some of the most outstanding points in the agreement include:

- Flexible work hours for nursing mothers, among other benefits
- Rejection of all forms of discrimination and workplace or other types of harassment

D. TRAINING (G4-LA9, G4-LA 10, G4-LA11, G4-LA12 and G4-HR2)

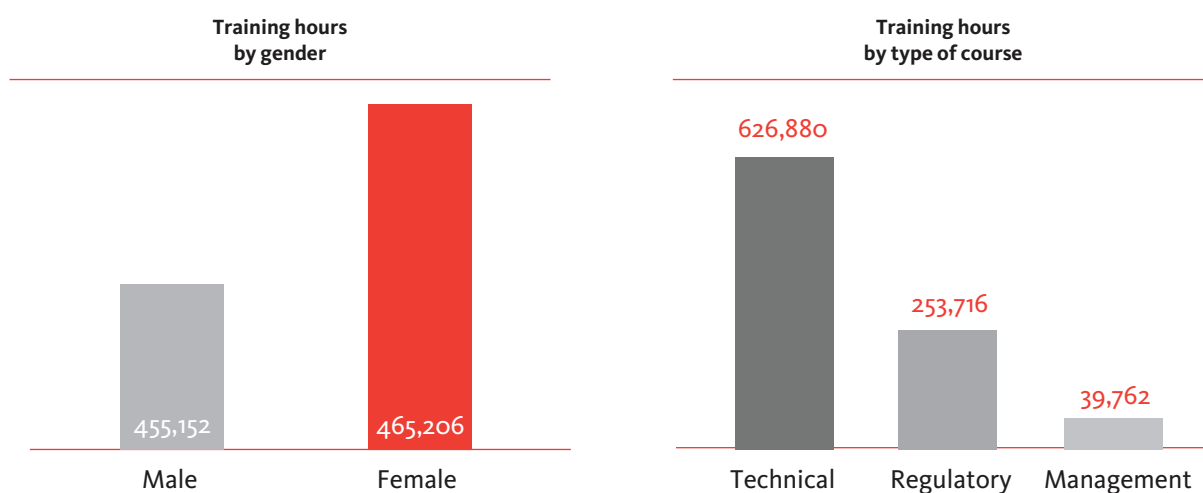
The most variable business growth and long-term sustainability is found in developing and enhancing employee skills. Therefore, \$107.4 million pesos were invested in training 99% of our staff members in 2014, for a total of 920,358 hours, which represent an average of 56 hours of courses per employee.

The Santander training plans aims to comprehensively address our employee's needs, based on the skills required for their individual position and correct performance, which is divided into three types of training:

- Technical, which seeks to ensure the employee's optimal learning to master a tool and/or process to perform their daily tasks.
- Regulations, which includes courses and certifications endorsed by an authority, such as certification in the General Code of Conduct, the Culture of Equality, Anticorruption and the Environment for employees working at the Santa Fe Headquarters.
- Management courses, aimed at developing management skills to nurture teamwork, achieve goals and meet human needs.

Job Levels	Men	Women	Average hours of training
Directors	637	156	30
Deputy Directors	804	431	42
Managers	2,590	2,222	59
Administrative and Operational staff	3,845	5,725	59
Total	7,876	8,534	56

Level	Face to face	Virtual Classroom	e-learning	Total hours:
Directors	16,022	582	6,834	23,437
Deputy Directors	32,349	560	18,995	51,904
Managers	160,157	9,265	115,679	285,100
Administrative and Operational staff	315,287	3,917	240,713	559,917
Grand total	523,815	14,322	382,222	920,358



E. DEVELOPMENT AND RETENTION OF TALENT



(G4 - LA10 and G4 - LA11)

Santander México develops training and evaluation tools and programs designed to identify employee potential and drive their professional their careers within the institution.

We monitor employee performance to identify opportunities for improvement and align staff members with work group and business objectives. Therefore, we developed two types of evaluations in Santander, the first is DPO that

provides a regular and formal review of the employee's work results conducted jointly between the boss and the employee, in order to evaluate, recognize and help employees develop on a fair and equitable basis.

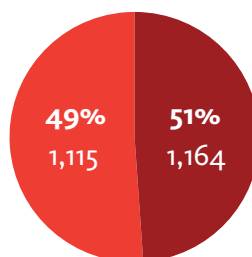
The second evaluation is called 360°, where the feedback received comes from higher and lower levels and equal-level peers, through a system offering confidential and accessible information. The following table contains a summary of the results of the evaluations completed at the end of 2014:

	 Men	 Women	Total
DPO Eval	1,380	1,113	2,493
360° Eval	5,547	5,947	11,494

In addition to the above, we also offer complementary training and professional development programs to help create value for both the Group and the employee. The main achievements reported in 2014 are summarized as follows:

Name of the the program	Beneficiaries in 2014	Description	2014 Achievements
High Young Employees Potential	142	This program provides Individual development plans and nurtures space for dialogue between participants	1,350 (Change Management, 18 hours per employee) 108 (WOBI Events)
New Talent	10	The program seeks to train executives at a high level as part of an international career plan	Six selection evaluations were performed
FUDIS	18	FUDIS 18 is an ongoing training program provided with change management, leadership, and growth management tools, among others	Two weeks of Corporate Training
Tools in Action	224	Open offer program that seeks to develop skills and expertise managing databases, effective presentations, project management, finances for nonfinancial talent and executive writing	3,467 hours
Skills and Competencies	48	Program providing tools and concepts related to institutional development, results-oriented, team management, people management, negotiation, communication and leadership skills	375 hours

A total of 2,279 employees were promoted on a national level within the Group in 2014.



Promotions by gender in 2014

- Male
- Female

F. OCCUPATIONAL HEALTH AND SAFETY

(G4 - LA5 and G4 - LA7)

The Group's business does not represent major occupational health and safety risks for its employees. However, the Bank has created formal committees focused on safeguarding each individual in the Santander premises.

Committee members include managers and employees. Their objectives are to help monitor and provide advice on occupa-

tional health and safety programs. These entities are: the Crisis Management Committee (with 80% participation of managers and 20% of employees), and the Civil Protection Committee (with 90% participation of employees and 10% managers).

The Internal Civil Protection Programs provide training on the subject matter and drills as an effective tool for preventing any type of risk or injury to the employee's health and safety. These are the main achievements reported in 2014:



In terms of health, we constantly develop and renew a variety of initiatives to ensure the welfare of our employees, including: including:

- **The Total Wellness Portal**, which is part of the Equilibrium preventive medicine program. This program seeks to identify the major risk factors employees face and provide tools focused on promoting a healthy lifestyle.
- **The Employee Hotline**, which is open to all employees. This is a helpline that provides comprehensive physical and emotional wellness services. Family members including the spouse and children are also entitled to enjoy this benefit. A total of 354 cases were treated in 2014.
- **The Comprehensive Care Program for active employees, retirees and dependents**, which offers different health services ranging from first contact consultations to highly specialized medical and surgical hospital care.

G. EMPLOYEE BENEFITS

We provide a full set of benefits and services for employees and their family members with amenities and access for their wellbeing, safety, future, education and

recreation. This as a whole, encourages a work life balance, and sets us apart in the labor market. Some of the most outstanding benefits include:

Employee Benefits	
Benefits superior to those required by law	40 days of salary as a year-end bonus and vacation periods ranging between 15 and 30 business days, depending on seniority.
Insurance	<p>Basic life: The institution covers the full cost of this insurance coverage.</p> <p>Voluntary: Voluntary: Voluntary life and voluntary spouse, mortgage, damages, consumer loans, automobile and death.</p>
Comprehensive Medical Care	<p>Medical Network</p> <p>Plan 17 for employees hired before August 2014</p> <p>Outpatient care Dental care Medical supplies Laboratory, x-rays and cabinet services Emergencies Hospital services Orthopedic and prosthetic devices</p> <p>Plan 10 for employees hired after August 2014</p> <p>Social Security (IMSS) Major Medical Insurance</p> <p>Reimbursement Plan</p> <p>International major medical insurance</p> <p>Check up. This is an annual benefit for Senior Management</p>
Loans (on a basis of seniority)	Consumer (payroll, online, short term) and mortgage
Additional	<p>Dowry</p> <p>Birth aid</p> <p>Layette</p> <p>Graduation aid</p> <p>Lactation</p> <p>Staff uniforms</p> <p>Sports club discounts</p> <p>Christmas bonus</p> <p>Savings for retirement</p> <p>Pension Plan</p> <p>Performance Bonus</p> <p>Expensive life subsidy</p> <p>Dining room services</p> <p>Transportation to the Santa Fe Headquarters</p> <p>Parking at the Santa Fe Corporate Headquarters</p> <p>Eyeglass aid</p> <p>Rental aid</p> <p>Employee helpline</p> <p>School and university discount agreements</p>
Permissions	Leaves of absence with or without pay are permitted for newly biological or adopted parents, for marriages, a loss of a close relative, daycare services or for half days off on a child's birthday occasion.

*Some of the benefits may change depending on the company the employee works for.

Also, in the 5th Edition of the Somos Santander Scholarship Program, 10 scholarships were given to sons & daughters of Bank and Subsidiary employees to cover one semester of bachelor level studies abroad.

On another note, 148 employees were presented with seniority awards at an emotional ceremony they attended with their family members, during the Santander Celebration Week.

H. SANTANDER EMPLOYEE OMBUDSMAN

The Employee Ombudsman is a specialized, impartial, reliable and independent body that addresses conflicts or the violation of labor rights of the Group's employees. It reports directly to the Board of Directors.

The Employee Ombudsman has consolidated over the past seven years to become an efficient tool to preserve and strengthen the relationship of trust with employees, in addition to providing confidential and objective guidance to those who need it, thereby strengthening the Bank's longtermcommitment to one of its major stakeholders: its employees.

The figure of the Employee and Customer Ombudsmen, is unique in the Mexican financial system. Through media such as IntraTV (spots and banners), SantanderTV, Comunica, the IDEAS magazine and interview broadcasts, the Bank seeks to recognize this important initiative that encourages dialogue and reconciliation.

In 2014, a total of 212 cases were received representing 24 more than those reviewed in 2013. Of these, 203 cases were closed and 187 were resolved favoring the employee, representing 87% of all cases received.

Of the cases received, 77% were notified by telephone, followed by 41 cases reported by email, and eight cases filed in person. There were no reports of cases filed on line.

RESULTS REPORTED BY THE EMPLOYEE OMBUDSMAN

2014

Cases received	Cases closed	Cases resolved on behalf of the employee
212	206	187

EMPLOYEE CONTACT CHANNELS

			
163	41	8	0

Shareholders and Investors

Santander is registered with the Securities and Exchange Commission (SEC) and listed on the New York Stock Exchange (NYSE) and on the Mexican Stock Exchange (BMV). This forces the Group to maintain international best practices in terms of accountability and corporate governance.



Number of
Shareholders in the
BMV
3,399



Number of
Shareholders in the
NYSE
5,250

The Bank is also listed on the Mexican Stock Exchange Sustainability Index, following an evaluation of its sustainability policies and practices, Corporate Governance, environment, relationship with stakeholders and other relevant aspects.

Santander believes that transparency in the use and transmission of information is a key factor in the relationship it maintains with its strategic partners. Therefore, all communications sent to the shareholders are supervised and approved by the Communications and Regulatory Comptroller Divisions in Mexico, and by the Shareholder Relations, Corporate Communications and Marketing Divisions in Spain.

The communication process with investors includes special care to make sure that the information is transmitted in a truthful and timely manner. Therefore, all relevant information is sent initially to the authorities (CNBV, BMV, SEC, NYSE), and is then published simultaneously for the investor and analyst base, and on the Santander Investor Relations website.

Constant communication is maintained with shareholders and investors via direct mail, electronic newsletters, financial reports and events held to periodically provide information concerning:

- The market and stock prices
- The Group and the Bank's trimester and annual results
- News and exclusive promotions
- Resolutions adopted by the shareholder meetings
- Forum invitations to present results
- Roadshows and conferences

All majority and minority shareholders are invited to general meetings to vote on matters related to decisions proposed by the Board of Directors. We have put the following tools in place as part of our long-term commitment to investors and shareholders:



The Santander Shareholders website, contains all information related to the shareholders' meetings, the distribution of dividends and the distribution of Santander México capital (www.santander.com.mx/accionistas).



The Santander investor website features relevant analysis on the Group's financial information, our Corporate Governance structure and other documents of interest (www.santander.com.mx/ir/principal/index.html).

Competitors

Santander believes in the fundamental need for a regulatory framework that recognizes the importance of maintaining sound and healthy competition and ensures transparency in the presentation of results.

In Mexico, it works closely with the Association of Banks of Mexico (ABM), the Central Bank of Mexico (BANXICO), and the National Banking and Securities Commission (CNBV) to ensure the accountability and transparency of the financial sector's practices. These parties jointly evaluate results, participate in industry initiatives, share experiences and are involved in discussions and meetings that are relevant to the sector.

The Group and its companies, Banco Santander, Casa de Bolsa Santander, and Gestión Santander, are bound to comply with the provisions issued by the National Banking and Securities Commission, which apply to the securities transactions performed by all managers and employees. Santander Seguros, the Group's insurance company, is also included as part of the global standard established by Grupo Santander in Spain.

The regulatory policy and procedures manual applicable to securities transactions includes the ethical parameters governing participation in the stock market, which all employees must follow.

Thus, application of the adequate control and oversight activities is guaranteed to ensure the Group's fair competition in the financial and securities market in Mexico and across the globe.

Suppliers

For three years in a row, all procurement and contracting of external services by Santander have been carried out through the Aquanima central and standardized supplier system.

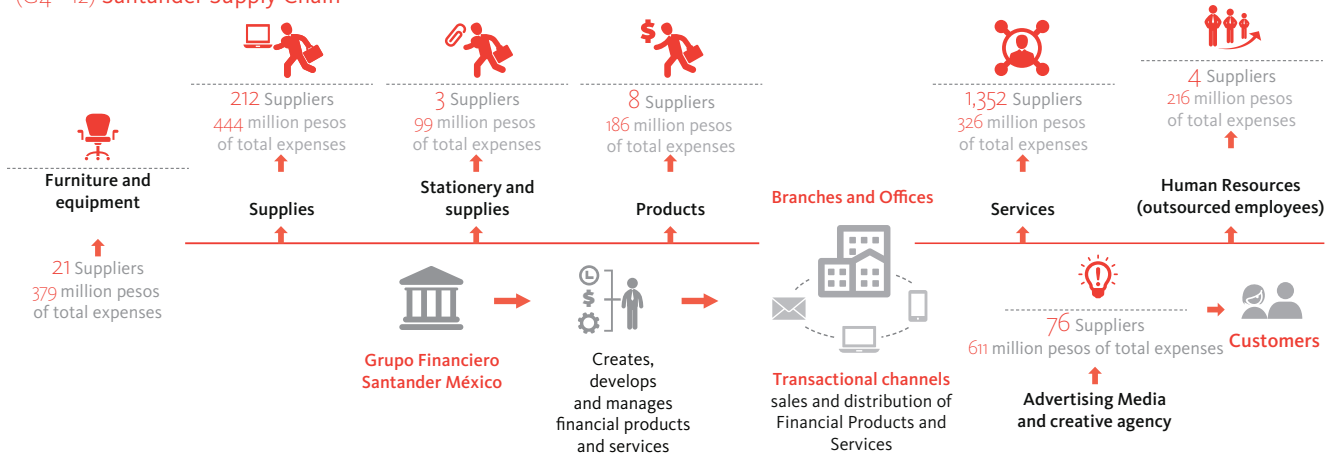
This provides a regulatory framework to look after and maintain fair and transparent competitive processes with suppliers at all times, and to standardize processes and adjust to the procurement guidelines established by our headquarters in Spain.

In addition to the social and environmental UN Global Compact Principles, our process allows us to add those suppliers that are known for their shared value creation through the adoption of measures of excellence or certifications on the subject matter, such as ISO 9001 for quality and the ISO 14001 environmental certification.

(G4 - HR1) During 2014, a total of 342 contracts were signed with the Corporate Social Responsibility Acceptance Protocol, which is an integral part of our procurement and service agreements.

(G4 - SO9 and G4 - SO10) Based on the directives issued by our Corporate Headquarters, during 2013 and 2014, three of our suppliers were randomly evaluated under the UN Global Compact Principles, and no significant risk of violation of such principles was found. (G4- EC9) We also seek to strengthen the value chain in the local communities where we have a presence. Therefore, 98.5% of the payments made in 2014 in the amount of \$15,624 million pesos went to local organizations (companies incorporated in Mexico), and the remaining 1.5%, valued at \$249 million, went to foreign organizations (companies that are not registered in Mexico).

(G4 - 12) Santander Supply Chain



*A significant part of the Group's total costs go to pay benefits and taxes that are not included in the supply chain described above, which only includes the products and services the company obtains from external suppliers and third parties for its operation, based on its productive cycle.





Authorities

The commitment Santander maintains as a responsible corporate citizen, makes sure that the Group stays in constant touch with the regulatory authorities and supports the legal regulations concerning its economic activity, both in Mexico and abroad.

It has a team dedicated to answering, monitoring, reporting and resolving requests received from the authorities, such as CONDUSEF, the Ministry of Finance and Public Credit (SHCP), the National Banking and Securities Commission, the Ministry of Economy and the Central Bank of Mexico.

The team is composed of the Government Affairs Department in the Legal Division, and the Internal Control and Regulatory Comptroller Divisions. These Divisions jointly seek to promptly respond to a ll government agencies and disseminate the scope of all those regulations that produce a direct impact on the business operations, in an effort to establish precise controls to ensure compliance with obligations, thereby minimizing the institution's reputation risk and the imposition of administrative penalties by the supervisory authorities.

Awards & Recognitions

Awards & recognitions received in 2014	From	 Economic Sustainability	 Social Sustainability	 Environmental Sustainability	 Corporate Ethics and Governance
Santander México added to Sustainability Index	Mexican Stock Exchange	●	●	●	●
Santander #1 financial brand in Latin America	Brand Finance Consulting firm	●			
Best Bank in Financing of Foreign Trade Operations in Mexico in 2014	Global Finance Magazine	●			
High Ranking in 2014 places to work	Great Place to Work	●	●		
Success in attracting funds - Santander Asset Management	Funds People Magazine	●			
Best Bank in Mexico	Euromoney Magazine	●			
Best Trade Bank in Mexico	Trade Finance Magazine - Euromoney	●			
Award to Innovation and Leadership in Sustainability 2014 - CCS	City of Querétaro	●	●	●	
Responsible Company with a health environment	Mexican Business Council Health and Well-being		●		
Best Bank in Mexico for Financing of Infrastructure	Latin Finance Magazine "Finance Infrastructure Awards"	●			
The Best Companies to work for in the financial sector GPTW	Great Place to Work	●	●		
Recognitions by international transfers	JP Morgan	●			
Environmental Management Certificate according to UNE-EN ISO 14001:2004	Spanish Association of Standardization (AENOR)			●	
Renewal of Distinctive H, in the Santa Fe Corporate Headquarter dining rooms	Ministry of Tourism and Ministry of Health Mexico City			●	
Corporate Social Responsibility Award	Mexican Center for Philanthropy and Aliarse	●	●	●	●

How We Prepared this Report

(G4 - 32)

This is the fourth year in which we adopted the Global Reporting Initiative (GRI) methodology to prepare our Annual Sustainability Report. This year we considered its new GRI 4.0 version with the “Core” option by conducting a materiality analysis.

This exercise allowed us to identify, prioritize and validate the most important issues to be reported by Santander in Mexico, by taking our stakeholders and our medium and long-term sustainability strategy into account.

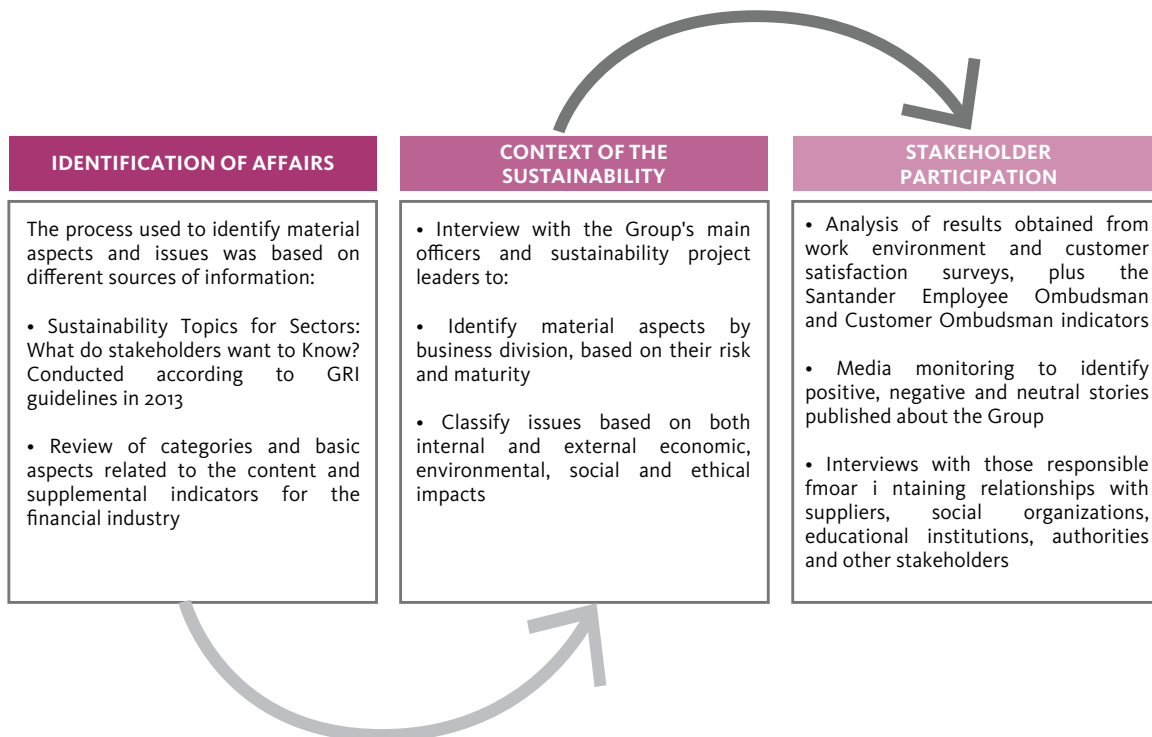
A. UNIVERSE (G4 - 17, G4 - 28, G4-29 and G4-30)

Grupo Financiero Santander México, S.A.B. de C.V. is a subsidiary of Banco Santander, S.A. in Spain comprising the following two main companies: Casa de Bolsa Santander, S.A. de C.V. and Banco Santander (México), S.A. a Full Service Banking Institution, the latter comprised of six companies listed in the Nature of ownership and legal form organizational chart.

All entities comprising the Financial Group in Mexico are included in this report. Therefore, the actions and material matters described herein comprise the most important achievements and challenges the Group reported in terms of sustainability in Mexico during the year reported (January to December 2014). We prepare our Sustainability Reports on an annual basis, and published our last report in April 2014.

B. PROCESSES (G4 - 18 and G4 - 26)

The content of the report was determined by a materiality analysis, which was conducted with the support of an external consultant and in compliance with the guidance and principles offered by the GRI 4.0 Guidelines to reflect the most significant economic, social, ethical and environmental aspects for the Group, under two perspectives: influence on the decisions made by our stakeholders and relevance to the business (business model), under the following scheme:



(G4 - 24) The process related to Stakeholder engagement in preparing the report was not done through direct dialogue, but through consultation with the different tools and internal communication media Santander uses to gather opinions, expectations and needs from each target audience, which are described in depth in the Stakeholder Matrix.

Prioritize (G4-18)

The list of material aspects resulting from the first identification phase, was quantified and qualified by economic, environmental,

ethical and social impact, in addition to its influence on the evaluations and decisions made by Santander stakeholders in Mexico, determined from the interviews.

Subsequently, and for the prioritization process, each topic was assessed and weighted according to its relevance for development in the Grupo Santander business model in Mexico, its sustainability strategy, and ranking in terms of the materiality analysis conducted at a corporate level.



Validation (G4-18)

The list of the material aspects that were identified and prioritized, was submitted for validation by the Deputy Director General for Institutional Relations and Communication.

Subsequently, the issues were translated into GRI indicators and these in turn were converted into questionnaires that were applied to each Division within the Group, in order to determine the names of the parties responsible for each issue, and to gather all of the information needed in regard to every aspect of the report, including their management approach and achievements reported in 2014.

Deloitte, as the external auditor responsible for reviewing the report, provided feedback on the questionnaires, which was then delivered to the responsible parties at a meeting held to raise awareness on the subject matter.

The above three steps are carried out by taking the following principles into account:

(G4-22 and G4-23) It is important to note that the measurement techniques and figures presented in previous years have not undergone any material changes in terms of methodology, scope or coverage.

Stakeholder Engagement	Context of Sustainability	Materiality	Completeness
<p>We update our Stakeholder Matrix once a year to confirm that it properly represents the way we respond to the expectations expressed by our target audiences and the communication channels we offer them.</p> <p>This Matrix is revised every year and aligned with the process used to gather information for this Sustainability Report.</p> <p>→ For more information, see the STAKEHOLDER MATRIX page: 67</p>	<p>Our vision and performance at a sustainability level is supported by our General Code of Conduct, the Group's Business and Sustainability Model, and the Local Sustainability Committee. These means are used to manage, plan and track sustainable performance at Santander Mexico.</p> <p>→ For more information, see the SUSTAINABILITY MODEL AND MANAGEMENT IN MEXICO and the LOCAL SUSTAINABILITY COMMITTEE IN MEXICO Pages: 29 and 33</p>	<p>The aspects addressed in this report reflect the economic, ethical, environmental and social issues that are relevant to the Group based on the perceptions expressed by our stakeholders' as determined from the materiality analysis conducted in 2014. The report also addresses some of the concerns different authorities asked us to report.</p> <p>→ For more information, see the MATERIALITY ANALYSIS on page: 67</p>	<p>The contents of this report have been verified by: the Deputy Director General for Institutional Relations and Communication, by the leaders and parties responsible for each individual topic, and by an external auditor.</p> <p>The report covers all of the operations and activities carried out by the Group in Mexico.</p> <p>→ For more information, see the MATERIALITY ANALYSIS on page: 67</p>

Assurance

(G4- 33) Since 2011 we have implemented an external assurance process to assure our sustainability report. This is performed by Deloitte, the auditor that also validates the figures we send to the Santander headquarters in Spain for their integration into the corporate report. Deloitte also audits the Group's financial statements in Mexico.

Deloitte was present from the time we sent the request for information to the different divisions and their directors in preparing the 2014 report. Our auditors were also there through delivery of the

Materiality Disclosure Service of the Global Reporting Initiative (GRI) methodology.

(G4-31) For more information on this report or topics concerning sustainability at Grupo Financiero Santander México, please visit our:

Website: <https://servicios.santander.com.mx/comprometidos>

Or write to: responsabilidadsocial@santander.com.mx

I. Materiality Analysis (G4-19, G4-20, G4-21, G4-22 and G4-23)

Relevance for the company	Material Aspects	Coverage		Indicators
		Internal	External	
High	Technology and innovation in product development	●		FS15
	Customer satisfaction	●		G4 - PR5
	Business Ethics	●		G4 - 57 G4 - 58 G4 - 56
	Corporate Governance	●		G4 - 51 G4 - 40 G4 - 35 G4 - 38 G4 - 39
	Risk Management	●		G4 - 45 G4 - 46 G4 - 47 G4 - 2
	Personal data protection	●		G4 - PR8
	Impact of products and services	●		FS1 FS2 FS3
	Sale - Labeling of products and services	●		G4 - PR3
Medium	Value Chain	●		G4 - EC9 G4 - HR11
	Training and Education	●		G4 - LA9 G4 - LA10 G4 - LA11 G4 - LA12
	Investment and human rights	●		G4 - HR1 G4 - HR2
	Anticorruption and money laundering	●		G4 - SO3 G4 - SO4 G4 - SO5
	Financial Literacy	●		FS16
Low	Gender equality	●		G4 - EC6
	Occupational health and safety	●		G4 - LA5 G4 - LA7
	Jobs	●		G4 - LA1
	Water	●		G4 - EN8 G4 - EN22 G4 - EN10
	Energy	●		G4 - EN1
	Energía	●		G4 - EN3
	Emissions	●		G4 - EN15 G4 - EN16 G4 - EN17
	Waste	●		G4 - EN23
	Transport	●		G4 - EN30
	Economic Performance	●		G4 - EC1
	Financial Inclusion	●		FS 13 FS 14



II. GRI performance indicators (G4- 32)

GENERAL FUNDAMENTAL CONTENT			
	Page	Omissions	External assurance
Strategy and Analysis			
G4 - 1	24 - 25		Yes - Pages 74 and 75
Company profile			
G4 - 3	26		Yes - Pages 74 and 75
G4 - 4	26		Yes - Pages 74 and 75
G4 - 5	Back cover		Yes - Pages 74 and 75
G4 - 6	6 - 7		Yes - Pages 74 and 75
G4 - 7	26		Yes - Pages 74 and 75
G4 - 8	26 - 27		Yes - Pages 74 and 75
G4 - 9	26 - 28		Yes - Pages 74 and 75
G4 - 10	27 - 54		Yes - Pages 74 and 75
G4 - 11	54		Yes - Pages 74 and 75
G4 - 12	62		Yes - Pages 74 and 75
G4 - 13	24 - 25		Yes - Pages 74 and 75
G4 - 14	50		Yes - Pages 74 and 75
G4 - 15	37		Yes - Pages 74 and 75
G4 - 16	37		Yes - Pages 74 and 75
Material Aspects and Coverage			
G4 - 17	64		Yes - Pages 74 and 75
G4 - 18	64 - 65		Yes - Pages 74 and 75
G4 - 19	67		Yes - Pages 74 and 75
G4 - 20	67		Yes - Pages 74 and 75
G4 - 21	67		Yes - Pages 74 and 75
G4 - 22	65		Yes - Pages 74 and 75
G4 - 23	65		Yes - Pages 74 and 75

II. GRI performance indicators (G4- 32)

Stakeholder engagement			
	Page	Omissions	External assurance
G4 - 24	30		Yes - Pages 74 and 75
G4 - 25	29 and 30		Yes - Pages 74 and 75
G4 - 26	30 and 64		Yes - Pages 74 and 75
G4 - 27	30		Yes - Pages 74 and 75
Report Profile			
G4 - 28	64		Yes - Pages 74 and 75
G4 - 29	64		Yes - Pages 74 and 75
G4 - 30	64		Yes - Pages 74 and 75
G4 - 31	66		Yes - Pages 74 and 75
G4 - 32	64, 68 - 72		Yes - Pages 74 and 75
G4 - 33	66		Yes - Pages 74 and 75
Governance			
G4 - 34	34, 36 - 37		Yes - Pages 74 and 75
Ethics and Integrity			
G4 - 56	38		Yes - Pages 74 and 75
SPECIFIC FUNDAMENTAL CONTENTS			
Materiality Aspects	Management Approach (page)	Omissions	External assurance
Company profile			
G4 - 2	24, 25 and 38-40		Yes - Pages 74 and 75
Governance			
Governance structure and composition			
G4 - 35	35		Yes - Pages 74 and 75
G4 - 38	34, 36 - 37		Yes - Pages 74 and 75
G4 - 39	35		Yes - Pages 74 and 75
G4 - 40	35		Yes - Pages 74 and 75
Highest governance body's role in the identification and management of risks			
G4 - 45	17, 18, 36, 38 - 40		Yes - Pages 74 and 75
G4 - 46	17, 18 and 38		Yes - Pages 74 and 75
G4 - 47	38		Yes - Pages 74 and 75
G4 - 40	35		Yes - Pages 74 and 75

II. GRI performance indicators (G4- 32)

Remuneration and incentives			
G4 - 51	14 y 35		Yes - Pages 74 and 75
Ethics and Integrity			
G4 - 57	38		Yes - Pages 74 and 75
G4 - 58	38		Yes - Pages 74 and 75
CATEGORY: ECONOMY			
Aspect: Economic Performance			
G4 - EC1	27		Yes - Pages 74 and 75
G4 - EC6	55		Yes - Pages 74 and 75
Aspect: Procurement Practices			
G4 - EC9	62		Yes - Pages 74 and 75
CATEGORY: ENVIRONMENT			
Aspect: Materials			
G4 - EN1	28, 48 - 50		Yes - Pages 74 and 75
Aspect: Energy			
G4 - EN3	28 and 49		Yes - Pages 74 and 75
Aspect: Water			
G4 - EN8	28 and 49		Yes - Pages 74 and 75
G4 - EN10	28		Yes - Pages 74 and 75
Aspect: Emissions			
G4 - EN15	28		Yes - Pages 74 and 75
G4 - EN16	28		Yes - Pages 74 and 75
G4 - EN17	28		Yes - Pages 74 and 75
Aspect: Effluents and waste			
G4 - EN22	28		Yes - Pages 74 and 75
G4 - EN23	28 and 49		Yes - Pages 74 and 75
Aspect: Transport			
G4 - EN30	50		Yes - Pages 74 and 75

II. GRI performance indicators GRI (G4- 32)

CATEGORY: SOCIAL PERFORMANCE			
SUBCATEGORY: LABOR PRACTICES AND DECENT WORK			
Aspect: Employment			
G4 - LA1	54 and 55	The number of new hires is not reported by age, gender and region. The turnover rate is not reported by gender and region	Yes - Pages 74 and 75
Aspect: Occupational Health and Safety			
G4 - LA5	58		Yes - Pages 74 and 75
G4 - LA7	58		Yes - Pages 74 and 75
Aspect: Training and Education			
G4 - LA9	56		Yes - Pages 74 and 75
G4 - LA10	57		Yes - Pages 74 and 75
G4 - LA11	57	The breakdown of performance evaluations by professional category is not reported	Yes - Pages 74 and 75
G4 - LA12	54, 55, 34 and 27	The Bank does not break down information on minorities in the Human Resources Group Information system	Yes - Pages 74 and 75
SUBCATEGORY: HUMAN RIGHTS			
Aspect: Investment			
G4 - HR1	62		Yes - Pages 74 and 75
G4 - HR2	56, 57, 39 and 40		Yes - Pages 74 and 75
Aspect: Supplier human rights assessment			
G4 - HR11	62		Yes - Pages 74 and 75
Aspect: Local communities			
G4 - SO3	39 and 40		Yes - Pages 74 and 75
G4 - SO4	39 and 40		Yes - Pages 74 and 75
G4 - SO5	No case of corruption in the Group was confirmed during the period reported		Yes - Pages 74 and 75

Aspect: Product and Service Labeling			
G4 - PR3	52		Yes - Pages 74 and 75
G4 - PR5	51 and 54	The results of the surveys conducted cannot be disclosed due to confidentiality issues; however, samples of the results presented by the Customer Ombudsman and the approach to managing customer satisfaction within the Group can be disclosed	Yes - Pages 74 and 75
G4 - PR8	In 2014, 14 cases were filed against the Group and its subsidiaries with the Federal Institute of Access to Information and Personal Data Protection (IFAI), nine of which were resolved favorably while five are still pending resolution.		Yes - Pages 74 and 75
Financial Supplement			
Impact of the Product or Service			
FS1	13 and 52		Yes - Pages 74 and 75
FS2	52		Yes - Pages 74 and 75
FS3	52		Yes - Pages 74 and 75
Performance indicators			
Aspect: Local Communities			
FS13	53		Yes - Pages 74 and 75
FS14	53		Yes - Pages 74 and 75
About the Products			
FS15	51 - 53		Yes - Pages 74 and 75
FS16	44		Yes - Pages 74 and 75

UN Global Compact

Principle References	Page Number
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, within their circles of influence.	38
Principle 2: Businesses should make sure they are not complicit in human rights abuses.	38, 62, 54 and 60
Labor Standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	55
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	54 - 60
Principle 5: Businesses should uphold the effective abolition of child labor.	45 - 47
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	54 - 55, 60 and 38
The Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	48 - 50
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	48 - 50
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	48 - 50 and 53
Anticorruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	38 - 40



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Independent assurance report to Grupo Financiero Santander México, S.A.B. de C.V. (Santander) on the Annual Sustainability Report 2014.

Responsibilities of Santander and Independent Reviewer

The elaboration of the Annual Sustainability Report 2014 (ASR), as well as its content is responsibility of Santander, who is also responsible for defining, adapting and maintaining the management systems and internal control from which information is obtained. Our responsibility is to issue an independent report based on the procedures applied during our review.

This report has been prepared exclusively for the management of Santander in accordance with the terms of our agreement letter dated December 17th, 2014 and is not intended to be nor should it be used by someone other than this.

Scope of our work

The scope of our assurance was limited, and is substantially lower than a reasonable assurance work. Therefore the security provided is also lower. This report in no case can be understood as an audit report.

We conducted our review of the ASR under the following conditions and / or criteria:

- a) The adaptation of the contents of the ASR to the Global Reporting Initiative (GRI) Guidelines version 4 (G4).
- b) The review of the sustainability performance indicators reported according to the option Core and specified in the GRI Index in the same report.
- c) That the information contained in the ASR is consistent with supporting evidence provided by the management.

Assurance standards and procedures

We have performed our work in accordance with the International Auditing Standard ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of IFAC.

Our review work included the formulation of questions to the management as well as various areas of Santander that have participated in the elaboration of the ASR and the application of certain analytical and sample screening tests that are described below:

- a) Meetings with staff of Santander to learn the principles, systems and applied management approaches.
- b) Analysis of the process to collect, validate and consolidate the data presented in the ASR.
- c) Analysis of scope, relevance and integrity of the information included in the ASR in terms of the understanding of Santander and of the requirements that stakeholders have identified as material aspects.
- d) Selected sample review from the evidence that supports the information included on the ASR



The following table details the performance indicators on sustainability reviewed according to the GRI version 4:

G4 - 1	G4 - 10	G4 - 19	G4 - 28	G4 - 39	G4 - EC1	G4 - EN17	G4 - LA11	G4 - PR5
G4 - 2	G4 - 11	G4 - 20	G4 - 29	G4 - 40	G4 - EC6	G4 - EN22	G4 - LA12	G4 - PR8
G4 - 3	G4 - 12	G4 - 21	G4 - 30	G4 - 45	G4 - EC9	G4 - EN23	G4 - HR1	FS1
G4 - 4	G4 - 13	G4 - 22	G4 - 31	G4 - 46	G4 - EN1	G4 - EN30	G4 - HR2	FS2
G4 - 5	G4 - 14	G4 - 23	G4 - 32	G4 - 47	G4 - EN3	G4 - LA1	G4 - HR11	FS3
G4 - 6	G4 - 15	G4 - 24	G4 - 33	G4 - 51	G4 - EN8	G4 - LA5	G4 - SO3	FS13
G4 - 7	G4 - 16	G4 - 25	G4 - 34	G4 - 56	G4 - EN10	G4 - LA7	G4 - SO4	FS14
G4 - 8	G4 - 17	G4 - 26	G4 - 35	G4 - 57	G4 - EN15	G4 - LA9	G4 - SO5	FS15
G4 - 9	G4 - 18	G4 - 27	G4 - 38	G4 - 58	G4 - EN16	G4 - LA10	G4 - PR3	FS16

Conclusion

Based on the work performed and described in this report, nothing comes to our attention that could make us believe that the ASR contains significant errors or has not been prepared in accordance with the Core Option established in the Sustainability Reporting Guidelines GRI G4.

Recommendations

Additionally we present our recommendations for strengthening future Annual Sustainability Reports, which do not modify the conclusions expressed in this report:

- Strengthen the materiality analysis by integrating information from primary sources and including other stakeholders in the communication process. This will allow to update the analysis and generate new performance indicators on sustainability that were not considered before.
- Continue with the training workshops for the information owners who participate in the elaboration of the ASR in order to enhance their understanding and strengthen the reported indicators.
- Document the procedures used to measure the contribution to the community by clearly defining and monitoring the sources of the information as well as the people involved in its validation. In addition, enhance the understanding of the methodologies used in the calculation.
- Identify, assess and integrate sustainable practices for Santander's supply chain as well as the development of guidelines for compliance in order to mitigate possible risks that could affect the organization.

We have submitted a detailed report of recommendations to the Public Relations and Corporate Communication Officer of Santander concerning areas of improvement in the sustainability strategy (specifically for the verified indicators) and the reporting process.

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