



Mexico, Here We Are

Responsible Banking **Report**
2019





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01



Santander España

Message from Ana Botín

Business Model and Strategy (corporate)

Responsible Banking (corporate)





Message from Ana Botín



Dear Fellow Shareholders,

Each year I select a theme for my letter. This year it is "continuity and change". I am going to address the things about Santander that are unchanging: the fundamentals of our business and our strategy which have made us one of the most predictable and profitable banks. And then I will look at how we are embracing change, particularly technological transformation, in order to continue to seize the new opportunities ahead of us.

This year is a particularly good moment for reflection as 2020 marks both the beginning of a new decade and the fifth anniversary of my appointment as leader of Santander. Looking back over those five years, I am struck by what has changed – the world of 2014 was very different to the world of 2019. But I am also impressed by what our Group has achieved in this time of disruption; growing, becoming even stronger and more profitable, and running our business more responsibly, all of which have enabled us to increase cash dividend per share 2.3 times since 2014, proposing to the 2020 Annual General Meeting a total dividend per share charged to 2019 results of €0.23, of which €0.20 would be paid in cash, a c.3% increase in our cash dividend per share this year. I believe the market does not yet recognise this progress.

Meanwhile, although our purpose - to help people and businesses prosper - remains unchanged, our aim now reflects the challenge of the digital era: to be the best open financial services platform by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities. Later in the letter I will describe what building that financial services platform means in practice. First, I want to cover the fundamental strengths of our business, and how they are delivering growth and value.

Part 1: Continuity

A solid investment in an unpredictable world

2019 was another year of global volatility, with an economic slowdown, continued regulatory pressure and negative interest rates in Europe, a trade war between the US and China, and Brexit-related uncertainty. While this instability affected Europe and European banks disproportionately, we once again comfortably met our growth, profitability and strength targets thanks to the disciplined execution of our strategy.

- **Growth:** We grew loyal and digital customers by 9% and 15%, respectively and, as a result, our customer revenues grew by €1.7 billion in the last year – or 4%, year-on-year in constant euros.
- **Profitability:** Our top-line growth, together with our unrelenting focus on efficiency and improved capital allocation, enabled us to deliver an underlying return on tangible equity (RoTE) of 11.8% at the end of 2019, on a higher capital base.
- **Strength:** Our growth and profitability helped us further strengthen the Bank. We delivered a fully loaded Common Equity Tier 1 (FL CET1) capital ratio of 11.65%, generating a record 97 basis points of gross capital in 2019. We are very comfortable with our capital levels and the buffers we have in excess of the regulatory requirements and are well positioned to take advantage of the significant profitable growth opportunities we see across the Group, while maintaining an attractive remuneration policy for our shareholders.

Since 2014, we have increased our FL CET1 ratio by 338 basis points while growing the business and returning €17 billion in capital to our shareholders and AT1 bondholders – a significant achievement considering the significant increase in regulatory capital requirements, including the interest rate environment which in the beginning of 2014 was 80 basis points higher than by the end of 2019.



Underlying profit:

EUR 8,252 mn

CET1 FL: 11.65%
from 8.27% in 2014

Cash DPS :
2.3x since 2014

EPS: +22% since 2014

TNAV : +19% since 2014
per share

Euríbor 12m january 2014:
+0.56%

Euríbor 12m january 2020:
-0.25%

A bank with strong foundations

Our success over the past five years is built on three foundations that are at the core of our strategy.

The first is our customer-centric approach, focusing relentlessly on helping people and businesses prosper. When I was appointed, we adopted values across the Group that ensure we deliver for customers, commit all our teams to a common culture, and work in a way that is Simple, Personal and Fair. Simple means giving our customers accessible products and services that they understand. Personal means designing products and services that are suited to the specific needs of our customers, treating them as people, not numbers. Fair means

honouring our promises, being transparent, and treating all our stakeholders with respect. Taken together, we call this The Santander Way, and believe it is this approach that generates the most valuable asset of the company: customer loyalty.

Our customers have never had more choice in how they bank, and they will have even more options over the years ahead as new players leverage their digital positions or carve out niche offers to enter the market. We have some powerful assets we can deploy, but none is more important than the loyalty we earn from customers, not just by keeping their money and their data safe, but by offering products and services that meet their financial needs. This loyalty generates both more predictable returns and insight, enabling us to continue to improve our service.

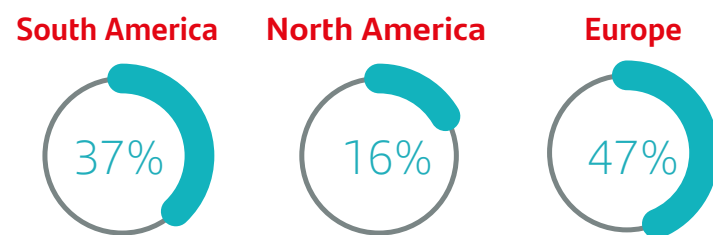
The second foundation is our scale. Banking has always been a business where scale matters, and that is even truer in the digital world. As a Group, we have one of the largest customer bases in Europe and the Americas, serving 145 million customers. The majority (99%) of our customers and profits come from nine geographies and Santander Consumer Finance in Europe (SCF). Locally, we are the leading bank (by lending market share) in five of the countries in which we operate, and we are in the top three in four other markets. The combination of global and local scale is a competitive advantage, as it gives us the potential to profitably grow our customer base and, as a result, our volumes and revenues, with minimal additional costs.

With today's technologies, we can now leverage our global scale to benefit our local businesses so that we can focus on being the lowest "unit cost" player in each market.

Sometimes the benefits of scale relate to our strength in specific markets, and sometimes they relate to our strength across markets. It is our scale as a Group, for instance, that enables us to build profitable global businesses, such as Corporate and Investment Banking (CIB), Wealth Management & Insurance (WM&I) and, more recently, the Santander Global Platform (SGP).

By working as a group, we are able to invest in new technology at scale, developing solutions globally, using best practices across all our countries and, therefore, reducing unit costs and the time it takes to launch new services as well as being able to attract top teams to build a world-class user and customer experience.

2019 underlying attributable profit by region

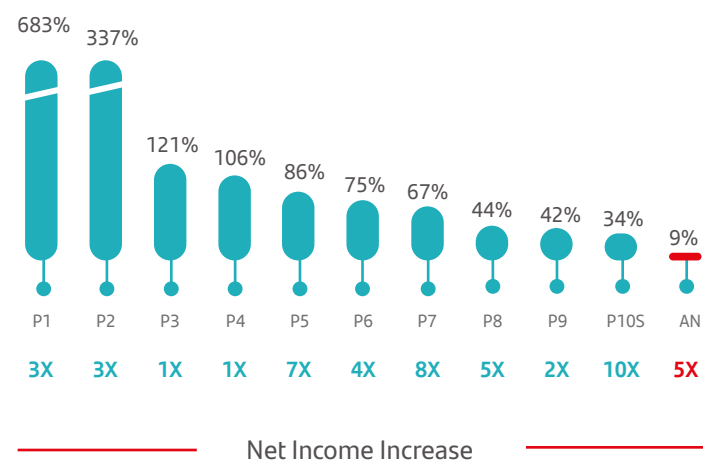


The third and final element of our success is our diversification. Our assets and profit generation are well balanced in terms of geography, customer type and product. We are present in both emerging and mature markets, offering a broad range of products and services that cater to the needs of individuals, small to medium-sized enterprises (SMEs) and large corporations. As a result, we are prepared to adapt quickly to changing market conditions. When a new opportunity emerges within one demographic or geography, we can rapidly move resources and redeploy our capital. And we can do the same when a geography or demographic is threatened, either strengthening our offer in the face of a more challenging environment or, if necessary, investing elsewhere where the returns are higher.

Our diversification means half of our profits and 78% of our loans come from mature markets that tend to produce more stable returns and cash flows. The other half comes from higher growth emerging markets, which today represent only 22% of our loans, and tend to require investing capital so we can offer more banking services to a burgeoning middle class.

Our customer focus, scale and diversification has allowed us to deliver more predictable and profitable growth. Over the last 20 years we have increased profits by a multiple of five, while maintaining the lowest quarterly earnings volatility of our global peers. This greater predictability means we need less capital than banks with more volatile results. This was born out by the European Banking Authority's annual stress test which, in 2019, showed once again that Santander has the most resilient balance sheet of all the banks tested.

Quarterly reported EPS volatility. 1999-2019



Part 2: Change

Reinforcing our foundations

As a result of the decisions we have made over the past five years we are in a stronger position to continue succeeding in the years to come. To do this we need to change, so that we can re-enforce our strong foundations.

Our strategy has been -and remains- focused on three pillars:

- Improving operational performance by leveraging our diversification and scale across all our markets;
- Continuing to redeploy capital to our most profitable businesses; and
- Accelerating the digitalisation of our business and services to improve customer experience through Santander Global Platform.

By focusing on these three priorities, we aim to grow earnings and improve our profitability from where we are today - among the most profitable European banks - to levels normally associated with banks in the US, which means achieving a RoTE of 13-15% and an efficiency ratio between 42-45% in the medium-term.

To achieve these targets, in 2019 we simplified our management structure, which has resulted in greater agility; more effective collaboration within and across geographies; and strong executive team succession planning. Throughout the year, we took additional steps to further improve our organisation, including further training of our team members, with a special focus on digital skills, and the deployment of tools designed specifically to enhance collaboration.

Let me now take each of these three pillars in turn and discuss them in the context of our performance in 2019.



Europe

Loans¹:
EUR 650,552 mn
 (+2% vs 2018)
 Underlying RoTE: **10%**

North America

Loans¹:
EUR 130,592 mn
 (+10% vs 2018)
 Underlying RoTE: **13%**²

South America

Loans¹:
EUR 131,048 mn
 (+9% vs 2018)
 Underlying RoTE: **21%**

¹ Loans and advances to customers
² Adjusted for excess of capital in the US. Otherwise 9%

Improving operational performance

In 2019, we made significant progress leveraging the scale and talent of our Group to improve our overall operational performance in Europe, North America and South America, as well as in our global businesses.

In Europe, we have a common vision for Individual and SME banking, which is successfully delivering a transformation programme that generated approximately €200 million of net savings in 2019, achieving 20% of our €1 billion net cost savings target. Except for the UK, which has been affected by Brexit uncertainties and the impact of ring-fencing regulation, all of our markets produced underlying profit growth. Europe as a region, including UK, maintained an underlying RoTE of 10%.

In North America, we are producing strong profitable growth. Mexico has made outstanding progress in its transformation, having completed a 3-year investment programme, which strengthened our retail franchise with loyal and digital customers growing by 26% and 45%, respectively, while maintaining the highest satisfaction metrics among all our subsidiaries. This progress is reflected in its profitability, with Mexico contributing to 9% of Group's profits in 2019. We are confident in its continued growth in the medium-term, with a current approximate 21% RoTE, which led us to increase our stake in Santander Mexico up to 91.65% in 2019.

U.S. financial performance improved for the third straight year with ordinary attributable profit up 24% in 2019 and RoTE (adjusted for excess capital) improving to c.9% from 3% in 2016.

Santander Consumer USA (SC USA), the #5 retail auto finance origination business in the US, continues to deliver solid profitability with over \$30 billion in annual auto originations in 2019, a stable and attractive adjusted RoTE of 20%, and a scalable servicing platform that we are leveraging to grow our 3rd party servicing portfolio.

Santander Bank National Association (SBNA), our retail and commercial banking business, increased its number of loyal customers and improved customer experience. While the current interest rate and competitive environment are headwinds to overall profitability, we continue to be focused on becoming more efficient, optimising the branch network, and leveraging the Group to deliver enhanced digital capabilities to our US customers.

In South America, the number of loyal and digital customers grew by 7% and 15% respectively in 2019, and we now have 54 million customers. Profits increased from €3.5 billion to €3.9 billion in the same period (37% of total Group) with total loans of only €131 billion (15% of the Group). Our growth in this region has been led by Brazil, which delivered its best results ever in 2019.

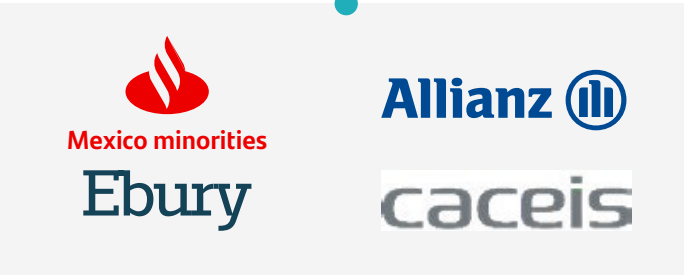
Supporting our three regions are our global businesses: Corporate and Investment Banking (CIB), Wealth Management & Insurance (WM&I), that together contributed 26% of the Group's profits, and Santander Global Platform (SGP), which increasingly enables us to offer a "One Santander" proposition to customers worldwide. Together, they drive network effects and enhance the competitiveness of our local offerings.

CIB continues to demonstrate strong growth, leveraging its customer-centric approach and capital-light model. Underlying attributable profit was 10% higher year-on-year, driven by strong growth in revenues and lower loan-loss provisions, while the return on risk-weighted assets (RoRWA) improved to 1.8% - one of the best amongst our competitors in this business. Today 42% of global CIB clients' revenues come from cross-border transactions. We have been recognized as leaders in renewables financing per number of deals on Dealogic league tables. In 2019 CIB issued the first ever end-to-end Blockchain bond, opening the door to a new technology with endless possibilities.

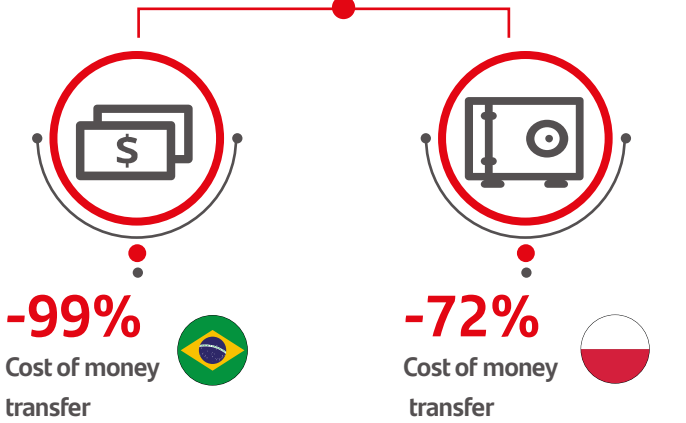


#1
renewable
energy Project
Finance in 2019

Key 2019 inorganic transactions



Digital channel vs. branch: comparative unit cost



WM&I continues to steadily close the gap with our retail market share. Total assets under management grew 13% to €395 billion in 2019, and underlying attributable profit grew 11% in constant euros to €1.0 billion, while total contribution to profit after tax reached €2.5 billion (including profit after tax and net fee income generated by this business). In Private

Banking we launched a global value proposition so clients can access a global platform of products and services that cover their worldwide needs, and we were recognised as the best Private Bank by Euromoney in Spain, Portugal, Chile, Mexico and Argentina. In Asset Management, we gained market share with c.€6 billion in net positive sales, and in Insurance Gross Written Premiums exceeded €8 billion, up 13%. As part of our responsible banking initiatives, we launched our Wealth Management environmental, social and governance (ESG) sustainable value proposition, and we already have c.€7 billion in this category.

Reweighting capital to our most profitable businesses

We deployed more capital in North and South America, where we see our highest return-on-equity and profitable growth potential, especially in countries with young populations and low banking penetration, such as Mexico and Brazil.

At the same time, we have been investing more capital in high growth, high return businesses (such as insurance and asset management), and we divested capital where we saw less opportunities. We also combined low growth businesses with partners to make them even more competitive and improve returns on capital, such as the strategic agreement to combine our securities services business with CACEIS. As a result, more than 70% of our capital delivered double-digit returns in 2019, with more than 30% delivering an underlying RoTE above 20%.

The improvement in our operating performance, combined with a continuation in optimising capital allocation, enabled us to enhance profitability from a segment and portfolio perspective. In 2019, 73% of the Group's risk-weighted assets generated returns above a reference RoRWA of 1.20% which is well above our cost of equity, and our Group underlying RoRWA increased to 1.61% from 1.59%.

Accelerating digitalisation

Underpinning our profitability and growth in 2019 is the progress we have made to digitalise our banks. We have a clear strategy to transform how we interact with our customers by rethinking the way we use information to power our customer insights. This is enabling us to personalise and customise our service, enhance the way we manage risk, and protect customers' data even more securely. As a result, we are able to deliver the best customer experience in every product and service, creating loyalty amongst customers who are better served by us, and reducing the costs of our operations as we can deliver products more efficiently while improving quality of service. I am particularly pleased that we have achieved the top 3 Net Promoter Score (NPS) in 6 out of 9 geographies.

Our digital performance in 2019 improved across the board. The number of digital customers has increased dramatically, both in absolute terms and as a share of our overall customer base. We now have 37 million digital customers, a 15% year-on-year increase, representing 51.7% of our active customers.

Mobile is again fuelling this growth with mobile customers growing at 40% year-on-year.

Digital customer engagement, including the number of transactions made, is increasing as well. Digital customers engage online 5 times per week, resulting in approximately 700 million digital "touchpoints" per month. In addition, mobile sales have grown at twice the rate of 2018. As a result, 36% of new products sold in 2019 were through digital channels, growing steadily and reaching 39% in December 2019, a 7 percentage points increase compared to the same month in 2019.

This level of engagement gives us more data and therefore greater insight into our customers, enabling us to better answer to their needs, and improve our underwriting and enhance returns as a result.

This in turn creates greater loyalty and better profitability: our digital customers are already more loyal than our branch-only customers and are also 2-3 times more profitable.

Santander global platform

I have already briefly mentioned our newest global business, Santander Global Platform (SGP), but I would like to explain it in greater detail, as it will transform the Group, driving our growth in the medium and long-term. Our vision for SGP is to be a single, open platform that provides payment and other services, in a software as a service (SaaS) model across our global footprint, first to customers and our banks, and over time to third parties and external developers. By collaborating across our regions and leveraging our scale and expertise in payments and financial services, we can quickly and efficiently build our own digital assets and fintech solutions that can be scaled across the Group. This will enable us to build a global leader in payments and digital banking solutions, which are key drivers of customer loyalty both for individuals and SMEs.

Getnet

Accumulated investment in Getnet

€535 mn

ROI to date

52%

Today, SGP's value proposition for SMEs and individuals is based on high-growth, large addressable markets in which we are already delivering results:

Global Merchant Services (GMS) is our global acquiring solution built on the back of Brazil's Getnet.

Our single platform will allow us to integrate multiple markets and third parties in a multi-tenant structure with a single competitive catalogue of payment products and value-added services.

Our plans aim to reduce our average cost per transaction by c.30% by 2022, to increase our competitiveness in our local markets as well as in the regional and global e-commerce space, where specialisation and scale are key to compete.

Getnet's proven success in Brazil, coupled with our global scale (€150 billion equivalent acquiring turnover annually) and market presence (12% market share in Brazil, 16% in Mexico, 15% in Spain⁴ and 20% in Portugal), should enable us to successfully execute our expansion strategy to 8 countries in Latin America and Europe by 2021.

	2019	2019 Investor Day Mid term goals
Loyal customers ¹	22mn	c.26mn
Digital costumers ²	37mn	c.50mn
Digital sales ³	36%	>50%
C/I	47%	42-45%
FL CET1	11.65%	11-12%
Underlying RoTE	11.8%	13-15%
Underlying RoRWA	1.61%	1.8-2.0%
Pay-out	40-50%	40-50%

¹ Active customer who receive most of their financial services from the Group according to the commercial segment that they belong to.

² Every physical or legal person, that, being part of a commercial bank, has logged in its personal area of internet banking or mobile phone or both in the last 30 days.

³ The percentage of new business carried out through digital channels in the period.

⁴ Excluding Popular EVO

Global Trade Services is our single global platform to serve SMEs that trade internationally and require international payments and FX; trade finance; and multi-country accounts. This is a large, high growth market in which we already have 200,000 SME customers.

To accelerate our plans, last November we announced the acquisition of a 50.1% stake in Ebury, a best-in-class trade and foreign exchange facilitator for small and medium-sized companies. We expect the transaction to close in the next few months, once we receive regulatory approvals.

Ebury brings best-in-class technology, a top-notch team who shares our values and vision and a high growth track record, with customers increasingly transacting with them (+20% transactions per customer in the last 2 years) resulting in significant top-line growth (+45% revenue year-on-year).

By combining the strengths and customers of Santander with those of Ebury, we aim to become the leading proposition for international SMEs in Europe and the Americas. After GTS's initial service launch in 2020, we plan to extend GTS to 20 markets in the medium-term.

In terms of SGP's offer for individuals, we have two complementary digital banking solutions that allow us to serve the full spectrum of individual customers.

For individuals who require a simple, flexible "pre-banking" service, SGP offers Superdigital, our financial inclusion platform that enables us to meet the financial needs of the underserved in a cost-effective way, providing them with basic financial products and a path to access credit, and thus serving them responsibly and profitably.

Superdigital also integrates with GMS for small merchants - just one example of the power of SGP, where our solutions work together for more seamless, personalised experiences and deeper customer relationships.

With a special focus on Latin America, where there are around 300 million unbanked and underbanked consumers, Superdigital is one of the best examples of responsible banking as it delivers profit with purpose.

As of today, Superdigital operates in Brazil, Mexico, and Chile and is growing active customers at c.60% annually and transactions almost 2 times faster. Our goal for Superdigital is to scale the business across 7 markets in Latin America in the medium-term.

Finally, we have Openbank, our global, full-service digital bank that covers most of the usual financial needs of both the mass and affluent markets. Openbank offers a superior experience compared to neobanks due to its full suite of products that go beyond the traditional digital current account and simple card.

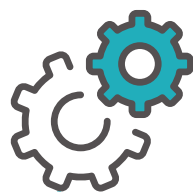
Openbank customers are more loyal and engaged, 42% of total active customers are loyal, and these customers on average use 4.4 products versus one to two products in the case of neobanks. Meanwhile, payroll accounts are growing at 16% year-on-year. We are seeing very strong growth trends both in assets and deposits, with mortgage sales growing at 134%, and revenues growing 12% over the last 12 months.

Openbank is already operating in Spain, Germany, the Netherlands and Portugal and we plan to scale it to 10 markets in the medium-term, including in the Americas.

Part 3: Looking Ahead

We will continue to change as we strengthen our core foundations -customer focus, scale, and diversifi- to ensure sustained success.

We need to change the way we work, even what we do, and fully embed a more collaborative culture to achieve our medium-term goals, including delivering a high single digit EPS CAGR over the next 3 years.



EPS growth
High-single digit EPS
3Y-CAGR

c.12%
CET1 FL en 2020

To achieve these targets, our approach is simple: we will continue to execute against the three pillars that have served us well in 2019.

In Europe we are building towards our 2025 vision of banking for individuals and SMEs based on a simplified product structure and an even greater customer-based approach leveraging both our digital and physical capabilities.

We expect profitable and efficient growth as we launch Openbank in new markets in Europe and leverage the Openbank platform across Santander Consumer Finance business franchises to deliver full banking services to its customers while running our consumer business on a modern, efficient and state-of-the-art tech platform. These initiatives, together with the execution of the second phase of our common European banking platform, as well as the expansion of CIB and WM&I across the continent, make us confident of achieving our 12-14% underlying RoTE mid-term target in Europe.

In North America, we will continue to deploy capital to Mexico in 2020 to capture the expected high market growth, and in our U.S. business, we expect to continue growing profit at double digits in 2020. We are optimistic about our U.S. business with one of our highest priorities being transforming SBNA. We are also focused on growing our CIB and Wealth Management businesses in the U.S. We are on track to meet our Investor Day targets by leveraging our competitive strengths and collaborating as a Group on Digital transformation and on our global value proposition for clients.

As in previous years, we expect to continue to redeploy capital to South America given high long-term RoTE expectations as a result of high credit demand in the region that will be supported by the progressive development of the middle classes. One case in point is Brazil where, in a stable macro environment, its low banking penetration means that banking is a leveraged play to the economy.

We have been successfully implementing a payment strategy in South America with the roll-out of a regional credit card positioning, the launch of Superdigital and Getnet in Chile, and in the years to come in the whole region. We are also focusing on rolling out our successful long-standing consumer finance model in Brazil operating successfully for decades, to all countries in which we are present in South America, exporting similar digital experience and risk models.

In our global businesses, our goal for 2020 is to continue transforming CIB by becoming strategic advisors to our global clients; accelerating the originate to distribute model; and reinforcing our commitment to the responsible banking agenda, achieving double-digit growth in profits and maintaining profitability.

We expect Wealth Management & Insurance to deliver double-digit growth in profits in 2020 as we expand our global platform for Private Banking. In Asset Management, we will grow by offering new products, and by combining our physical distribution with our digital platforms in the UK, Spain, Brazil and Openbank. We expect our Insurance business to grow across all sectors but especially in our non-credit related products, with digitalisation playing a key role, especially in South America.

On the digital front, we will continue to progress in 2020 with the aim of building out common technology platforms across the Group as our top priority, to drive greater efficiency and agility while deepening our customer relationships and strengthening loyalty. This will be driven in large part by the development of SGP and the digital transformation teams across the Group working with our Group T&O to ensure convergence both amongst our regions, as well as between SGP and other banks in the medium-term. As set out in the previous section, we are already seeing that SGP is positioning Santander to access new markets and sources of value creation. But this is only the beginning. More global solutions for both businesses and individuals are in various stages of development, all with an eye towards providing Simple, Personal and Fair products and services that help us deliver for our clients the Santander Way.

As a result of continued execution on our strategy and considering our 2019 FL CET1 of 11.65% as well as our historical 5-year track record of generating on average 40 basis points of capital per annum, we would expect to be close to a FL CET1 of 12% by the end of 2020. This would place us at the top end of our 11-12% medium-term goal. We expect some quarterly volatility in 2020 associated with the closure of several transactions. Reaching the top end of our capital goal would mean that we no longer need to accumulate capital, thus providing additional strategic flexibility in terms of deploying capital toward organic profitable growth across our footprint or returning capital to shareholders.

Part 4: Profit with Purpose

The expectations of banks and large companies are changing – our commitment to our communities, the economies we serve and the environment we all depend on is now permanently at the centre of social and political expectations of us. As a large business we have unique ability to make a positive contribution to big social and economic challenges. I want Santander to be a leader in this area -and I am convinced that we will return value to you by doing so.

One of the 25 best companies to work for at global level



Most sustainable bank in the world



Ensuring that we run our business responsibly, and that we deliver profit with purpose, has been core to Santander's approach to banking for generations. Although there is always more to do, we have received global recognition for our efforts. Last year we were named one of Forbes's "2000 best regarded companies", and we were the most sustainable bank in the Dow Jones Sustainability Index. As well as this, we were named one of the top 5 most trustworthy banks in the Financial Times' Annual Bank Image Survey, and one of the world's 25 best workplaces by Fortune and Great Place to Work.

This final accolade is worth flagging. A great place to work is a business where the team shares a sense of purpose, which motivates them to go the extra mile for customers, earning their loyalty. To do that, we must do the basics of banking brilliantly. We also need to show that we are doing what we can, as part of our day to day operations, to tackle today's global challenges and improve local communities.

This is about much more than just words. It is about the actions we take. For many years we have supported universities, making us the largest corporate sponsor to higher education in the world. Our support is focused on 3 Es: Education, Entrepreneurship and Employability. In 2019 alone, we supported nearly 70,000 university students through scholarships, entrepreneurship programmes and internships and access to jobs - proof of how we are fulfilling our purpose of helping people and businesses prosper.

Now we want to go further and do more to help address the big global challenges we face. Many of these present commercial opportunities, such as climate change or financial inclusion. For example, last year we raised and facilitated €18.6bn in green finance; issued our first green bond (of €1bn); financially empowered 2.0 million people; and supported micro - entrepreneurs with €277 million of lending balance by the end of the year. These activities deliver profit with purpose.

In 2019, we published our pledge on responsible banking, in which we made a number of commitments to which we expect to be held accountable. By 2025, for example, we aim to financially empower 10 million people through programmes to deliver banking services to those who were previously unbanked. Tackling climate change is a responsibility for each of us, and for every company. It poses an existential challenge to our communities and economies. This is an emergency, and we need to act as if it is one. We are doing our part, helping our clients in the transition to a low carbon economy, stepping up plans to contribute to the Paris Agreement goal to keep the increase in global average temperature well below 2°C above pre-industrial levels pursuing efforts to limit the temperature increase to 1.5 °C, as well as increasing transparency and disclosure in line with the recommendations of the Taskforce for Climate Related Financial Disclosures.

We have committed to be "net 0" in carbon emissions as a Bank in 2020, both by reducing our own emissions and compensating the balance.

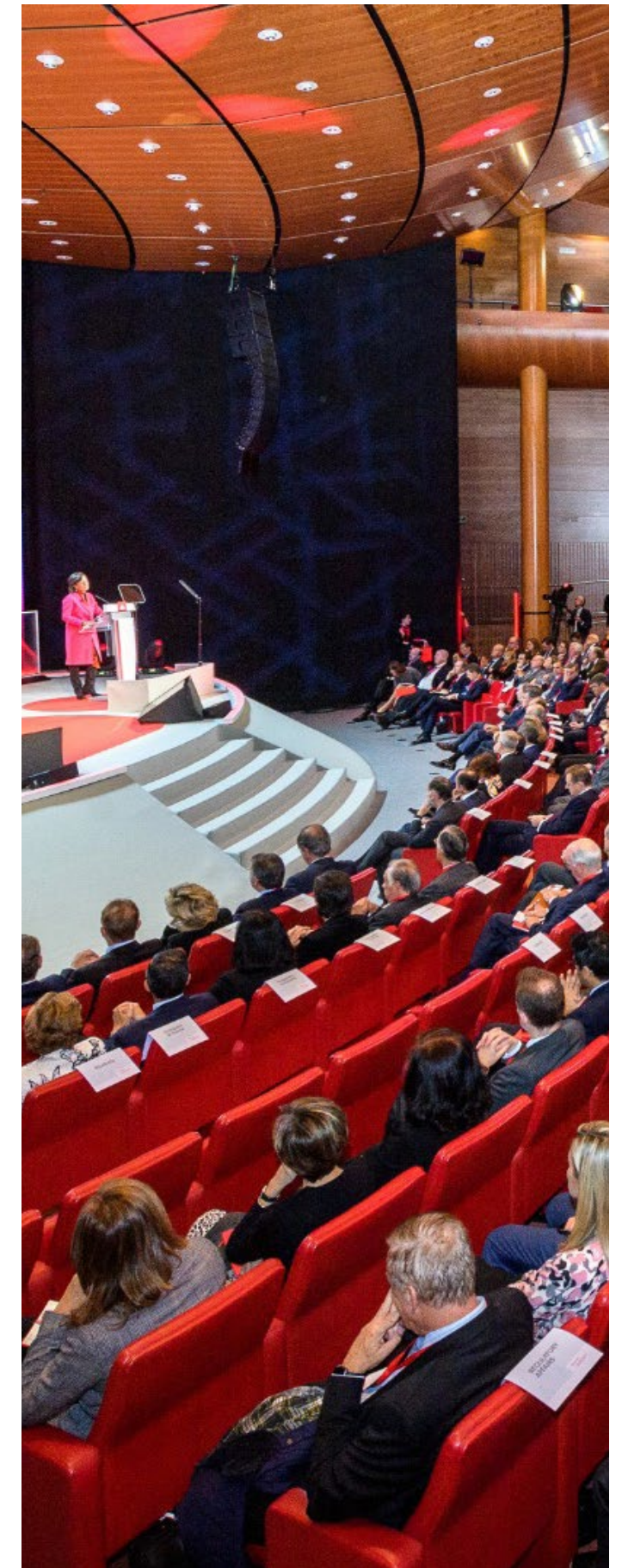
Conclusion

Santander has generated profits and paid dividends to its shareholders for more than 50 consecutive years. This is a company - and an investment - that benefits from a combination of strength, profitability and more predictable and sustainable growth than its peers. In this year's letter, I have shown why. First, the unchanging foundations that underpin that performance: our customer focus, our scale and our diversification measured both geographically and by our range of customer segments and products. And second, a culture which drives our ability to embrace change, to build, to grow and, in some cases reinvent, the foundations with each passing year. Only by seizing change will we be able to maintain the strong foundations on which the success of our business is built.

I am immensely proud of what the team has achieved over the past five years. But I am also convinced that, for all the dramatic change we have seen in the last decade, the next decade will bring even more. Our business model, our competitors and the global economy are all evolving. The basics of banking may not change, but almost everything else about banking is changing, or will change. Our customers will continue to look to us to be a source of stability, just as you will continue to look to us to deliver value. I am committed to delivering both.

Let me end by saying thank you to each and every member of the Santander team: you make the bank what it is - and our success is powered by your dedication, energy and commitment. Thanks to the Board of Directors for your insights and guidance - and especially to Guillermo de la Dehesa, Ignacio Benjumea and Carlos Fernández who are standing down from the Board after many years' service. And, finally, thanks to you our shareholders, for your loyalty to Santander.

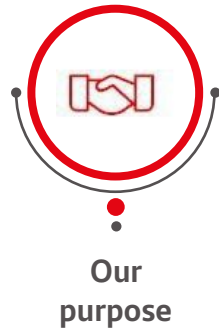
Ana Botín
Executive Chairman





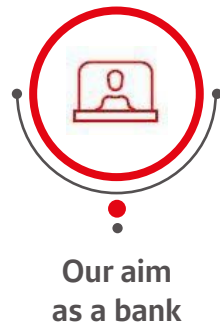
Business model and Strategy (corporate)

Santander Way



Our purpose

To help people and businesses prosper



Our aim as a bank

To be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities.



Our how

Everything we do should be **Simple | Personal | Fair**

The SPJ culture is based on our eight corporate behaviours ...



Show respect



Truly listen



Talk straight



Keep promises



Support people



Embrace change



Actively collaborate



Bring passion

... and a strong risk culture

risk pro
Everyone's business

For further information about our corporate culture see Responsible Banking chapter.

Our strategy is built around a virtuous circle based on loyalty

People

Engagement among the best in the sector

86%

Employees proud to work for Santander

85%

Openness to change, good at sharing best practices and encouraging innovation



2019 Global engagement survey

Employees who are engaged ...

- Our aim is to be an employer of choice. Focus on employee engagement, leveraging our SPJ culture to retain and attract the best talent.
- This year we received important recognitions, of note: one of the 25 best companies to work for at global level (Great Place to Work). Leader in diversity 2020 by the Financial Times, and in addition, for the third consecutive year, we lead the Bloomberg Gender-Equality Index.

Customers

+9%

Loyal customers

+15%

Digital customers

x2

Increase in mobile sales

36%

2019 digital sales as % of total sales

% change vs. 2018
Sales: new contracts executed

... generate more loyal customers ...

- Increase in loyal customers, both individuals and businesses, has resulted in a significant growth in revenues, loans and customer funds.
- Loyal customers use our digital channels more as they hold more of our products and services and interact with us more often.

Shareholders

+8% value creation for shareholder

TNAV per share + dividends per share declared in 2019

2019 total dividend per share:

EUR **0.23**

Cash dividend per share:		
EUR 0.20	c. +3% vs 2018	x2.3 vs 2014

Note: Proposed and subject to 2020 AGM approval.

... leading to strong financial results ...

- Our focus on customer loyalty is delivering results: all-time record figure in customer revenueA with 3% growth (+4% in constant euros) and accounting for 95% of total revenue.
 - We continued to strengthen our balance sheet, generating more capital and improving credit quality.
 - We continue growing our cash dividend, as we have been doing for the last five years.
- A. Customer revenue= net interest income + net fee income

Society

2.0 mn

people financially empowered in 2019

1.6 mn

people helped through our community programmes in 2019

Most sustainable bank in the world

by Dow Jones Sustainability index 2019

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

... and more investment in communities, helping to motivate and engage our people...

- We remain committed to generating profit in a more responsible and sustainable way.
- Initiatives and actions to support inclusive and sustainable causes, and good causes in the communities in which we operate.

Our business model

1 Our scale

Local scale and global reach

- Local scale based on three geographic regions, where we maintain a leadership position in our 10 core markets.
- Global reach backed by our global businesses, enabling greater collaboration across the Group to generate higher revenue and efficiencies.

Top 3 bank^A in 9 of our core markets



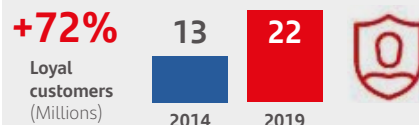
A. Market share in lending as of Sep-19 including only private owned banks. UK benchmark covers mortgage market.

2 Customer focus

Unique personal banking relationships strengthen customer loyalty

- We serve 145 million customers, in markets with a total population of more than one billion people.
- We have over 100,000 people talking to our customers every day in our c.12,000 branches and contact centres.

Top 3
In customer satisfaction (NPS)^B in 6 markets



B. NPS – Customer Satisfaction internal benchmark of active customers' experience and satisfaction audited by Stiga / Deloitte.

3 Diversification

Our geographic and business diversification make us more resilient under adverse circumstances

- Geographic diversification in three regions, with a good balance between mature and developing markets, and among customer segments (individuals, SMEs and large corporates).
- Global businesses contributing 26% of Group earnings that strengthen our local franchises.
- Santander Global Platform (SGP) supports the digital transformation across the Group and aims to become the best open financial services platform.

Europe North America South America



Global business (SCIB and WM&I)



Santander Global Platform

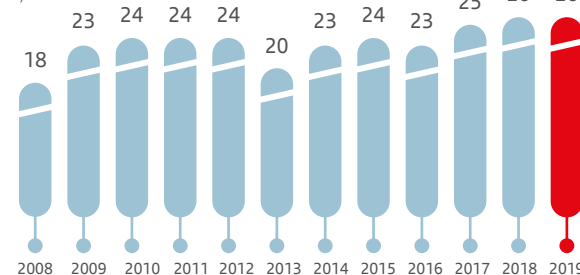
Note: Underlying attributable profit contribution by region, excluding Santander Global Platform and Corporate Centre.

Resilient profit generation throughout the cycle

In 2019, once again, our business model generation demonstrated strength and resilience, supported by a disciplined execution against our strategic priorities.

Net operating income = Total income-operating expenses.

Group net operating income (EUR billion)



Our business model and our track record executing our strategy support the delivery of our mid-term goals while we are building a Responsible Bank

Execution of our three-pillar plan to drive profitable growth in a responsible way

- Improving operating performance
- Optimising capital allocation
- Accelerating the digital transformation through Santander Global Platform

1. Improving operating performance leveraging One Santander:

Three geographic regions (with 10 core markets) to improve productivity and generate new efficiencies: (102-4)

Europe

47% weight of profit/operating areas

71% weight of loans/operating areas

Market shares		
	Loans	Deposits
Spain	18%	19%
UK ^A	10%	9%
Portugal	18%	16%
Poland ^B	12%	12%
SCF	Top 3 in auto finance	

Building one European banking platform, with enhanced profitability

North America

16% weight of profit/operating areas

14% weight of profit/operating areas

Market shares		
	Loans	Deposits
Mexico	13%	13%
EE.UU.		
- SBNA ^C	3%	3%
- SC USA	Top 5 in retail auto lending	

Investing together to improve commercial capabilities

South America

37% weight of profit/operating areas

15% weight of profit/operating areas

Market shares		
	Loans	Deposits
Brazil	10%	10% ^D
Chile	18%	18%
Argentina	10%	11%

Natural reweighting and high profitable growth opportunity

Data: Market shares as of Sep-19 and the latest available for the SBNA and SCF as of Jun-19.


A. Includes London Branch.

B. Includes SCF business in Poland.

C. In every state where Santander Bank operates.

D. Includes debentures, LCA (agribusiness credit notes), LCI (real estate credit notes), LF (letras financeiras) and COE (structured transactions certificate).

Global businesses to leverage our local scale with global reach and collaboration:



SCIB

Santander
Corporate & Investment Banking

+17%
YoY collaboration
We continue to be strategic revenues

1.8%
RoRWA

17%
weight of profit/
operating areas

43.1%
Efficiency
Ratio

We continue to be partners for our customers, leveraging our capital-light model and 17% geographic diversification.



WM&I

Santander Private Banking
Santander Asset Management
Santander Insurance

+17%
YoY collaboration
We continue to be strategic revenues
(only Private Banking)

€2,494 mn
Total contribution to Group's profit^A

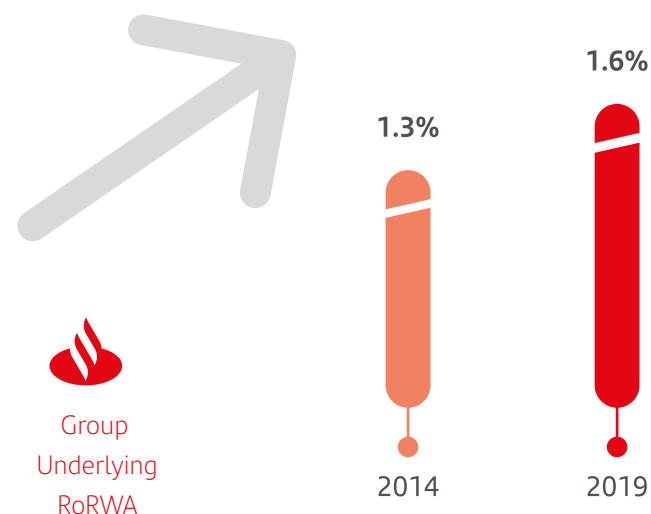
17%
weight of profit/
operating areas

+13% /2018
Insurance
Gross Written
remiums

We aim to become the best and most responsible Wealth Manager in Europe and the Americas, underpinned by the Global Private Banking platform, digital investments, and a greater value proposition in SAM and insurance.

A. . Profit after tax + net fee income generated by this business.

2. Ongoing capital allocation optimisation to improve profitability:

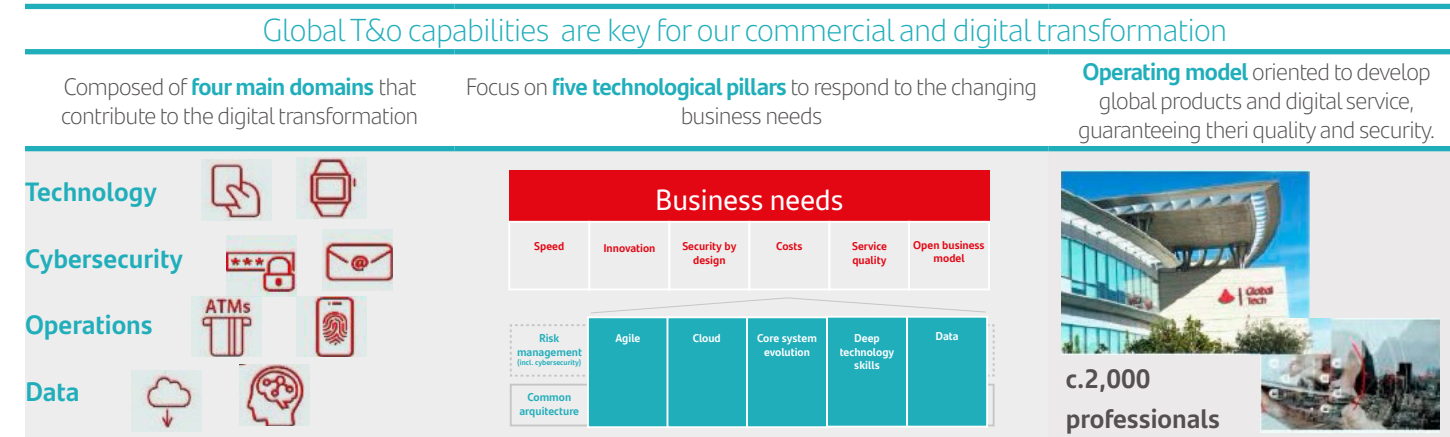


For further details on RoRWA and underlying RoRWA, see section 8 'Alternative Performance Measures' in the 'Economic and financial review'.

3. Accelerating the digital transformation through SGP:

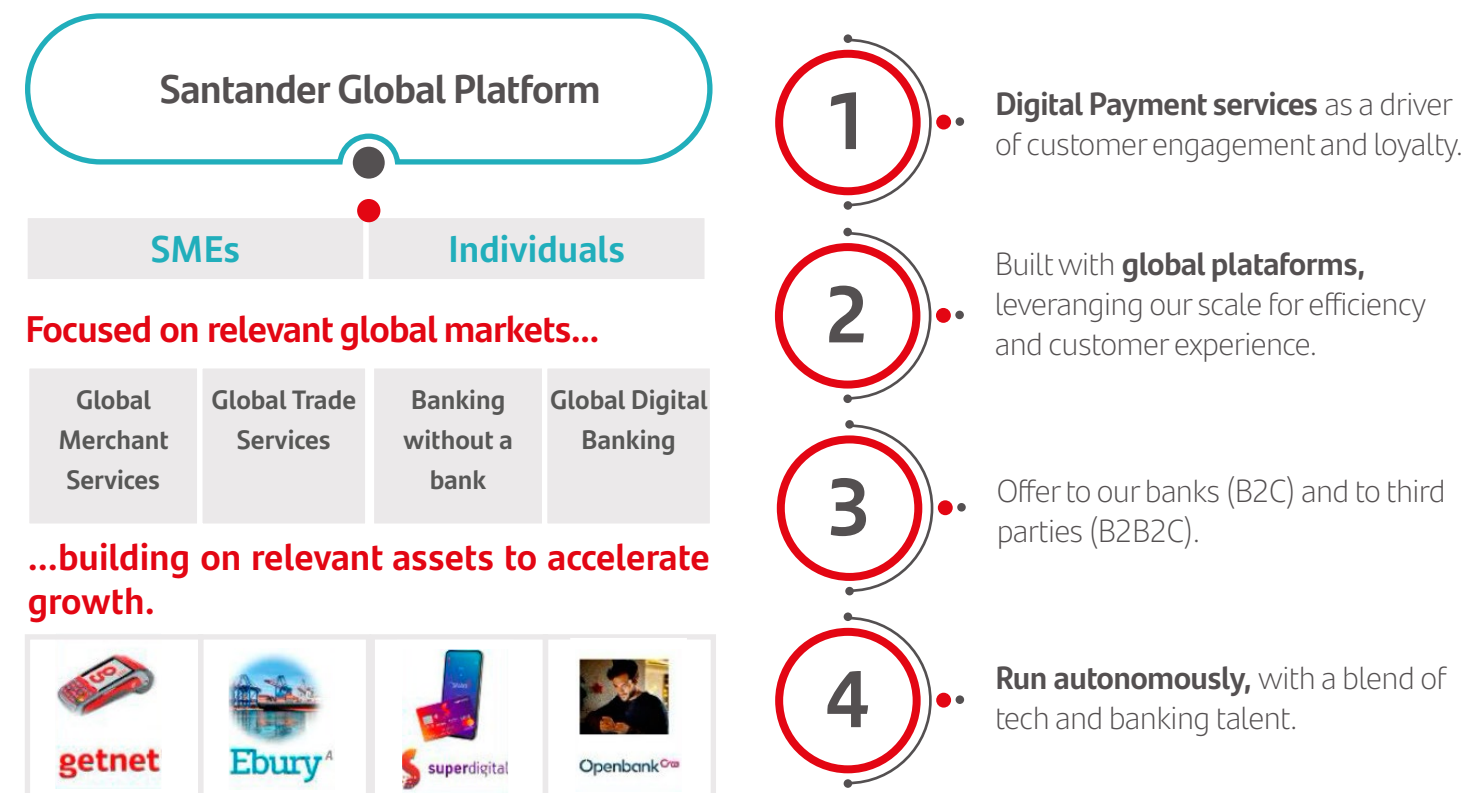
Our technology strategy is aligned with our two-pronged approach of digitalising our core banks and global businesses and building Santander Global Platform, focusing on better serving our customers needs.

Innovation and technological development are strategic pillars of the Group. Our objective is to respond to the new challenges that emanate from digital transformation, focusing on operational excellence and customer experience.



Accelerating digitalisation and building Santander Global Platform. Moving towards One Santander to build simpler, faster and better services.

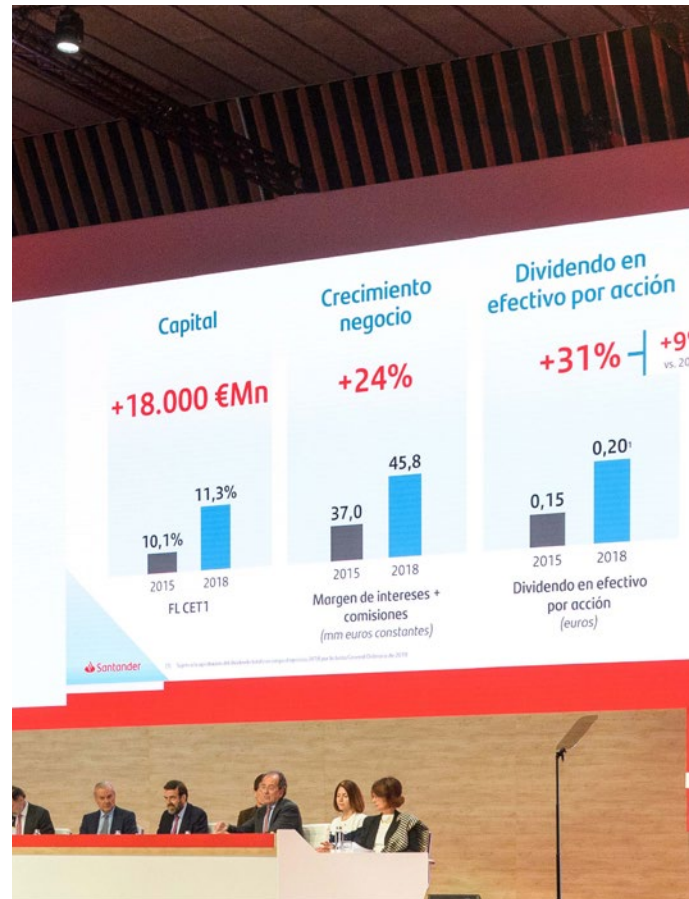
Best-in-class Global payments and digital banking solutions to SMEs and individuals



A. Participación del 50.1%;Cierre de la operación previsto a mediados de 2020, sujeto a la obtención de aprobaciones regulatorias pertinentes.



Responsible Banking (corporate)



“By delivering on our purpose, and helping people and businesses prosper, we grow as a business and we can help society address its challenges too. Economic progress and social progress go together. The value created by our business is shared - to the benefit of all. Communities are best served by corporations that have aligned their goals to serve the long term goals of society.”

Ana Botín

By being responsible,
we build loyalty



...Santander treats **me** responsibly

In our day-to-day business, we ensure that we do not simply meet our legal and regulatory requirements, but we exceed people's expectations **Simple, Personal, and Fair.**



...Santander acts responsibly in **society**

We focus on areas where, as a Group, our activity can have a major impact on helping people and businesses prosper.

How we have helped people and businesses prosper in 2019

People

EUR 12,141 million
Personnel costs^A

98%
of employees with fixed contracts

55%
of employees are women

Customers

EUR 942,218 million
Loans outstanding (net)

EUR 519,996 million
to households

EUR 20,053 million
to public administrations

EUR 500 million
to microbusinesses through our microfinance programs

EUR 319,616 million
to companies

EUR 82,553 million
to others^B

Shareholders

EUR 3,822 million
Total shareholder remuneration^C

EUR 61,986 million
Stock market value at year end 2019, second bank in the eurozone

EUR 0.23
per share of total shareholders remuneration^C

Communities

EUR 165 million
Community investment

EUR 119 million
Investment in universities

EUR 46 million
Investment in programmes and projects to support communities

Suppliers

EUR 4,746 million
Payments to suppliers^D

EUR 4,744 million
suppliers awarded in 2019 through our global procurement model

93.2%
Local Group suppliers

Tax contribution

EUR 6,765 million
Total taxes paid by the Group

EUR 2,951 million
Corporate income tax

EUR 3,814 million
Other taxes paid

A. From Group consolidated financial statements.

B. Including financial business activities and customer prepayments.

C. Subject to the approval of the total dividend against the 2019 results by 2020 annual general meeting.

D. Data refers exclusively to purchases negotiated by Aquánima.

What our stakeholders tell us

To build a more responsible bank, we are constantly engaging with and analysing the views of all our stakeholders, so that we can improve our performance and do more to help people and businesses prosper.

How we engage

Earning and keeping people's loyalty is key to creating lasting value. To do this, we must understand the concerns of all our stakeholders. By listening to their opinions, and measuring their perception of the Group, we not only identify issues, we also spot opportunities.

We encourage active listening and have several channels that enable us to understand stakeholders' expectations. This ongoing dialogue is key to ensuring the success of the Group's activities through the value chain.

As well as this, and to help us define and manage our responsible banking agenda, we also analyse what the leading environmental, social and governance analysts are telling us.

We are also continuously monitoring political and regulatory agendas in all markets where we operate.

We participate in consultations held by third parties about the impact the Group has on the sustainable development agenda.

Furthermore, to understand our overall impact on society, we are always assessing social and environmental externalities (both negative and positive). This helps Santander to detect possible risks for business; and identify opportunities to create additional value for the society and ways in which we can protect the environment.

Finally, we are part of major local and global initiatives to support inclusive and sustainable growth, and help good causes in the markets where we operate. Details of these partnerships can be found on page 22 of this chapter.

88%
of the participation in the global engagement survey.

86%
of employees feel proud to work for Santander.



People

1 million
surveys to measure and monitor customer satisfaction.

+45,000
interviews to banked population about the perception of Santander as Simple Personal and Fair.



Customers

11,952
customer service branches.

386,704
complaints received.



Key dialogue channels for stakeholders

54 million
Feedback received from Santander today web.

4,473
complaints received through ethical channels.

4,800
interviews to university students about the perception of Santander as Simple, Personal and Fair.

1,371
agreements with universities and academic institutions.

+11,000
interviews with shareholders to research whether they think Santander is Simple, Personal and Fair.

40,924
Shareholder and investor consultation through studies and qualitative survey.



Shareholders

2,300
partnerships with social institutions and entities.

275
profiles and **19 million** followers in social network.

133,939
queries managed by email, phone, WhatsApp and online meeting.

322
meetings with shareholders.



Communities

Identifying the issues that matter

Santander regularly analyses the most relevant social, environmental and ethical behaviour issues through its materiality assessment. This systematic study is conducted across the whole Group's value chain on an annual basis, and consists of an in-depth quantitative and qualitative analysis that uses information from both internal and external sources. Each of these inputs is weighted according to its relevance as regards defining material matters for the Bank. Weights are not distributed statically but are reviewed every year to adapt the study as much as possible to the current context and reality.

Based on this materiality assessment, a materiality matrix has been generated, where 15 material issues for the Bank have been identified as the most relevant issues. In 2019 we addressed the issues raised in a wide range of ways, as the following pages highlight. In particular, we focused on measures to embed responsible business practices; to tackle climate change and support the green transition; and to build a diverse and talented team.

Main inputs considered for the analysis

External

Shareholders (ESG investors; Rep risk)

Banking sector (Peers reporting and materiality analysis)

People (Customers surveys; Impact by business segment; Press Analysis; social networks)

Regulators (Regulatory & voluntary frameworks such as GRI, SASB or IIRC)

Internal

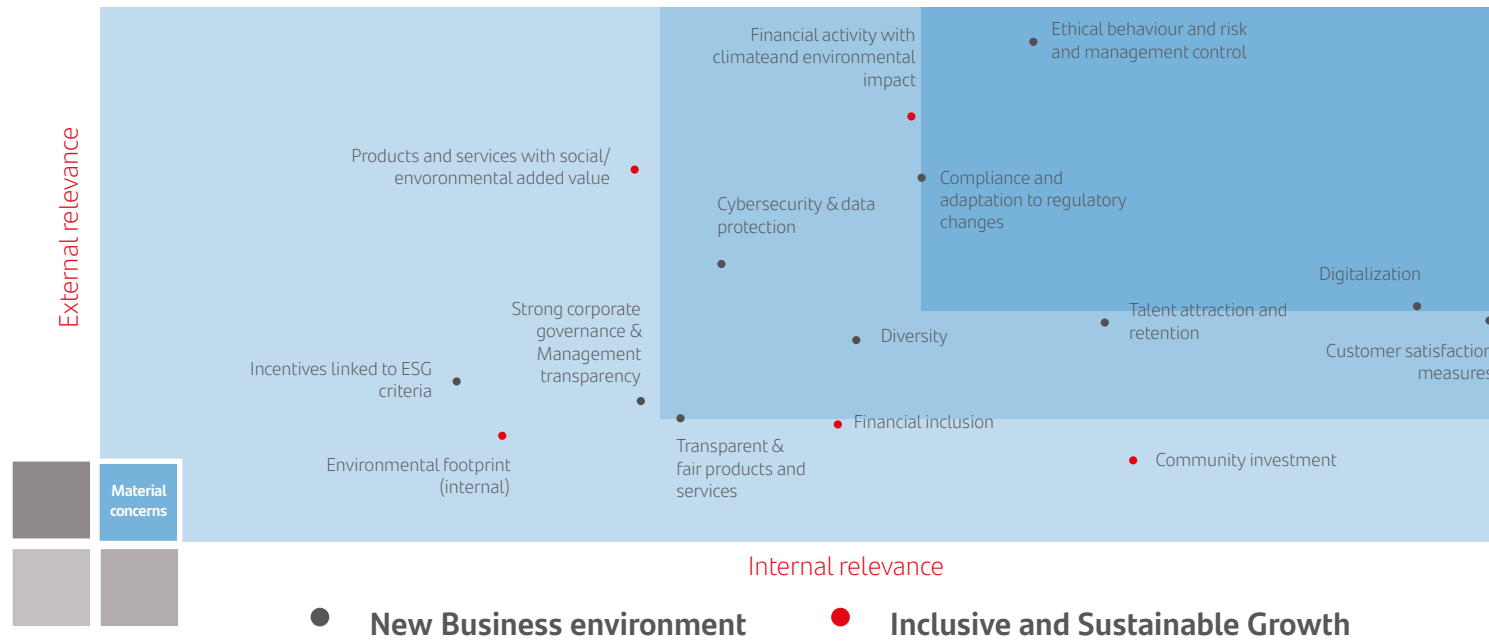
Santander Strategic view (Public Commitments, Internal communication messages, workshops, Top risk analysis)

Employees' perspective (employees' surveys; interviews with local & global areas)

Executive perspective (Responsible Banking committees; Chairman and CEO messages)



Relevant aspects for the Group matrix^A



This analysis helps us to focus our initiatives and programmes right across the Group.

Key issues in which we have put focus in 2019 (and what our stakeholder expect from us)

Customer satisfaction measures	Mechanisms to control and manage the entity's ethical behaviour and risks (fraud, corruption, terrorism, money laundering prevention tax evasion, etc.)
Diversity	Initiatives to promote the incorporation of women, persons with disabilities, ethnic or other minorities
Financial Inclusion	Initiatives to make financial services accessible for all, including those individuals and businesses with low incomes or no access to the formal financial system.
Financial activity with climate and environmental impact	Strategy tackle to climate change and the transition to a low-carbon economy. Environmental impact derived from the Bank's financing of certain activities.

A. Aspects such as food waste, light and noise pollution, human rights and biodiversity are not material to the Group

Challenges and opportunities

Like every business, Santander operates in a world that is changing fast, creating new challenges and opportunities. Using the results of the materiality assessment, we have identified two core challenges - the challenge of the new business environment, and the challenge of inclusive and sustainable growth.

Challenge 1: New business environment Adapting to an evolving world

The world's economy continues to change fast. Advances in information technology and communications are transforming markets and business models. In this highly competitive environment, and in a time of rapid change, companies must work in new ways and have responsible business practices.

Santander, like all businesses, needs a motivated, diverse, skilled workforce that is able to deliver what customers want, harnessing the power of new technology. Meanwhile, we face new regulations and laws. These trends create the challenge of the new business environment in which we operate. Our task is to exceed our stakeholders' expectations, to do the basics brilliantly, every day. Key to this is having a strong information on our strategy to tackle this culture - a business in which all we do is Simple, challenge and turn it into an opportunity, please Personal and Fair.

Challenge 2: Inclusive & sustainable growth Helping society achieve its goals

Growth should meet the needs of today's generation, without hampering future generations' ability to meet their own needs: a balance should always be struck between economic growth, social welfare and environmental protection. Financial institutions can deliver this by managing their own operations responsibly, and lending responsibly to help society achieve its goals.

We can play a major role in helping ensure growth is both inclusive and sustainable. Inclusive: by meeting all our customers' needs, helping entrepreneurs start companies and create jobs, strengthening local economies, improving financial empowerment, and supporting people get the education and training they need. Sustainable: by financing renewable energy, supporting smart infrastructure and technology to tackle climate change. We do this while taking into account the social and environmental risks and opportunities in our operations, and actively contributing to a more balanced and inclusive economic and social system.

Principles and governance

All our activity is guided by principles, frameworks and policies to ensure we behave responsibly in everything we do. We have reformed and strengthened our responsible banking governance to help us manage initiatives which tackle the two challenges we have identified.

Policies that support our responsible banking strategy

General Code of Conduct	Corporate Culture Policy ^A	General Sustainability Policy	Human Rights Policy	Sector Policies	Sensitive Sectors Policy
Brings together the ethical principles and rules of conduct governing the actions of all of the Group's staff and is the central element of the Group's compliance function.	Establishes the guidelines and required standards to be followed ensuring a consistent culture is embedded throughout the Group.	Defines our general sustainability principles and our voluntary commitments with the aim of generating longterm value for our stakeholders.	Sets out how we protect human rights in all operations, and reflects the UN Guiding Principles on Business and Human Rights.	Lays down the criteria governing the Group's financial activity with the defence, energy, mining & metals and soft commodities (products such as palm oil, soy and timber) sectors.	Sets down guidelines for assessment and decision making about the Group's participation in certain sectors, whose potential impact could lead to reputational risks.

Consumer Protection Policy ^B	Code of Conduct in Security Markets	Cybersecurity Policy	Third-party Certification Policy ^C	Tax Policy	Conflicts of Interest Policy	Financing of Political Parties Policy	Policy on Contributions for Social Purpose	Global Mobility Policy
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A. Includes the Group's Diversity & Inclusion Principles and the Corporate Volunteering Standard.

B. Includes financial consumer acting principles.

C. Includes principles of responsible behaviour for suppliers.

Changes to policies in 2019

- To make our policies easier to navigate, we have incorporated our climate change policy into our **General Sustainability Policy**. More detail on the governance of the policy has been included. The protected areas criteria has been aligned with the new Environmental and Social Sector Policy approach.
- The **Corporate Culture Policy** has incorporated the Volunteering Policy. We have also updated our Diversity & Inclusion principles to reflect our commitment to people with disabilities and different sexual orientations; and to highlight the importance of having appropriate, accessible products for all. Our Leadership Commitments have been included under our Santander Way minimum standards.
- The **Human Rights Policy** has been amended to update the main declarations and codes on which it is based. It also gives further specifics on relevant issues regarding our relationships with customers, suppliers and communities; and more detail on the policy governance.
- The **Global Mobility Policy** has been reviewed to give our employees new opportunities to work in different geographies. We have also reviewed compensation and benefits given to employees when they work abroad, as well as the governance model.



Available on our website www.santander.com those policies that the bank has made public.

Strategic overview and coordination

Governance

The **responsible banking, sustainability & culture committee** assists the board of directors in fulfilling its oversight responsibilities with respect to the Group's responsible banking strategy overall. It focuses on corporate culture, ethics and conduct; the impact of digital transformation on our working practice; the Group's policies on sensitive issues and sectors; and how the Group delivers inclusive and sustainable growth.

The committee is supported by the culture steering group and the inclusive & sustainable banking steering group.

- The **culture steering**, promotes, supports and tracks the implementation of The Santander Way (our corporate culture) across the geographies, ensuring corporate and local actions are consistent.
- The **inclusive & sustainable banking steering** reviews and tracks initiatives to tackle social and financial inclusion; extend and improve access to education and training; support by financing in the transition to a low carbon economy; and support investment which benefits society as a whole.

Responsible Banking network

- The **corporate Responsible Banking unit** coordinates and drives the responsible banking agenda. Supporting this unit, Santander has a **Senior Advisor on Responsible Business Practices**, who reports directly to the executive chairman.
- Santander subsidiaries' sustainability and culture units** coordinate and drive their local responsible banking agendas, ensuring they are aligned to Santander's corporate strategy and policies. Each subsidiary has appointed a senior executive responsible for the Responsible Banking function. Its function is to drive responsible banking agenda at local level aligned with the Group.

Coordination and strategy

- Metrics and targets** have been established to drive Santander's Responsible Banking agenda and embed Responsible Banking into the heart of the Group's business strategy.

- Guiding principles** have been developed for subsidiaries (and global business units) to ensure the governance and implementation of our responsible banking agenda is embedded across the Group as a whole.
- There is regular coordination** between business units, including joint meetings held every two months. Additionally, the first **Responsible Banking workshop**, attended by Responsible Banking representatives from across the Bank's businesses and geographies, was held in 2019.

Key initiatives agreed by the RBSCC in 2019:

Responsible Banking strategy

- Approval of our Responsible Banking priorities for the next cycle, 2020-2022.
- Launch of Responsible Banking commitments for 2021 and 2025.

Challenge 1. The new business environment

- Leadership Commitments have been included under The Santander Way.
- Global simplification initiative has been launched, nominating the responsible people and setting main indicators: Global Engagement Survey (GES), Net Promoter Score (NPS), Simple, Personal and Fair perception (SPF).
- New global maternity and paternity minimum standards created.
- New initiatives launched to increase recruitment of people with disabilities.
- Signed up to the UN Women's Empowerment Principles.
- Update of Corporate Culture Policy.
- Update of Human Rights Policy.

Challenge 2. Inclusive and sustainable growth

- A new climate change strategy created.
- A new Global Sustainable Framework for the issuance of Green, Social and Sustainable Bonds created.
- Updated environmental & social policies.
- A financial empowerment and inclusion action plan created.
- A new approach taken to responsible banking at Santander Wealth Management and Santander Corporate Investment Banking.
- New Santander Group Energy Efficiency and Sustainability plan to reduce our internal environmental footprint.
- New commitment made to become carbon neutral in 2020.

Main international initiatives we support

At Group-level, we work with a number of initiatives and working groups at local and international level to drive forward our agenda on responsible banking. These include the following:

- **UNEP Finance Initiative.** We are a founding signatory of the United Nations Principles for Responsible Banking. We also participate along with other 15 banks in the UNEP FI pilot project on implementing the TCFD recommendations for banks.
- **World Business Council for Sustainable Development(WBCSD).** Our president, Ana Botín, is a member of the executive committee. And we participate in the WBCSD Future of Work initiative, by looking into how to adapt our own business and human resource strategy to evolve with the digital age.
- **Banking Environment Initiative (BEI).** We participate in two climate related work streams, the Soft Commodities Compact and the new initiative Bank 2030, which aims to build a roadmap for the banking industry to 2030 seeking to increase the financing to low carbon activities.
- **CEO Partnership for Financial Inclusion.** We, along with other nine companies are part of a private sector alliance for financial inclusion, an initiative promoted by Queen Maxima of the Netherlands, Special Representative of the United Nations to promote Inclusive Financing for Development.

- **Equator Principles.** We analyse the environmental and social risks of all our financing operations under the scope of the Equator Principles and we actively participate in the evolution of a common criteria.

In addition, during 2019 we took an active role in the climate change and sustainable finance policy debate, participating in the formal consultation process on relevant regulatory files (particularly in Europe) and industry forums focusing on the transition to a low carbon economy. We have worked very closely with trade bodies - including the Institute of International Finance, European Financial Services Round Table, the Association for Financial Markets in Europe, and the European Banking Federation - to reach common positions on issues so relevant as the EU framework for identifying sustainable economic activities (the so-called taxonomy), and the ongoing work on the technical criteria undertaken by the TEG; the disclosure regulation relating to sustainable investment and sustainability risks; or the ongoing work on the identification and management of climate-related risks. In addition, Santander is participating in the EBF-UNEP FI working group that will develop voluntary guidelines for banks on the application of the EU taxonomy.

Other international and local initiatives in which we participate

- United Nations Global Compact.
- UN Women's Empowerment Principles.
- The Valuable 500.
- Principles for Responsible Investment.
- CDP (before Carbon Disclosure Project).
- UN Global Investors for Sustainable Development (GISD) Alliance.
- International Wildlife Trade Financial Taskforce.
- Round Table in Responsible Soy.
- Working Group on Sustainable Livestock.
- Climate Leadership Council.
- The Wolfsberg Group.

Helping us to address today's main global challenges: 2030 agenda

We want to do more every day to promote inclusive, sustainable growth and ensure that we are actively tackling climate change.

Our activity and investments help us to contribute to a number of the United Nations' Sustainable Development Goals, and support the Paris Agreement's aim to combat climate change and adapt to its effects.



Main SDGs where Banco Santander's business activities and community investments have the most weight.



We are committed to reduce poverty and strengthen the welfare and local economy of the countries in which we operate. Through our microfinance products and services and our community investment programmes we empower and help millions of people each year.



We are at the forefront of support for higher education. Through Santander Universities, a pioneering programme and the only one of its kind in the world, we support universities and students to prosper, focusing on education, entrepreneurship and employment. Santander Scholarships is one of the largest scholarship programme financed by a private company.



We promote an inclusive and diverse workplace. Ensuring equal opportunities and fostering gender equality at all levels is a strategic priority for us. Additionally, we also operate a number of initiatives to support diversity in our business activity.



We have a long history of leadership in the financing of renewable energy projects. Actually, we are the global leader in renewable energy financing. Additionally, we support our customers financing energy efficiency projects, low-emission, electric and hybrid vehicles, and other electric mobility solutions.



We have a prepared and committed team that allows us to respond and meet the needs of customers, help entrepreneurs to create businesses and employment, and strengthen local economies.



We develop products and services for the most vulnerable in society, giving them access to financial services and teaching them how to use these in an appropriate way to manage their finances in the best possible way. We have continued to support diversity and inclusion in our business.



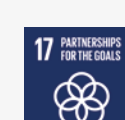
We finance the construction of sustainable infrastructure that guarantees basic services and drives inclusive economic growth. Additionally, we also promote affordable housing opportunities.



We promote sustainable consumption both in our own operations as well as with our customers, offering our products and services that are Simple, Personal and Fair, and promoting ethical behaviours among our suppliers.



We tackle climate change in two main ways: by reducing our own environmental footprint and by supporting our more than 144 million customers to help them transition towards a more sustainable economy.



We participate actively and we are part of the main initiatives and working groups at local and international level as an important way to manage our responsible banking agenda.

2019 highlights

We work to have a strong corporate culture – a skilled, motivated and diverse workforce that can deliver solutions to our customers' needs: increase access to finance; improve financial resilience through education and training, and supporting our customers in their transition to the green economy, while reducing our environmental footprint. Meanwhile, we create new opportunities by supporting education through our Universities programme and improving lives in the communities where we operate.

Our aim was to create commitments that were SMART: specific, measurable, achievable, realistic and time-bound. The commitments also reflect the ways in which our business can address the United Nations' Sustainable Development Goals most relevant to our operations; and our support for the Paris Agreement's aim to combat climate change and adapt to its effects.

Our external commitments: we need to deliver

	2018	2019	2020	2021	2025
Top 10 companies to work ¹	4	5		6	
Women on the board	33%	40%		40% - 60%	
Women in senior leadership positions ² (%)	20%	23%		30%	
Equal pay gap ³	3%	2%		~0%	
Financially empowered people ⁴		2.0 mn		10 mn	
Green finance raised and facilitated ⁵ (EUR)		19 bn		120 bn	
Electricity used from renewable energy sources ⁶	43%	50%		60%	100%
Becoming carbon neutral in our own operations				0%	
Reduction of unnecessary single use plastic in corporate buildings and branches		75%		100%	
Scholarships, internships and entrepreneurs programmes ⁷		69k		200k	
People helped through our community programmes ⁸		1.6 mn		4 mn	

— Cumulative target
 ----->> from... to...

¹ According to relevant external indexes in each country (Great Place to Work, Top Employer, Merco, etc.).

² Senior positions represent 1% of total workforce.

³ Calculation of equal pay gap compares employees of the same job, level and function.

⁴ People (unbanked, underbanked or financially vulnerable), who are given access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education.

⁵ Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is 220Bn.

⁶ In those countries where it is possible to certify renewable sourced electricity for the properties occupied by the Group.

⁷ People supported through Santander Universities initiative (students who will receive a Santander scholarship, will achieve an internship in an SME or participate in entrepreneurship programmes supported by the bank).

⁸ People helped through our community investment programmes (excluded Santander Universities and financial education initiatives).

... and we have continued to address the challenge of the new business environment.....

- Updated the **Corporate Culture Policy**, which now incorporates our Leadership commitments under The Santander Way, our updated principles of Diversity and Inclusion, and integrates the Volunteering Policy.
- Approved **global parental leave minimum standards**, which includes minimum period of 14 weeks paid for primary maternity/paternity leave and 4 weeks in a row or divided into periods of 15 days for secondary maternity/paternity leave.
- Launched **Canal Abierto**, a new way for employees to report breaches of the General Code of Conduct and actions that do not reflect our corporate behaviour.
- Launched **new customer feedback techniques in Portugal and Mexico**, so we can improve our products and services.
- Developed **corporate guidelines for good practices on treatment of vulnerable customers**, so we can cater for their individual needs and help prevent over-indebtedness.
- Opened our **new corporate Cyber Security centre** to protect Santander, our systems and customers from cyber threats.
- Integrated **new ESG criteria into suppliers' certification process**.
- Signed the **UN Women's Empowerment Principles**.
- Signed **'The Valuable 500'**. Commitment to put inclusion of people with disabilities on our board room agenda.

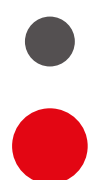
...while promoting inclusive and sustainable growth.....

- Signed, as a founder member, the **United Nations Principles for Responsible Banking**, created to use the power of finance to tackle the major challenges that societies face, and support the UN Sustainable Development Goals and the Paris Climate Agreement.
- Signed the **Collective Commitment to Climate Action**, which sets out concrete and time-bound actions that banks will take to scale up their contribution to and align their lending with the Paris Climate Agreement.
- Analysed part of our **portfolio's alignment to climate scenarios**, as a step towards addressing the recommendations of the Task Force for Climate-related Financial Disclosures.
- Launched Santander **Sustainable & Green Bonds Frameworks and issued a €1 billion green bond**, starting our global sustainable debt plan.
- Launched a new **Green Bond investment fund** that completes Santander Asset Management sustainable range, exceeding EUR 1,500 million of assets under management.
- Joined the United Nations' **CEO Alliance on Global Investors for Sustainable Development (GISD)** to help scale up long-term investment in sustainability development.
- Joined the **International Wildlife Trade Financial Taskforce** as a part of the Group's commitment to the prevention and deterrence of wildlife trafficking.

We have received global recognition for our efforts

- Santander was recognised as the most sustainable bank in the world in the Dow Jones Sustainability Index.
- We also have been recognised as one of the top 25 companies to work for in the world by Great Place to Work and as one of the Best Places to Work in Latin America.
- We received the Top Employer Europe certification, which acknowledges excellence in the working conditions a company provides to its employees and its contribution to their personal and professional development.
- Santander leads the 2020 Bloomberg Gender-Equality Index out of 322 companies analysed. The index is focused on several metrics like equal pay & gender parity, inclusivity and female leadership & talent.
- Santander Brazil was recognised by Fortune Magazine as one of the companies that are changing the world, and by Great Place to Work as one of the 10 companies that stand out for their corporate practices focused on the LGBTQI+.
- Santander Mexico was recognised in the International Finance Banking Awards for being "the most Socially Responsible Bank in Mexico" for second time.

02



Welcome



Here We Are:
Santander Mexico



Letter from the Chairman of
the Board of Directors



Letter from the Executive President and
CEO of Santander Mexico



Here We Are: Santander Mexico

(102-1)

At Santander Mexico¹, we help people and companies to prosper. Today, more than ever, being a responsible bank is the driving force behind our operations.

To help drive positive economic, social, environmental, ethical and corporate governance results, we have reaffirmed our commitment to sustainable development.

¹ Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México.

Sofia, Santander volunteer.

(102-7)



Below are some of the most relevant milestones from **our virtuous circle in 2019:**



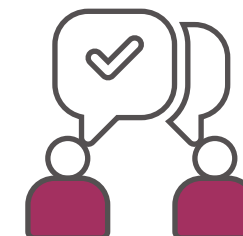
Employees

more motivated and engaged...

18,671 employees.

9 corporate offices.

791,590 training hours.



Customers

make our customers more satisfied and loyal...

18,134,468 customers.

9,015 ATM's.

1,402 branches.



Society

resulting in higher investment in the community...

73,608 people helped.

236,943 people empowered financially.

1 renewable energy project financed.

Shareholders

driving profitability and sustainable growth...

1,452 shareholders of BSMXB BMV.

3,671 shareholders of BSMX NYSE.



Capitalization (102-7) (MXN Million)

1,467,548 **total** assets.
 1,332,750 **total** liabilities.
 134,798 **net** assets.
 1,467,548 **total.**

 Social Investment in 2019
MXN\$194,971,058

22%
 invested by
 customers and
 employees.



78%
 investment by
Santander
 84% of which is for
 the Higher Education
 Support Plan (PAES).
 16% to Social
 Investment.

(102-2, 102-4, 102-6)

Our continuing growth as a company has allowed us to extend our presence throughout Mexico, offering our financial products and services to numerous segments within society, including the manufacturing, agricultural, communications and transport, construction, commercial, tourism and mining sectors, government agencies and retail portfolio, among others. This is how we contribute to the progress of people from low-, middle- and high-income backgrounds, SME's and corporations focusing on the mid- and high-end market.



Core Products (102-2, 102-7)

Commercial Banking

Deposits and Transactions (DT)

- Current Accounts
- Savings Accounts
- Certificates of Deposits
- Repurchase Agreements

Credit

- Mortgages
- Credit Cards
- SME's
- Payroll Loan
- Personal Loan

Insurance

- Life
- Car
- House
- Health
- Accident
- Fraud
- Unemployment
- Savings

Corporate Banking

Financing

- Corporate and Working Capital
- Foreign Trade

Services

- Withdrawal of Deposit
- Cash Management

A photograph of a modern Santander bank branch entrance. The building features a prominent red facade with the white Santander logo and the word 'Santander' in large white letters. The entrance is framed by glass panels, and several people are visible inside. A row of red circular patterns is overlaid on the image. The background shows a multi-story building with windows.

Letter from the Chairman of the Board of Directors

(102-14, 102-15)

At *Grupo Santander*, we are aware of the responsibility we have as a banking sector with regard to tackling major changes and transformations in Mexico and around the world. This is why, as part of our commitment to being the best possible bank, we work every single day to overcome new challenges and take advantage of new opportunities, convinced that banking plays a fundamental role in social commitment and guaranteeing that everyone has the opportunity to drive their own development.

(102-14, 102-15)

From the highest levels, those of us who are members of Santander's Global Board of Directors and its Board of Directors in Mexico, we have been making significant advances in transforming the way in which we work in order to become a Responsible Bank and make sure everything we do has a significant impact. This is why we have adopted international standards, such as the United Nation's Principles for Responsible Banking, and set our own ambitious targets. This is also how we are contributing to the UN's Sustainable Development Goals and the Global Compact, in addition to consolidating our commitment to diversity and inclusion through our adhesion to the Women's Empower Principles (WEP's).

Without a doubt, these commitments form part of the efforts we are already focusing on in the areas of sustainability and responsibility, in alignment with everything we as a society aspire to in terms of equality, diversity, financial inclusion and environmental conservation.

In order to achieve our mission, we promote strict corporate governance models, continuous interaction between the Board and the bank's management, and the on-going participation of our board members in the responsible banking and sustainability agenda. Our Board of Directors and committees strive to generate value for our customers, shareholders, employees and society in general. This is how we are tackling new challenges before they appear in order to continue to grow in an ever-changing world.

Thanks to robust and transparent corporate governance, interaction with the bank's management, the experience and commitment of the members of the Board of Directors, and best practices in the areas of sustainability and responsibility, in 2019 Santander Mexico was included in the Mexican Stock Exchange's (BMV) IPC Sustainability Index for the seventh consecutive year, reaffirming our position as a responsible bank.

We are a bank that is ready to continue driving development in our country in a simple, personal and fair manner, by offering innovative products and services, in the knowledge that we can only make a positive contribution to the community in which we live and work by setting long-term goals: that is how we promote Responsible Banking.

Meanwhile, the Board of Directors ensures that all our employees have a sense of belonging, a sense of welcome and appreciation for their individual efforts. This is of fundamental importance in improving our work environment, as diversity and inclusion at all levels attract, develop and retain the best talent, in addition to contributing to innovation, organizational performance, trust in companies and compliance with the expectations of our stakeholders.

Without a doubt, the actions we implement both inside and outside the bank enable us to create a virtuous cycle that benefits our customers, shareholders, employees and the society we serve.

Our ultimate goal is to do banking differently, enabling us to contribute to the progress of people and companies and allowing us to, together, focus on creating a sustainable future for all. This is how we are reaffirming our commitment to joining forces to work responsibly and make our country and the world a better place to live.


Marcos Martínez Gavica
 Chairman of the Board of Directors.



Letter from the Executive President and CEO of Santander Mexico

(102-14, 102-15)

Banking is an industry that is characterized by constant evolution; however, the greatest change to the banking industry in our lifetime has come not only from the adoption of new technologies, but also from a new relationship with society, one in which the social role played by financial institutions, in addition to the way they do business, has been reformulated.



(102-14, 102-15)

Banking currently plays a crucial role in promoting economic activities that are compatible with environmental conservation and social equality. This is why, during 2019, it was a great source of pride for us at Santander to become a founding member and signatory of the Principles for Responsible Banking of the United Nations Environment Program Finance Initiative (UNEP FI). This is how all of us at Santander have reaffirmed our commitment to tackling global challenges and contributing to the creation of greener economies, more responsible consumption patterns and greater social balance.

Furthermore, in 2019 we outlined our 10 Responsible Banking commitments, which, through strict metrics and transparency, set out the goals and targets from 2021 to 2025, which go far beyond environmental issues, enriching the way in which we work.

This is how our bank remains loyal to its mission of driving the progress of people and companies, fully aware of the importance of what we do, the major commitment we have to the environment, and our on-going support for the communities in which we live and work, focusing, at all times, on ensuring that our mission lives on and guarantees better living conditions for future generations.

Without a doubt, inclusion and financial empowerment are major challenges for our sector. At Santander Mexico, since Tuio, our financial inclusion program, began operations, we have benefitted more than 100,000 customers who traditionally would have had no access to financial services, especially woman entrepreneurs searching for a loan to be able to work, produce and improve their lives and those of their families.

In terms of education, at Santander we are firm believers that supporting young university students is a tried and tested means of creating greater opportunities, rebuilding the social fabric, and promoting economic development in the country. That is why, in 2019, we invested a record MXN \$128 million and offered 6,300 scholarships to students from throughout the country, helping ensure that Santander remains the banking institution that most supports university education in Mexico.

In terms of our Responsible Banking initiatives, we are extremely proud that, in 2019, we held our first Trenzación, a program in which employees from the bank joined forces and donated their hair to help women from our Santander family who have been diagnosed with cancer, achieving outstanding results alongside Fundación México Sonríe.

In 2019, through our Fideicomiso Por los Niños de México, Santander supported more than 16,000 girls and boys alongside 67 Civil Society Organizations that work with vulnerable children in the areas of nutrition, education and health. These efforts were complemented through the Bank's 39 additional social investment programs, which benefitted more than 73,000 people during the year.

At Santander, we are aware that diversity and inclusion in terms of gender, sexual orientation, nationality, age, experiences and skills make us stronger, in addition to playing a critical role in learning and understanding more about the societies in which we work. As a responsible bank, we recognize the importance of consolidating gender equality and the empowerment of women, which is why, in October 2019, we signed the United Nations' Women's Empowerment Principles (WEP's).

Finally, to ensure the activities we undertake today do not put future generations at risk, we have an Environmental Management System that has helped decrease the impact our operations have on the planet, in addition to promoting the efficient use of resources. Furthermore, in 2019, the Bank actively participated in the analysis, structuring and financing of renewable energy projects, in alignment with our commitment to driving energy efficiency within the country.

All of these actions have enabled us to continue forming part of the Mexican Stock Exchange's IPC Sustainability Index, the FTSE4Good Index, the UN Global Compact and the Socially Responsible Company (ESR) certification program.

I would like to thank our team for their professionalism, commitment and enthusiasm, not to mention the milestones we reached together in 2019, fully aware of the new challenges and opportunities the future holds in store for us.



Héctor Grisi Checa

Executive President and CEO of Santander Mexico.



03



Our Essence: We Do Responsible Banking



Responsible Banking
Model



Shareholders



Awards and
Recognitions



Un kilo de Ayuda Program beneficiaries.





ALSEA beneficiary.

As a group, we have assumed the leadership of the Principles for Responsible Banking of the United Nation's Environmental Program Finance Initiative. A responsible bank guarantees good corporate governance, fair and transparent relationships with employees and customers, positive contributions to the community and environmentally friendly businesses, without losing sight of financial stability, health and responsible investment.

This is how we are striving to transcend the traditional perceptions of social responsibility by incorporating new approaches into our daily operations.

...SU MODO DE HACER UN
Gran Trabajo

ES AMAR LO QUE HACES”

STEVE JOBS

Work Café / 
Santander

Responsible Banking Model

In 2019, our Sustainability Model evolved into our Responsible Banking Model to help integrate our virtuous circle and the challenges of the Responsible Banking Agenda, allowing us to achieve our mission.

Responsible Banking Model

A better bank for a better world.



Our global culture includes our mission, our vision and our way of working: Simple, Personal and Fair. In addition, it includes eight corporate behaviors and four leadership commitments that are the cornerstone of our bank, a responsible bank.



To help people and businesses prosper.



To be the best open financial services platform by acting responsibly and earning the lasting loyalty of our employees, customers, shareholders and communities.



Simple

We offer our customers a service that is convenient and products that are easy to understand. We use simple language, and we make our processes better every day.

Personal

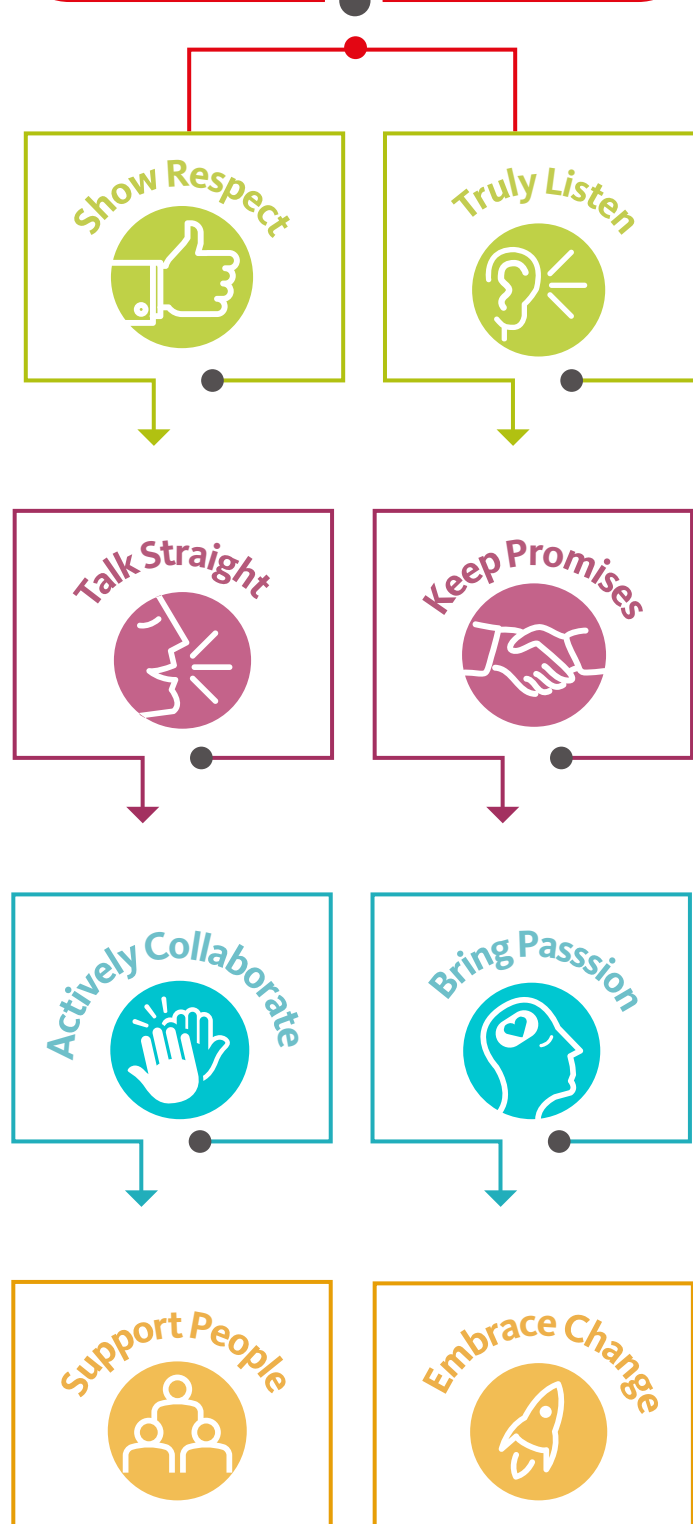
We offer our customers a personalized service, providing them with products and services that adapt to their needs. We want each and every one of our employees and customers to feel valued and treated as individuals.

Fair

We treat our employees and customers fairly and equitably. We are transparent, and we keep our word. We forge good relationships with a wide range of stakeholders because we know that what is good for them is good for Santander.



Corporate Behaviors (102-16)



Leadership Commitments (102-16)



Santander
Junta General de Accionistas
9



 Santander
Junta General de Accionistas
2019

Stakeholders

Part of our job is to maximize our results, always focusing on a higher purpose that benefits all our stakeholders. The basis for identifying and selecting them is our General Sustainability Policy and the bank's global strategy.









Below are the four major stakeholders (highlighted in our virtuous circle), and those with whom we have the most frequent contact:















(102-40, 102-42, 102-43)















(102-40, 102-42, 102-43)

 **Principle 4: Stakeholders**

*Regular: Channel with a pre-established frequency
*Constant: Uninterrupted channel of communication

 **Regular**
  **Trimestral**
  **Annual**
 **Constant**
  **Semestral**
  **Bi-annually**

Stakeholder	Communication Channel	Contact frequency
 Employees and their families	Complaint System.	
	Ethics Line.	
 Customers	Branch Communication Channels, Digital Channels and Advertising, Support through Offices, Contact Center and Social Networks.	
	Santander Customer Ombudsman.	
 Academia	Board of Directors of Universia.	
	Santander Universities Higher Education Support Plan.	
 Society	Responsible Banking Report.	
	Social networks Santander Mexico.	
 Civil Society Organizations	Anual Call <i>Fideicomiso Por los Niños de México</i> .	 / 
	Presentation and Publication of Reports based on the Regulations of the Stock. Exchanges on which the Santander Mexico's Shares are listed.	
 Authorities		

Stakeholder	Communication Channel	Contact frequency
 Shareholders / Investors	Annual Report (Financial).	
	Shareholder Report.	 / 
	Shareholder Support Line 55 5269 2275. Shareholder e-mail and website: accionistas_mx@santander.com / https://www.santander.com.mx/ir/home/	
	Investor e-mail and website: investor@santander.com.mx / www.santander.com.mx/ir/home/	
	Financial Data Reports and Presentations.	
 Suppliers	Local Procurement Committee.	
	Procurement Platform (Aquanima) and Information on Website.	
 Competitors	Meetings and Coordination with Financial Workers Associations in Mexico.	
 Media	Phone: 55 5257 8124.	
	E-mail: agduran@santander.com.mx	



Awards and Recognitions

(103-2, 103-3)

Leader in Social Responsibility from the BMV's Sustainability Index (IPC)

We were recognized, for the second consecutive year, as a leader in Social Responsibility by the Mexican Stock Exchange's Sustainability Index for the work we have done in the areas of sustainability, environmental and social policies, and corporate governance.

Best Private Bank in Mexico

We were recognized as the Best Private Bank in Mexico and Best Private Bank in Technology by Euromoney magazine.

Most Socially Responsible Bank in Mexico

For the second consecutive year, we were recognized by International Finance Magazine (IFM) for our achievements in promoting social responsibility, supporting higher education and reaffirming our commitment to the community and the environment.

ESR Award

We were presented with the Socially Responsible Company (ESR) award for the 15th consecutive year by the Mexican Center for Philanthropy (CEMEFI) and the Alliance for Corporate Social Responsibility (AliaRSE).

ISO 14001: 2015

We have been certified in this international Environmental Management Systems standard at our corporate headquarters in Santa Fe since 2014, in addition to our three buildings in Queretaro (Contact Center, Proyecto Q and CTOS) since 2018. This standard helps us to identify, prioritize and manage environmental risks.



(103-2, 103-3)

Great Place to Work

We received this certification in 2019 by promoting policies and practices that improve the quality of life of our employees within the organization.

FTSE4Good

For the second consecutive year, we have been included on the FTSE4Good Index as Santander Mexico.

LinkedIn's 2019 Top Companies

Santander Mexico was positioned in the top 10 of the Top Companies list, which ranks the 25 companies where Mexicans want to work and develop professionally.

2019 Santander-Reforestamos México Award

In 2019, *Reforestamos México* once again recognized Santander's participation in programs that promote sustainable development of forests and the communities whose livelihood depends on them.



04



A More Responsible Santander

Principles for Responsible Banking (UNEP-FI)

Our Contribution to the Sustainable Development Goals (SDG)



Unicef Mexico beneficiary.





Unicef Mexico beneficiaries.

What does a more responsible Santander mean:

Taking into account the communities in which we operate - and the people and companies that live and work there - in order to drive continuous and profitable social progress at an economic, environmental and ethical level.

We are committed to integrating internal processes, criteria and policies that safeguard social and environmental aspects into our operations, both in terms of sustainability and the 2030 Agenda for Sustainable Development.

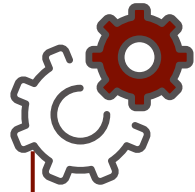
A woman with dark hair, wearing a black jacket and a gold earring, is speaking at a conference. She is smiling and has her hands clasped. The background is a white wall with various logos and text, including 'Compromiso', 'Responsabilidad', and 'Inspiración'.

Principles for Responsible Banking UNEP-FI

Banco Santander was one of the founding members contributing to the re-laboration in alliance with the United Nations Environment Program Finance Initiative (UNEP FI).



Principle 2: impact and Target Setting



Banco Santander is a founding member and signatory of the **Principles for Responsible Banking**.

The Principles for Responsible Banking are the first global framework to help incorporate sustainability into all areas of banking. By adhering to these Principles, banks commit to publicly assuming the social, environmental and economic impact of their operations.

This initiative stems from the financial sector's role as a key driving force in society, which is why it is necessary to formalize the banking sector's commitment to helping tackle global challenges in order to continue helping the world to move toward greener economies, more responsible patterns of consumption and greater social balance.



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



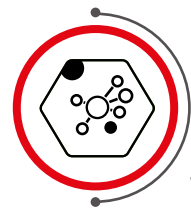
Principle 2: impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



Principle 3: Clients And Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



Principle 6: Transparency and Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.



In addition to being one of the 130 signatories of the Principles for Responsible Banking, we were one of the 34 banks that signed the Collective Commitment to Climate Action.





Our Contribution to the Sustainable Development Goals (SDG)

Volunteers and beneficiaries, Hope Mexico.



Principle 2: impact and Target Setting



- **MXN \$195 millions in social investment.**
- **73,608 people** helped.
- **138,703 microloans** granted.



- **29 education projects**, benefitting **3,128 minors** supported by Fideicomiso Por los Niños de México.
- **6,300 scholarships** through Santander Universities and the Higher Education Support Plan.
- **19,678 young people and teachers** benefitted through Bécalos and UNICEF programs.



- **3,050 new hires.**
- **1,662 employee promotions.**
- **791,590 training hours** for employees.
- **14 editions** of the Santander Business Innovation Award (PSIE).



- **Environmental Management System.**
- **ISO 14001:2015 Certification.**
- **0.8% decrease** in energy consumption compared to 2018.



- **96.2 tons of basic foodstuffs** donated, benefitting 15,031 people.
- **14 nutrition projects, benefitting 4,089 minors**, by Fideicomiso Por los Niños de México.



- **55% of our workforce** are women.
- **18% of the Board of Directors are women.**
- **Diversity and Inclusion Committee.**
- **Adherence to WEP's** (Women's Empowerment Principles).



- **More than 4.1 million digital customers.**
- **Collaboration on digital solutions with four Fintech.**



- **77.5% of the paper** we use comes from sustainable forests.
- **MXN \$3,320,801 raised** via ATM's for Reforestamos México.
- **2019 Santander-Reforestamos México Award.**



- **BeHealthy program for employees.**
- **24 healthcare projects, benefitting 8,928 minors**, supported by Fideicomiso Por los Niños de México.
- **431 minor benefitted** with cancer treatments in alliance with Casa de la Amistad.



- **Renewable self-sufficiency energy contract** (wind), covering **30%** of Santander Mexico's **total electricity consumption.**
- **Financing for three clean energy projects.**
- **50.3% of the energy** used by the group comes from efficient co-generation.



- **Three projects financed** under the Equator Principles.
- Signing of a credit contract for the **Delaro Wind Farm**, which has a capacity of **117 megawatts (MW)** and is located in Reynosa, Tamaulipas.
- **9 social infrastructure projects financed.**



- **Seven years** on the Mexican Stock Exchange's IPC Sustainability Index.
- **Adherence to 19 sustainable development initiatives and indexes.**
- **100% of our employees** have received General Code of Conduct (CGC) and Anti-corruption training.

05



Corporate Governance



Structure



Associations



Risk Management



Business Ethics

Santander

Sencillo | Personal | Justo



Structure

Our Corporate Governance is the basis for achieving our goals and making all our operations possible, which is why we strive to improve our policies and procedures to create value for our employees, customers, shareholders and society.



Santander Mexico Board of Directors.

(405-1)

We consolidate our Corporate Governance framework on an on-going basis to continue driving our resilience and effectiveness over the coming years. This is of key importance in fulfilling our mission of becoming a more responsible Bank in an era of disruptions, as well as overcoming the numerous challenges inherent to the current digital world.

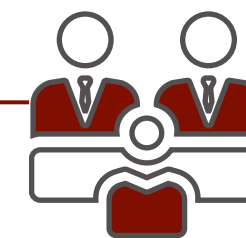
Corporate Governance at Santander Mexico

Board of Directors

Shareholders' Meeting

Advisory Committees

Internal Committees



6 years of average tenure, of our Directors, 64% of whom are independent.

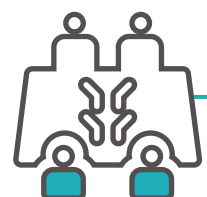
Furthermore, Corporate Governance is responsible for guaranteeing compliance with the highest international sustainability standards and ensuring that all our operations are undertaken in an ethical, institutional and responsible manner.

The Board of Directors and its Committees are responsible for reviewing, authorizing and monitoring all activities governed by Santander Mexico's regulatory framework. They are also responsible for ensuring the company's resources are used responsibly and optimally.

The Board of Directors monitors and evaluates social, environmental, economic and ethical issues within our organization to ensure all efforts are made to promote responsible operations. It also analyzes risks, opportunities, impacts and material issues, which are drafted into minutes to help follow up on the agreements reached.



18% of the Board of Directors are women, 8% more than last year.



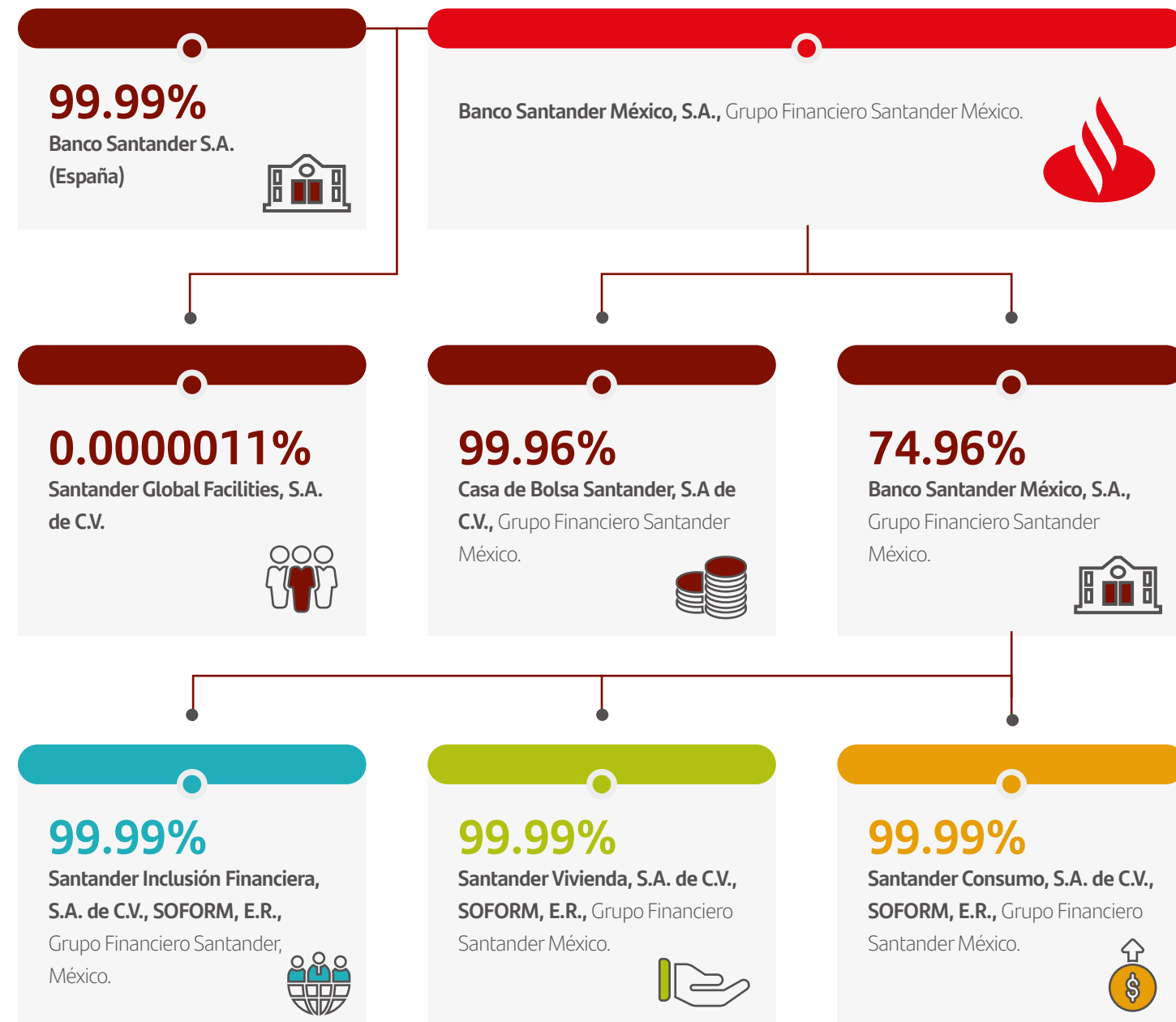
100% of our Directors received training in Santander's General Code of Conduct.



7 years on the Mexican Stock Exchange (BMV) Sustainability Index (IPC).

Stock Structure of Grupo Financiero Santander México, S.A. de C.V.²

(102-45)



² On September 6, 2019, the public offering for the reciprocal issue and acquisition of up to 1,693,521,302 shares in Santander Mexico that are not the property, either directly or indirectly, of Banco Santander España, S.A., representing 24.95% of the outstanding share capital of Santander Mexico, and were offered in exchange for the reciprocal issue of up to 570,716,682 Exchange Shares of Banco Santander España, S.A.. As a result of this offering, Grupo Santander's stake in the share capital of Santander Mexico increased from 74.96% to 91.65%, with the remaining 8.35% held by minority shareholders or buybacks.

By virtue of the foregoing, Grupo Financiero Santander México, S.A. de C.V. (the 'Financial Group') and Santander Global Facilities, S.A. de C.V. (Mexico) own 5,087,801,602 ordinary shares, constituting 74.97% of the Bank's share capital, and Banco Santander España, S.A. owns 1,132,168,074 ordinary shares, constituting 16.69% of the Bank's share capital.

For further information, see the [20-F Form](#), pages 229 and 230.

Board of Directors

(102-18)

The Board of Directors is responsible for identifying and monitoring the management of the opportunities and risks we face.

This body comprises Committees, whose members are nominated and ratified on a yearly basis by the General Shareholders' Meeting by means of a regulated process that substantiates their honorability, technical capacity, knowledge and financial experience.

Board Directors Appointment Process

Nomination Proposal

Presented by the local Nominations Committee and validated by the Nominations Committee in Spain.

Voting

The nomination is approved or rejected by the Special Shareholders Meeting

Our Board of Directors is currently composed of 22 members: 11 Proprietary and 11 Alternate members. The tenure of the Directors is not determined by time, but rather their tenure is based on a performance evaluation undertaken by the Shareholders Meeting.

Furthermore, the Board of Directors is responsible for assigning members to its Committees.

The Board of Directors met on 7 occasions, on the following dates: January 24, March 28, April 25, June 17, July 25, September 26 and October 31.



The Board of Directors is comprised as follows:

(102-18, 102-22)

(102-18, 102-22, 405-1)

Name	Age	Executive or Non- Executive	Independence	Years on the Board	Committee Members
Marcos Alejandro Martínez Gavica	65 years	Executive F Series	Non Independent Proprietary	22 years	Board of Directors, CAIR, CR
Héctor Blas Grisi Checa	53 years	Executive F Series	Non Independent Proprietary	4 years	Board of Directors, CAIR, CR
Magdalena Sofía Salarich Fernández de Valderrama	62 years	Executive F Series	Non Independent Proprietary	8 months	Board of Directors,
Francisco Javier García-Carranza Benjumea	48 years	Executive F Series	Non Independent Proprietary	1 year	Board of Directors,
Rodrigo Brand de Lara	47 years	Executive F Series	Non Independent Alternate	1 year	Board of Directors,
Ángel Rivera Congosto	53 years	Executive F Series	Non Independent Alternate	4 years	Board of Directors,, CAIR
Didier Mena Campos	49 years	Executive F Series	Non Independent Alternate	1 year	Board of Directors,, CAIR
Emilio de Eusebio Saiz	57 years	Executive F Series	Non Independent Alternate	8 months	Board of Directors,, CR
*Guillermo Güemez García	78 years	No Executive F Series	Independent Proprietary	7 years	Board of Directors,, CAIR
Bárbara Garza Lagüera Gonda	59 years	No Executive F Series	Independent Proprietary	8 months	Board of Directors,
Juan Gallardo Thurlow	72 years	No Executive F Series	Independent Alternate	6 years	Board of Directors,
Eduardo Carredano Fernández	68 years	No Executive F Series	Independent Alternate	22 years	Board of Directors,, CA, CPSNC, CR
Antonio Purón Mier y Terán	67 years	Non Executive B Series	Independent Proprietary	10 years	Board of Directors,, CA, CPSNC, CR
Fernando Benjamín Ruíz Sahagún	76 years	Non Executive B Series	Independent Proprietary	16 years	Board of Directors,, CA, CPSNC, CR
Alberto Torrado Martínez	56 years	Non Executive B Series	Independent Proprietary	10 years	Board of Directors,, CPSNC, CAIR

* Guillermo Güemez García left office on 01/02/20. Cesar Augusto Montemayor Zambrano was appointed by the Shareholders' Meeting on 28/11/19 and took office on 1/02/20.

The acronyms in Spanish are: Audit Committee (CA); Remuneration Committee (CR); Comprehensive Risk Management Committee (CAIR); Corporate Practices, Nomination and Remuneration Committee (CPSNC).

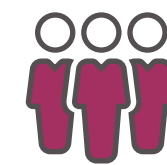
Name	Age	Executive or Non- Executive	Independence	Years on the Board	Committee Members
María de Lourdes Melgar Palacios	57 years	No Executive B Series	Independent Proprietary	1 year	Board of Directors,
Gina Lorenza Díez Barroso Azcárraga	64 years	No Executive B Series	Independent Proprietary	5 years	Board of Directors,
Jesús Federico Reyes Heróles González Garza	67 years	No Executive B Series	Independent Alternate	10 years	Board of Directors,, CPSNC
Rogelio Zambrano Lozano	63 years	No Executive B Series	Independent Alternate	1 year	Board of Directors,
Guillermo Francisco Vogel Hinojosa	69 years	No Executive B Series	Independent Alternate	3 years	Board of Directors,
Joaquín Vargas Guajardo	65 years	No Executive B Series	Independent Alternate	10 years	Board of Directors,, CAIR
Guillermo Jorge Quiroz Abed	66 years	No Executive B Series	Independent Alternate	1 year	Board of Directors,, CA, CAIR

The acronyms in Spanish are: Audit Committee (CA); Remuneration Committee (CR); Comprehensive Risk Management Committee (CAIR); Corporate Practices, Nomination and Remuneration Committee (CPSNC).

Committee members who are not members of the Board:

Name	Executive or Non- Executive	Independence	Órgano de Gobierno y Comités ³
Ricardo Alonso Fernández	Executive	Non Independent	CAIR, CR
Fernando Borja Mujica	Executive	Non Independent	CAIR
Juan Ramón Jiménez Lorenzo	Executive	Non Independent	CAIR, CR
Juan Ignacio Echeverría Fernández	Executive	Non Independent	CR

The acronyms in Spanish are: Audit Committee (CA); Remuneration Committee (CR); Comprehensive Risk Management Committee (CAIR); Corporate Practices, Nomination and Remuneration Committee (CPSNC).



The Board of Directors
It is made up of **four women and 18 men.**



Read the biographies of our Directors [here](#).



Review the 2019 Banco Santander report to learn more about our Directors and Corporate Governance. [here](#).

Committees of the Board of Directors (102-18)

As part of its efforts to streamline our activities as an organization, the Board appointed four Committees to oversee economic, social, ethical and legal issues. These Committees are responsible for regulating and ensuring our operations meet our responsible banking goals.

Every year, four sessions are held, in addition to an extended session to cover a range of issues relating to our business strategies.

The roles of the four Committees are outlined below:

Remuneration Committee (CR) Four sessions in 2019: January 17th, April 11th, July 18th and November 21st.

Functions

Evaluate

the risks being faced by the Institution and its administrative, control and business units.

Spread

employee's remuneration scheme criteria and policies.

Inform

the National Banking and Securities Commission of any modifications to the Remuneration System.

Propose

for the approval of the Board of Directors, all matters relating to remuneration processes.

Audit Committee (CA)

Six sessions in 2019: January 21st, March 13th, April 12th, June 24th, July 22nd and September 02nd.

(102-18)

Functions

Advise the Board regarding

financial statements and other issues relating to the auditing process.

Analyze

the findings and opinions of internal and external auditors.

Request

periodic meetings with relevant directors.

Propose

internal and external auditors.

Support

the Board in the drafting of the annual report to be presented at the Meeting.

Inform

the Board the results of the internal control system and internal audit.

Monitor and authorize

policies and guidelines for the use of the assets that form part of the company's equity and that of the legal entities the former controls.

Implement

measures based on the conclusions and recommendations of Internal and External Auditing.

Assess

the performance of external audits.

Discuss

financial statements.

Determine and authorize

related operations and those of relevant employees.

Review

the annual budget and propose it be presented to the Board for its subsequent approval.

Determine, monitor and track

guidelines regarding requests for information from Financial Institutions used in the decision-making process.

Draft

opinions regarding the management team's report on internal control

Ensure

the Chief Executive Officer complies with the agreements reached at the Meetings.

Monitor

the independence of the Internal Auditing area with regard to the Institution's other business and administrative units³.

Inform

the Board of any relevant irregularities that have been detected, and, if necessary, inform the Board of any corrective measures employed, ensuring that the management implements said measures.

³ In case of lack of independence, the Board should be informed.



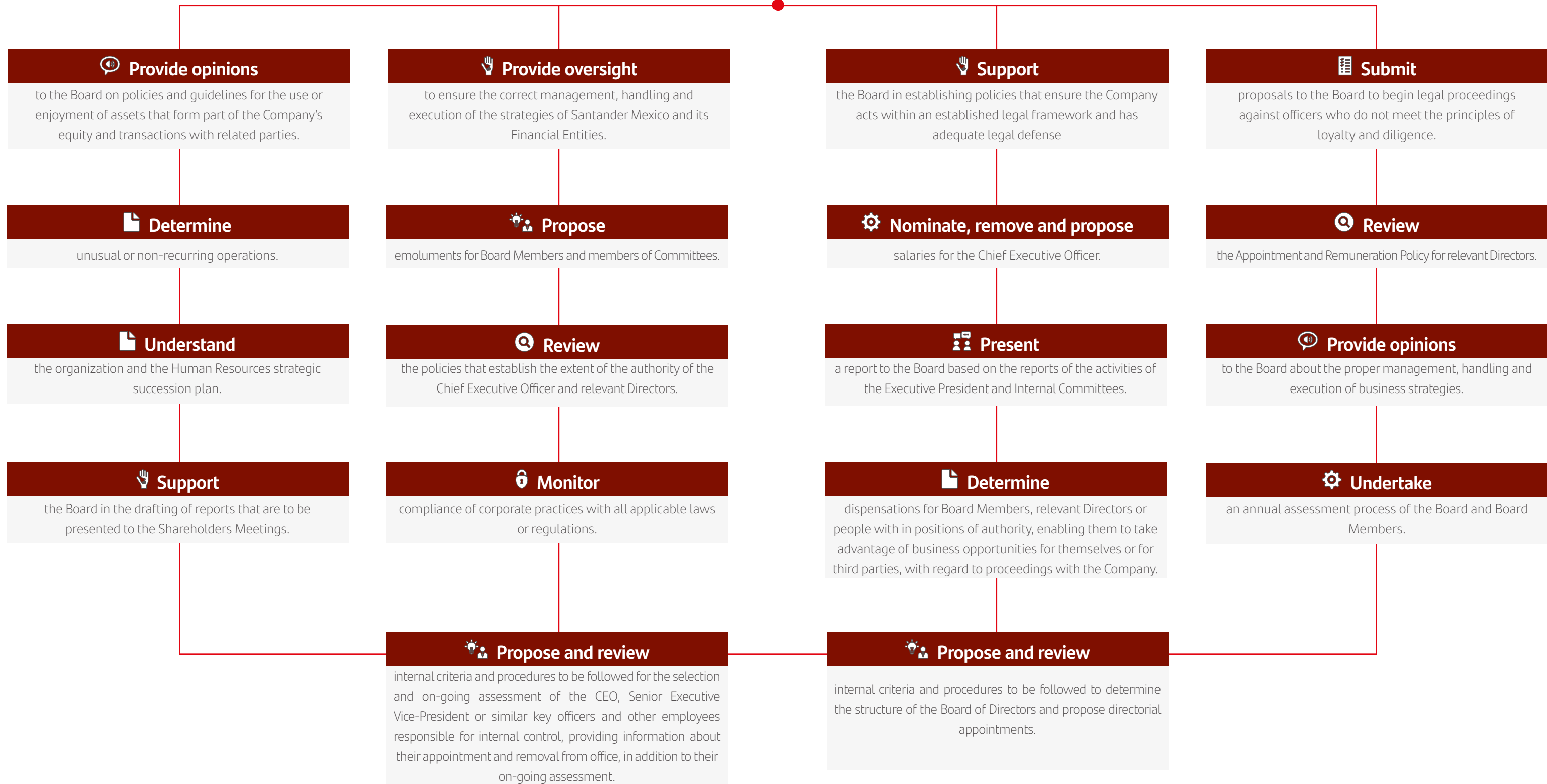
Corporate Practices, Nomination and Remuneration Committee (CPSNC)

(102-18)

(102-18)

Four sessions in 2019: January 17th, April 11th, July 18th and September 19th.

Functions



(102-18)

Comprehensive Risk Management Committee (CAIR)

Monthly sessions during 2019.

(102-18)

Functions**Propose, for the approval of the Board of Directors:**

- Comprehensive Risk Management's objectives, guidelines and policies, in addition to any eventual modifications to them.
- Global Risk Exposure Limits and Specific Risk Exposure Limits, taking the following into consideration:
 - » Consolidated Risk, itemized by Business Unit or Risk Factor, cause or origin, in accordance with that stipulated in Articles 79 to 85, in addition to, if necessary, Risk Tolerance levels.
 - » Mechanisms for the implementation of corrective measures (once a year).
 - » Special circumstances or cases under which Global Risk Exposure Limits and Specific Risk Exposure Limits can be exceeded.

Ensure

all staff involved in risk taking are aware of:

- Desired Risk Profiles.
- Risk Exposure Limits.
- Risk Tolerance Levels.

Approve

- Exceptional adjustments to Specific and/or Secondary Risk Appetite Limits, if and when they have the faculties delegated by the Board and prior approval from the Executive Risk Committee, Risk Tolerance Levels (once a year), as well as indicators on liquidity risks (Article 81 Section VIII).
- Methodology and procedures to identify, measure, monitor, limit, control, report and disclose the different types of risks to which the Institution is exposed (once a year).
- Models, parameters, scenarios and suppositions, including those relating to stress tests for liquidity risk (Appendix 12-B), which should be used to assess, measure and control the risks proposed by the Comprehensive Risk Management Unit - UAIR (once a year).
- Methodologies to identify, assess, measure and control the risks of new operations, products and services to be offered to the market.
- Corrective measures proposed by UAIR in terms of that stipulated in Article 69.
- Risk Management Manuals, based on the objectives, guidelines and policies established by the Board. Said Risk Management Manuals must be technical documents that contain, among other elements, the policies, procedures, flow diagrams, models and methodologies required to manage different types of risks (Article 78).
- Technical Comprehensive Risk Management assessment (Article 77) for its subsequent presentation to the Board and the Commission.
- Technical Evaluation Report (Article 77).

Appoint (remove)

with the ratification of the Board of Directors, the chair of UAIR.

Request

the Board adjust or authorize, under exceptional circumstances, the Global Risk Exposure Limits.

Inform the Board⁶

- The Institution's Risk Profile.
- The Institution's Risk Exposure.
- The negative effects that this could have on the Institution's operations.
- Non-compliance with established Desired Risk Profiles, Risk Exposure Limits and Risk Tolerance Levels.
- The corrective measures that have been implemented (Article 69).

Inform the Board⁷

- The Business Continuity Plan.
- Effectiveness Testing of the Business Continuity Plan.
- Methodologies for estimations of quantitative and qualitative impacts of operational contingencies, referenced in (Article 74 fracc. XI).

Adjust or authorize

extensions to the Specific Risk Exposure Limits:

- Under exceptional circumstances.
- With the prior approval of the Board.
- In accordance with the Risk Management objectives, guidelines and policies.
- When the conditions and situation of the Institution require.

⁴ UAIR (Comprehensive Risk Management Unit).⁵ AIR (Comprehensive Risk Management).⁶ Inform the Board, at least once quarterly.⁷ Inform the Board, at least once a year

Committee Responsibilities

(102-18)

The Board of Directors, the Audit Committee, and the Corporate Practices, Nomination and Remuneration Committee are responsible for making decisions regarding economic, environmental and social issues.

The Board's Committees (Advisory Committees) are responsible for identifying, analyzing and monitoring issues that are relevant to Santander Mexico. They are supported by the Internal Committees, which assist in the operational and decision-making processes of the Advisory Committees.

Santander Legal Pro Bono

To help drive the progress of low-income individuals and legal entities around the world, in 2018, the Bank created Pro Bono Committees.

Through a network of attorneys representing legal firms and notaries public in Mexico, Santander Pro Bono offers free legal advice to those individuals who want to start new businesses or who do not have access to the legal advice they need to ensure compliance with applicable legal frameworks.



Provide support

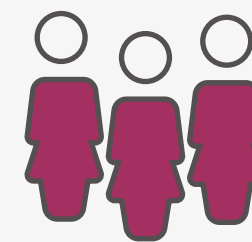
to Civil Society Organizations regarding finances and legal-fiscal obligations.

Provide

free legal advice to Civil Society Organizations and individuals.

Offer courses and consultancy

regarding the different types of civil associations that exist and the requirements that must be met by tax-exempt organizations, pursuant to the applicable legal framework.



To commemorate the International Day for the Elimination of Violence against Women, Santander Legal Pro Bono, in conjunction with Espacio Mujeres para una Vida Digna Libre de Violencia A.C. (EMU), offered its first Financial Education course to help promote the empowerment and economic and financial autonomy of women, helping the participants to create a life free from violence.



It is a great privilege to be able to participate in this important project, which allows us to have a positive impact on the community in which we operate. We are very grateful to Santander for the boost it has given to this project, offering us the opportunity to be part of a unique experience that has had a positive impact on our personal and professional development.

Mauricio Flores Castillo
Legal Director, Products.





Associations

The key to our success lies in the sum of the talent, experience, dedication and commitment of all our stakeholders. This is why we work alongside a range of national and international organizations to achieve goals that focus on ethics, transparency and sustainable growth.

(102-12, 102-13)

We have forged partnerships with the following financial associations in Mexico:

Mexican Association of Securities Intermediaries (AMIB)

Association of Mexican Banks (ABM)

Committee of Mexican Stock Exchange (BMV) Issuers

As a member of ABM, we signed the Association of Mexican Banks' Sustainability Protocol, which promotes sustainable development within the banking sector through five main areas:

- 1 Institutionalization of internal sustainability policies.
- 2 Management of environmental and social risks associated with investment or credit processes.
- 3 Sustainable investment.
- 4 Efficient use of resources in internal processes.
- 5 Monitoring and publication of the industry's sustainability policies and practices.



Voluntary Adherence to International Initiatives (102-12, 102-13)

United National Global Compact

It endorses 10 universally-accepted Principles to promote Corporate Social Responsibility.

Banking Environment Initiative (BEI)

It helps entire sectors develop profitable strategies that are aligned with the Sustainable Development Goals. This program is part of Cambridge University.

World Business Council for Sustainable Development (WBCSD)

It helps the private sector with sustainable development, focusing on three fundamental areas: stakeholders, the environment and societies.

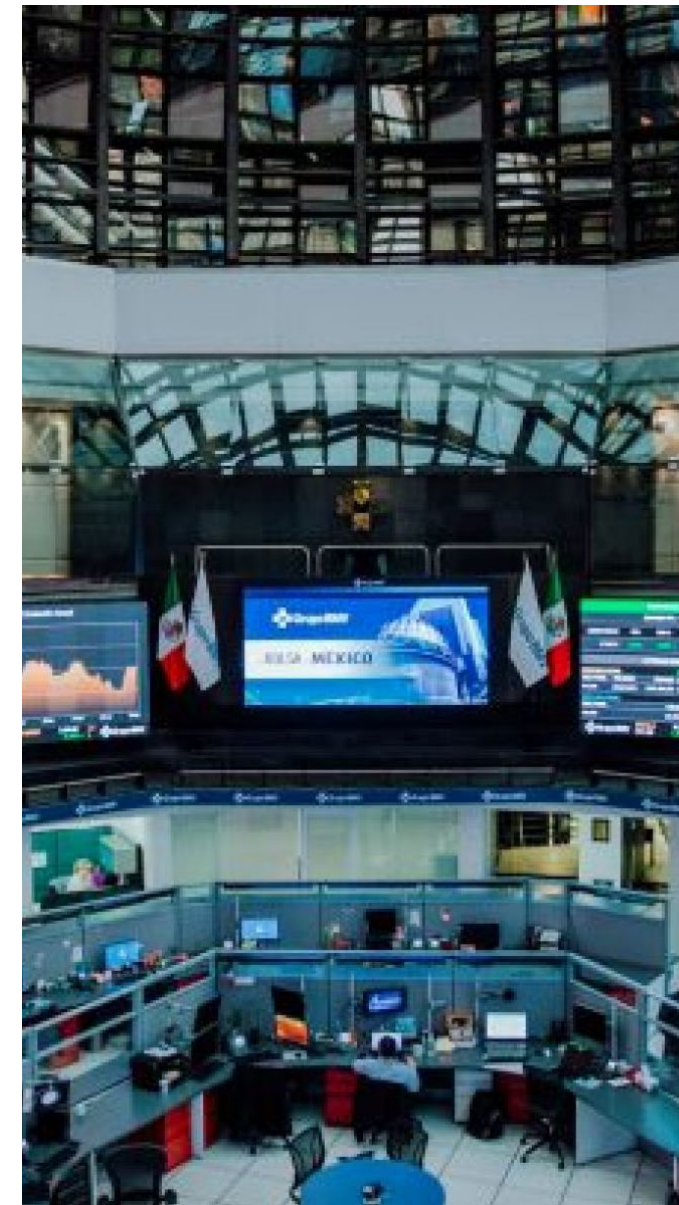
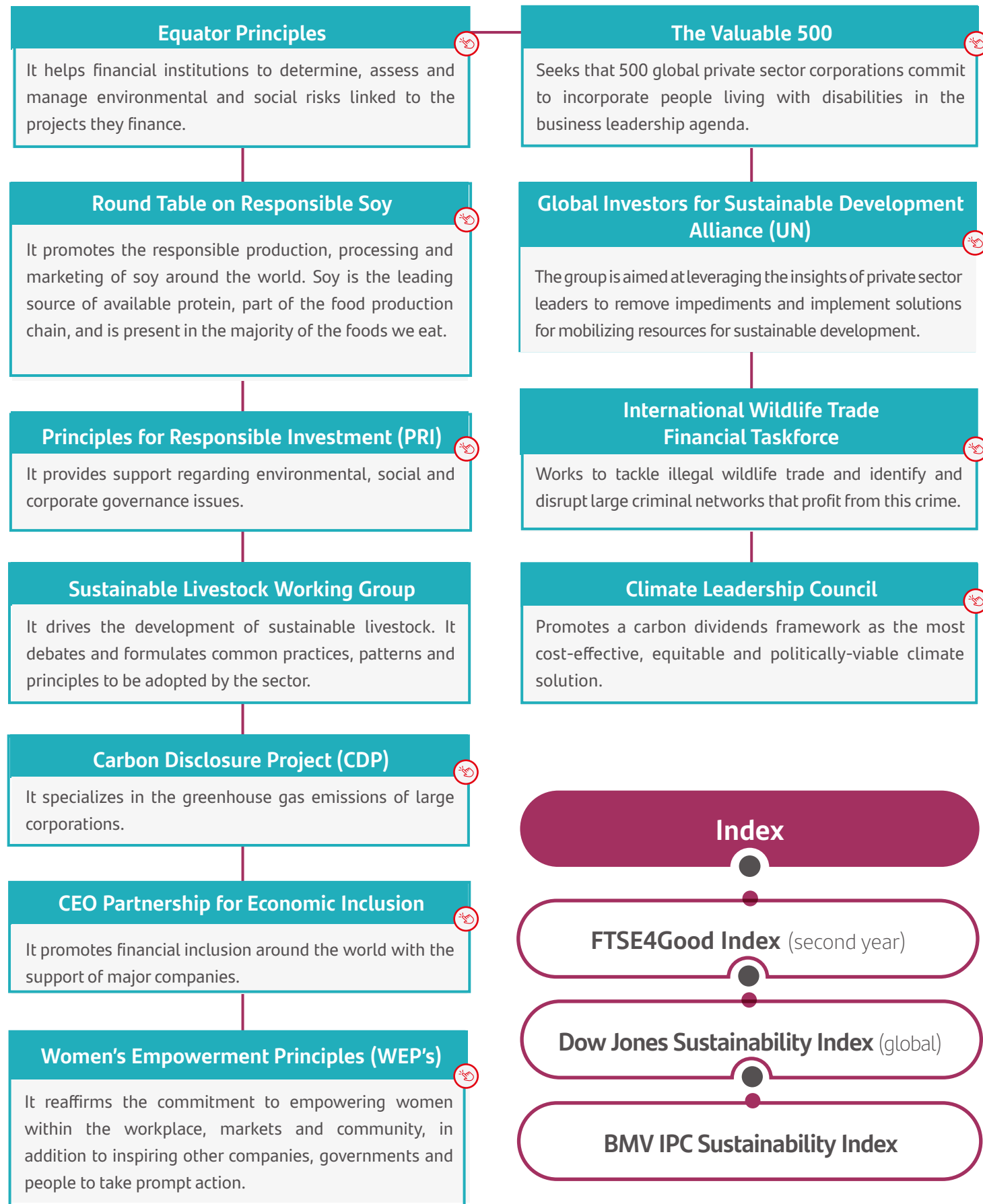
UNEP Finance Initiative

It focuses on bringing about a systemic change within the finance sector to promote a sustainable world. It is a program from the United Nations that focuses specifically on the financial sector.

Wolfsberg Group

It focuses on developing risk management guidelines and frameworks for financial crimes.

(102-12, 102-13)



Programs

BID Y ACLIMATISSE

A pilot program that aims to consolidate the institutional and operational capacity of Mexican banks to identify and manage environmental, climate and social risks and opportunities, helping financial institutions incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Committee of Mexican Stock Exchange Issuers (102-12, 102-13)

We are an active member of the Committee of Mexican Stock Exchange Issuers. This Committee focuses on relevant issues regarding the opinions, requirements, needs and concerns of the stock exchange, in addition to its regulations, practices and members.

Its goal is to review and discuss issues relating to participation on the stock exchange, in addition to facilitating the participation of issuers in all activities covering regulatory, promotional, development and distribution issues with the goal of consolidating the market.

During 2019, some of the most relevant issues tackled during the Committee's sessions included:

- **Changes to the IPC Sustainability Index.** It was announced that, as of 2019, RobecoSAM would be tasked with all evaluations regarding BMV indices. An index designed to measure the performance of issuers in terms
- **Analysis of Decree for Fiscal Stimulus for the Stock Exchange.** It outlines the fiscal stimulus packages for transactions in the financial sector.
- **Bill by the House of Representatives regarding the Participation of Women in Board of Directors.** It was stated that this bill aims to reform Articles 19, 24 and 26 of the Stock Market Law.
- **Bill by the Senate regarding Class Actions by Companies Listed on the Stock Market.** Reform of Article 103 of the Stock Market Law, which considers the possibility that shareholders can seek invalidation and the payment of damages on an individual basis or by means of class actions.
- **Methodology for ESG Indices:** This index uses the following indices as benchmarks: S&P/BMV IPC, representing the most traded issuers on the market, and S&P Mexico BMI, which includes fibers.



Risk Management

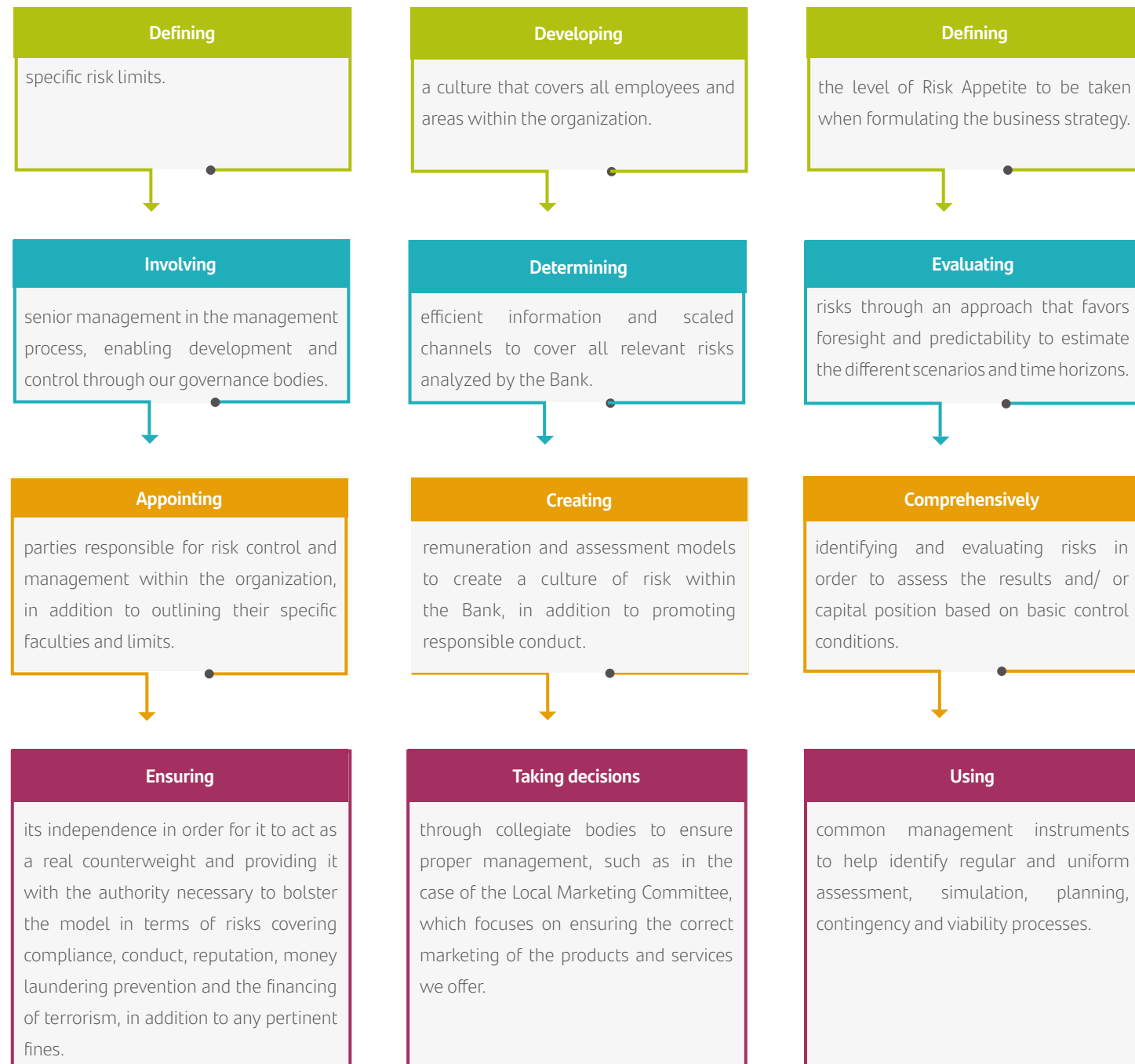
(102-11, 103-2, 103-3)

Optimal risk management is necessary to guarantee our security and functionality as an organization. This is why we have a Risk Management Model, which helps us to ensure responsible compliance within our activities to help protect our organization and our stakeholders.

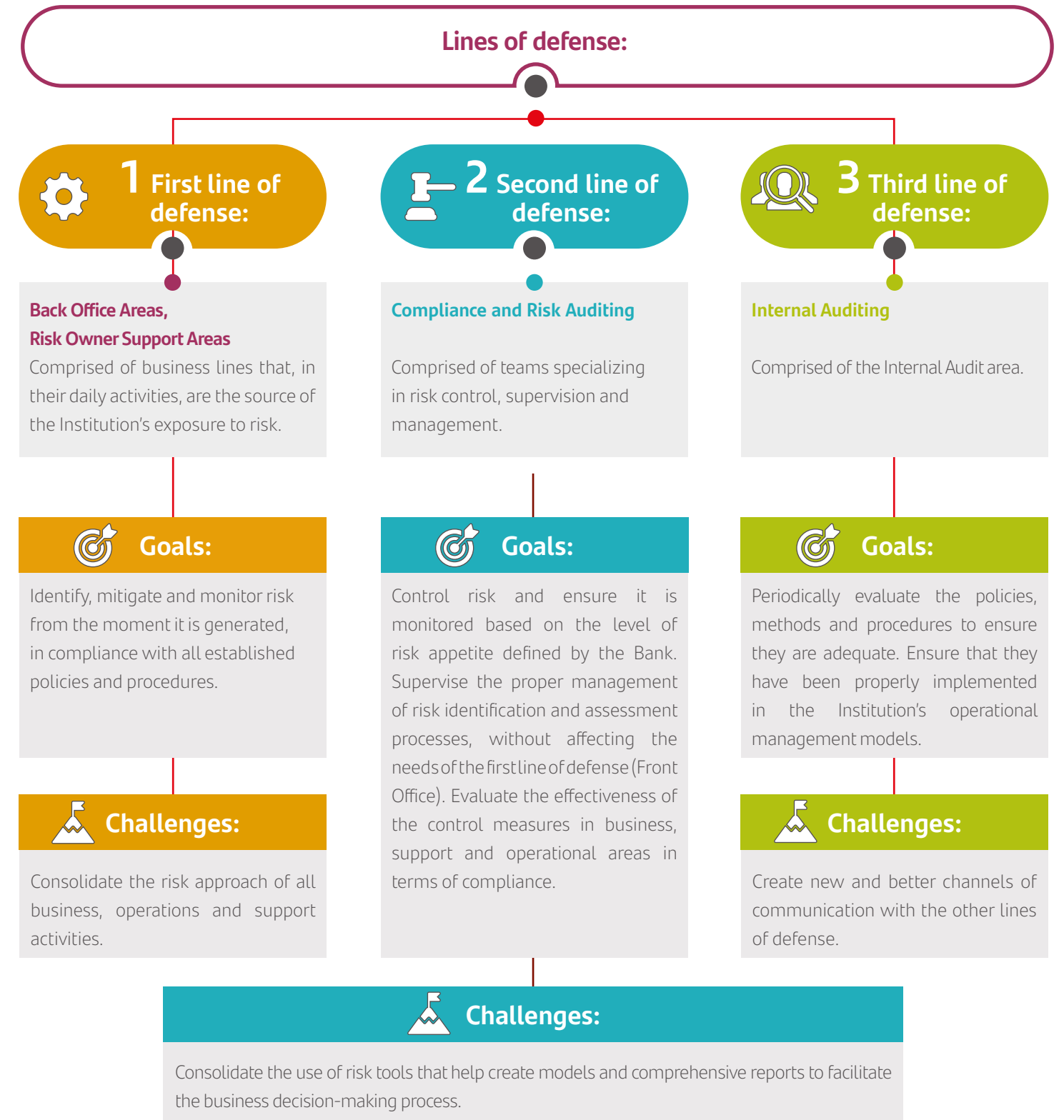
Risk Management Model

(102-11)

The Comprehensive Risk Management Committee (CAIR), which falls under the auspices of the Board of Directors, is responsible for coordinating the Risk Management Model.



This Model encompasses three lines of defense, which are outlined below:



There are different types of risk in the banking sector, especially those relating to credit, market, liquidity and financing; however, through this Risk Management Model, we ensure a mid-low, predictable risk profile.

We also have a School of Risk in Mexico, which is tasked with designing risk strategies and plans of action within our organization.

This body is also responsible for publishing information regarding the culture of risk through the following tools:

- Knowledge Maps.
- Risk Training Catalog.
- Risk Programs.
- Curricular Plans.
- Technical, Functional or Case Study Awareness Sessions.
- E-learning (Online Training).
- Best Practices Workshops.



Our

employees take part in an assessment process to identify areas of opportunities and risks.

Actions within the Culture of Risks

The culture of risks is not specific to the bank, rather it is a way in which we can safeguard that which we are interested in through ethical and responsible behavior underpinned by common sense. Estas fueron nuestras principales iniciativas 2019:



Risk Pro Charity



As a major part of social responsibility efforts within the Risks department, we created Risk Pro Charity, an employee initiative that aims to help socially disadvantaged people by working directly with a range of institutions that form part of Fideicomiso Por los Niños de México. In 2019, 8 programs were implemented, with a total social investment of MXN \$1.4 million and benefitting 421 people.



“Risk Pro Charity is a team activity that we coordinate within the Risk Department, the goal of which is to create programs that have a social impact that benefit communities and people who are socially and economically disadvantaged.

Alongside other areas that have collaborated with Risk Pro Charity programs, we share the commitment to our company’s mission regarding the progress of people; our business must always be conducted responsibly.

Managing risks and having a positive impact on society is everyone’s responsibility.”

Ricardo Alonso Fernández
Chief Risk Officer.



Semana Santander- Risk Pro

- **Risk Profiler:** a fun quiz that, based on employee answers, tells them what their risk profile is, using an analogy relating to a breed of dog.
- **Culture of Risks Awareness:** a series of activities was organized, focusing on 5 different areas: fraud, cyber risk, socio-environmental risk, Comprehensive Risk Management, and cultural transformation.
- **Risk Rooms (escape rooms):** employees were challenged to discover key risk-related messages every day.

Advance Risk Management 2019

By corporate request, 21 programs were identified, focusing on local and global milestones for Advanced Risk Management (ARM – a program to accelerate the implementation of strategic projects to improve the capacity to manage and control risks) in order to help align the guidelines to the Bank's risk strategies. The DGA has reported advances in keeping with the roadmap, estimating an advance of 98% for ARM and 91% for Risk Strategy to the end of the year.

Cycle of Conferences

Through conferences, risk directors provide information about the responsibilities of each area and how each employee participates in these processes.



Risk Pro Branch Certification

This internal certification recognizes risk management excellence by branch employees. To select these offices, Risk Pro takes the IGR into account, an index that catalogs branches based on metrics that measure risk management.

Visual Positioning Campaign

A graphic element was added to our corporate brand, Risk Oro, and at the corporate headquarters in Santa Fe, yellow Risk Pro Zone banners were put up, in addition to a digital campaign that included a range of messages dealing with specific risk management activities for central areas, BEI and branches.

Senior Management Commitment Campaign

Part of the principles of the culture of risk, Risk Pro, requires the commitment by senior management to these behaviors, making them ambassadors and promoters of these behaviors within their own teams. This is why we coordinated a campaign in which each department sent a personal e-mail to all members of their teams. To promote this commitment, a video was also made that included the participation of all departments.

Business Ethics

Ethical behavior is one of the pillars upon which our organization is built, and it has enabled us to grow sustainably and forge relationships with our stakeholders that are based on trust and loyalty.



General Code of Conduct (CGC)

(102-16, 102-17)

Santander's General Code of Conduct (CGC) is our highest legal framework. It includes the principles, values and regulations that govern our way of operating.

Principles



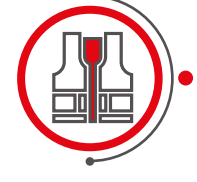
Equality Opportunities and Non-Discrimination.



Respect for People – Human Rights.



Personal and Work Life **Balance**.



Prevention of Workplace Risks.



Environmental **Protection** and Social and Environmental Responsibility Policies.



Collective **Rights**.



Alejandra, Santander employee.

(102-16, 102-17, 103-2, 103-3, 205-2)

Training our employees in business ethics is of crucial importance to the Bank's operations. This is why we offer comprehensive training regarding the application and specifications of Santander's Anti-corruption Policy and General Code of Conduct.

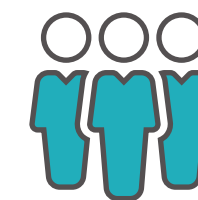
	Men	Women	Total Hours
General Code of Conduct and Anti-Corruption Policy Training	Directors	120	469
	Deputy Directors	376	911
	Managers	1,553	3,307
	Administrative and Operational Personnel	3,895	6,336
	Total	5,079	5,944



In 2019, we provided **11,023 hours** of General Code of Conduct (CGC) training.

It is a secure system that promotes the participation of Santander Mexico's employees, ex-employees and suppliers while ensuring no social or professional repercussions for those filing reports.

With our Ethical Line we comply with one of the vectors of the Norm 035 of Psychosocial risk factors at work and with one of the requirements of the Business Integrity Registry of having this type of complaints system.



98% of Ethics Line users view this service favorably.

More than **2,300** reports received to date.

900 report received in 2019, **15% more** than in 2018.

Culture of Ethics

Our sense of business ethics lies in the embodiment of Santander's values and principles by everyone at the organization. Throughout our history, we have forged and consolidated a culture of ethics that has allowed us to position ourselves as a responsible bank.



We have a channel through which our employees can report any ethical issues regarding Santander's operations.

Our Ethics Line, operated by EthicsGlobal, offers a means of anonymously and confidentially reporting any misconduct or irregularities through easy-to-use channels, including an application, online chat platform, e-mail account, website and telephone number.

Improvements made as a result of the reports filed: (102-17)

- 

Feedback and monitoring processes to help promote best practices among directors.
- 

Dismissals as a result of mistreatment or misconduct.
- 

Interventions at workplaces to identify and improve the working environment.
- 

Effective fraud prevention.

Corruption Prevention

We give priority to transparent operations and accountability, and we strongly condemn any actions linked to illegal practices, such as bribery, payment of contributions, influence peddling, the misuse of public funds or any other activity related to corruption.

Every single day, we consolidate our culture of ethics through Santander Mexico's Corruption Prevention Policy, as well as the operations of the Compliance area and other relevant Committees, in addition to the implementation of a range of strategies.



We provided information about our policies to: (102-17, 205-2)

22 members of the Board of Directors.
 100% of members of the Board of Directors.
 18,671 employees.
 100% of employees.

Our Corruption Prevention Policy regulates the following areas:

The classification

of corruption.

The guidelines

for gifts received by Santander employees.

The functions

of Compliance area and other sustainable control mechanisms.

Engagement

with public and private institutions.

The reporting channel

The Corruption Prevention

Committee (which is only convened when cases that are not contemplated in the policy arise).

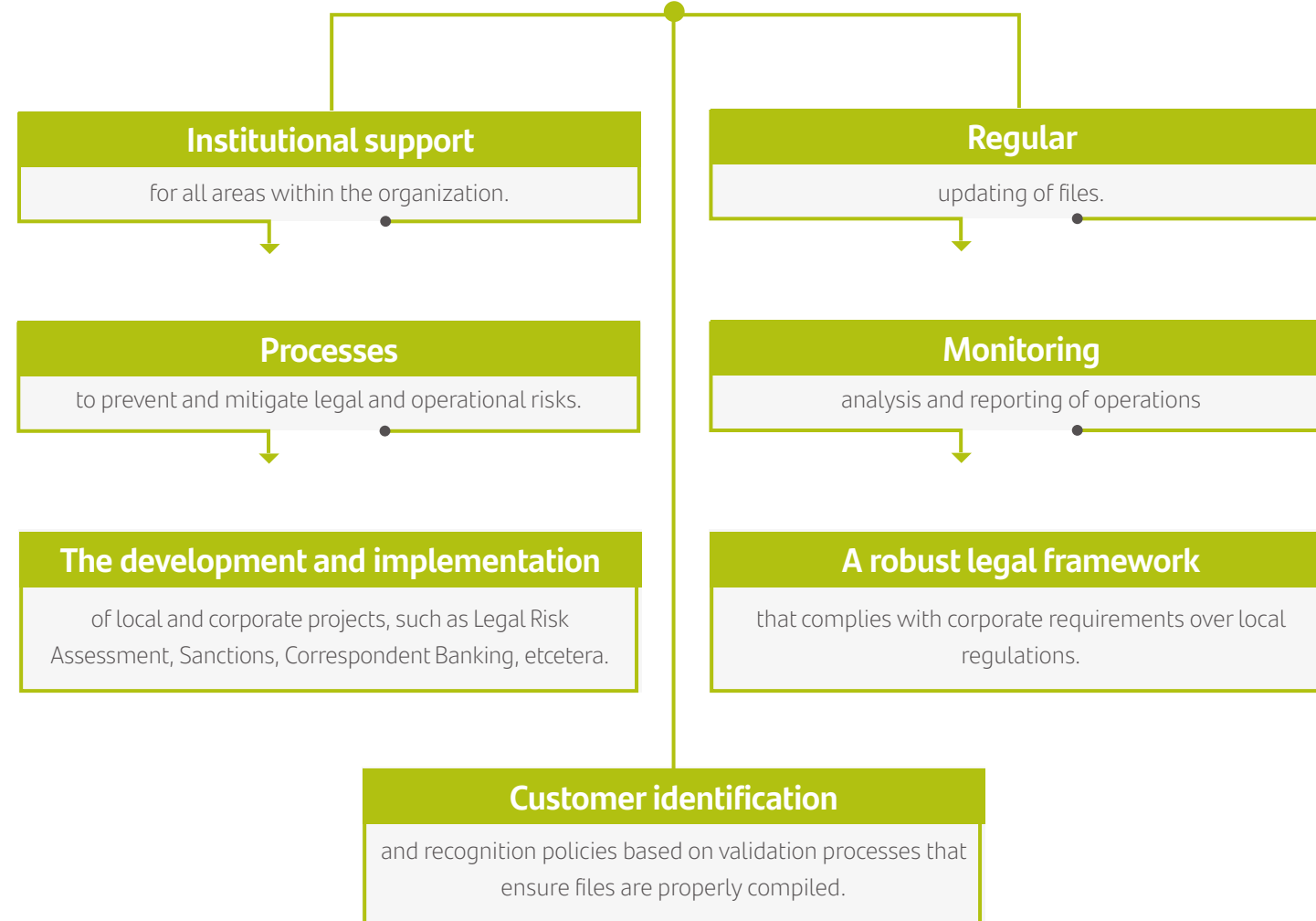
Money Laundering Prevention (102-17)

Without a doubt, a major priority in business ethics is preventing money laundering and terrorist financing. To tackle these issues, we have procedures that help us eradicate any activity that hides information about the sources of funds.

To achieve our mission, we designed a system for the Prevention of Money Laundering and Terrorist Financing (PMLTF), which stipulates the policies, guidelines, regulations, flows and controls necessary to avoid handling funds from dubious sources.

This system is governed by the General Policy and Procedures Manual, which is reviewed on an on-going basis to ensure compliance with domestic regulations. Furthermore, there is a risk and control certification program, which is implemented twice a year.

Structure of the Prevention of Money Laundering and Terrorist Financing System



Institutional Framework for Prevention of Money Laundering and Terrorist Financing System

1 Communication and Control Committee

The maximum authority in PMLTF, presided over by the Joint General Director of Legal Affairs and comprises the Joint General Directors and Executives from the Financial Group's Business and Control areas.

2 Money-Laundering Prevention Unit (UPLD)

Is composed of 6 departments: Monitoring, Monitoring of High-Risk Clients, Analysis, Risk Management, Strategy, and Engagement and Implementation of the Corporate Norkom System.

3 Compliance Officer

Is responsible for implementing the PMLTF system and is certified by the regulatory body.



In 2019, we gave
27,787 hours of money laundering prevention training.



Marcela, Santander employee.

(102-17)

	Men	Women	Total Hours	
Money Laundering Prevention Training Hours	Directors	1,017	346	1,363
	Deputy Directors	1,352	1,216	2,568
	Managers	4,270	3,214	7,484
	Administrative and Operations Personnel	6,611	9,761	16,372
Total	13,250	14,537	27,787	



Training

in existing **Prevention of Money Laundering
and Terrorist Financing Policies:**

22 members of the **Board of Directors.**

100% of members of the **Board of
Directors.**

18,671 employees.

100% of employees.

Conflicts of Interest

To prevent any act that could be motivated by secondary economic or personal motives, at Santander we have implemented measures that restrict the acquisition or leasing of goods and assets, as well as in transactions and product and service contracts, with companies or people with which there is a vested interest or a family connection.

The Compliance area is responsible for receiving, identifying, analyzing and registering any acts that infringe the General Code of Conduct (CGC). Once the Compliance area has registered the reports, these are then sent to the Compliance Committee.



06



Our Responsible Banking Agenda

New Business Environment

Inclusive and Sustainable Growth



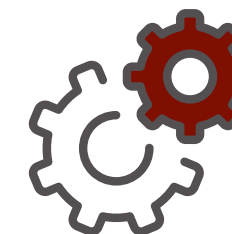


Principle 2: Impact and Target Setting

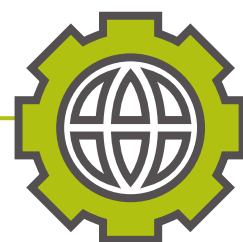


Santander has a solid track record as a responsible bank...

tuiio
FINANZAS DE TÚ A TÚ
From the beginning of its operations, Tuiio has benefitted **105,018** people through microloans to help them boost their businesses.



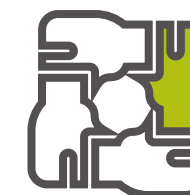
In 25 years, of *Fideicomiso Por los Niños de México*, we have donated more than **MXN\$132 million**, supported **660** organizations and benefitted more than **341,000** girls and boys.



ISO 14:001
certified since 2003.



In 17 years, and thanks to the donations made by our customers, we have channeled more than **MXN \$417.7 million** to support social and environmental causes in alliance with our Sustainable Partners.



Members
of the United Nations Global Compact since 2012.



In 14 years of the Santander Business Innovation Award, we have invested **MXN \$22.4 million** to help support young Mexican entrepreneurs.



+MXN \$1,360 millions

invested since 2005 in the Higher Education Support Plan (PAES).



For 15 years, we have been awarded the **Socially Responsible Company (ESR)** award.



...Now, our ambition is to go
even further.

We have developed 10 Responsible Banking global commitments - the results of which could be seen as early as 2021 - that enrich the way in which we operate. These commitments, that include strict metrics and transparency guidelines regarding compliance, are aligned with what we, as a society, aspire to achieve regarding equality, financial inclusion, social development within communities, support for education, and environmental conservation.



Principle 5: Governance and Culture



Principle 6: Transparency and Accountability

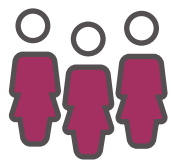
Milestones and advances in Mexico:



Be one of the top 10 companies to work for

in at least 6 of the major markets in which we operate (2021).

- In 2019, we were presented with the **Great Place to Work Mexico award**.



Ensure between 40% - 60% women members

on our Board of Directors (2021).

- In 2019, we had **4 women proprietary board members**, representing **36% of proprietary members and 18% of total board members**.



Have at least 30% women directors

in senior leadership positions (2025).

- We closed 2019 with **16% of women in senior leadership positions** *.



Achieve equal pay

(2025).

- In 2019, we achieved **-1.6%****



Financially empower 10 million people

(2025).

- In 2019, we **financially empowered 236,943 people** through microloans, accessibility and financial education⁸.



Provide a total of €120 billion

in financing to help tackle **climate change** (2025).

- In 2019, we participated in the financing of **Delaro, a wind farm in Tamaulipas** that can generate enough **energy to light 282,000 households in Mexico**.



Ensure that 100% of the energy

we use comes from **renewable sources** (2025).

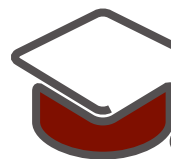
- In 2019, we signed a **PPA (Power Purchase Agreement)** for wind energy. By 2021, **30% of the energy we use will be renewable**.



Eliminate unnecessary single-use plastic

from all our offices and buildings (2021).

- In 2019, we **reduced** the unnecessary single-use plastic in our offices **by 44%**.



Offer 200,000 scholarships, internships

and entrepreneur programs (2021).

- In 2019, we **granted 6,300 scholarships** to young university students.



Help 4 million people

through a range of **community investment programs** (2025).

- In 2019, we **benefitted 73,608 people** thanks to **40 social investment initiatives**.

⁸ The cumulative advance for 2019 goal was 248,351 financially empowered people.

* Senior Leadership: Promotorio, Faro and Solaruco.

** Equal pay was calculated by comparing employees from the same job, level and functions. The ideal indicator is 0%.



New Business Environment

Our Employees

Our Responsible Practices

Digital Transformation

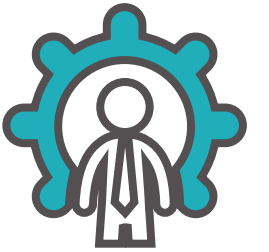


One of the two major challenges of our Responsible Banking Agenda focuses on our **New Business Environment**: the way in which we operate. This means that we need to prepare for a constantly changing scenario and ensure we have committed employees who are capable of understanding the needs of our customers by using technology. Our purpose is to go even further, exceeding social expectations and operating responsibly.



18,671
employees.

791,590
training hours.



More than 70 applications
from **fintechs** that participated in
Santander RADAR.



More than
50,000
Santander TAP customers.



20 young
people supported
through national art
and cultural mobility
scholarships via our
Santander Legacy card.



55%
of all promotions in
2019 **were for female**
employees.



More than
26,500
correspondent banking
points to benefit our
customers.

**Principle 2: Impact and Target Setting**

Our Employees

If there is something that Santander is renowned for it is its extraordinary team of people. We express our gratitude and recognize their hard work through practices that guarantee their optimal personal and professional development by means of attractive programs and benefits. Our employees are the cornerstone of our success, and it is thanks to their commitment and performance that we are proud to be able to call ourselves a responsible bank.



Santander Parents Program

México

Our diverse and inclusive teams are a reflection of society. Managing this diversity allows us to attract, develop and retain the very best talent, which leads us to achieve better results in a sustainable way. Diversity and Inclusion are a fundamental part of our Santander culture.

One of our Diversity and Inclusion pillars is work- life balance. We understand that work is only one aspect of people's life, therefore we have initiatives for workplace flexibility. An example of those initiatives is the Santander Parents Program, which, through specific actions, seeks to provide our employees with the time and invaluable opportunity to live unique and unrepeatable moments with their children and share quality time with their family.

Some of the most significant proposals of this program are:

- **Parent School.**
- **Parent Mentors.**
- **Childcare.**
- **6x2x6.**



Christian Fajardo

Santander Employee.

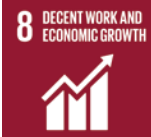
“Santander Parents Program has supported me in this new stage of my life with its flexibility programs, allowing me to adjust my schedules to fulfill my work activities and at the same time be able to offer my family quality time and be present in the first months of my baby's life which I consider are very important for building strong family ties.

The 6x2x6 program has allowed me to work from home a couple of hours a day so I can be with my family even if I continue working on my daily workload”.

To find out
more



(102-8, 401-1, 404-1, 405-1)



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Employment

(102-8, 102-41, 401-1, 404-1, 405-1)



3,050
new hires in 2019.

1,662
promotions.

Our goal as an employer is to be a more engaged, human and sustainable institution, which is why, throughout our history, we have implemented strategies and programs that attract the very best talent to the organization, in addition to ensuring that our employees see us as part of their future and an ally in their development.

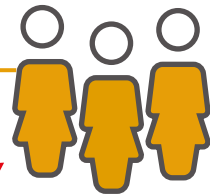
In 2019, we had a total of 18,671 employees, in addition to 2,681 outsourced staff. 18.9% of our employees are part of a collective agreement, i.e., they are part of a union.

Through a career plan that drives their growth, at Santander we promote a sense of identity and belonging among our employees. During 2019, there were 1,662 promotions for a range of positions, 916 for female employees and 746 for male employees.

⁹ The methodology used can be found as a Direct Response on page 289 of the GRI Index.

Women: 10,250

33.5 years average age.
6 years average years of service.
1,699 new hires.
35.5 hours average training hours.
1,491 outsourcing.
14.92% turnover rate ⁹.



55%
of all employees are women.



26%
of all directors are women.



	Aged under 30	Between 30 and 50	Aged over 50	Total
Directors	4	171	45	220
Deputy Directors	64	571	68	703
Managers	668	1,953	170	2,791
Administrative and Operational Staff	3,542	2,724	270	6,536
Total	4,278	5,419	553	10,250

	Type of contract		
	Fixed	Temporary	Total
	10,189	61	10,250

	Type of contract	
	Unionized	Non-Unionized
	2,281	7,969
Total	10,250	

	Employee recruitment	
	Age	Women
Aged under 30		2,068
31-40		678
41-50		192
Aged over 51		45
Total		2,983

In 2019, there were 2,909 dismissals of female employees, 1,636 of whom were aged under 30, 889 were aged between 31 and 40, 268 were aged between 41 and 50, and 116 were aged over 51.

(102-8, 401-1,404-1, 405-1)

Men: 8,421

35.1 years average age.

7 years average years of service.

1,351 new hires.

36.5 hours average training hours.

1,190 outsourcing.

18.86% turnover rate ¹⁰.

(404-1, 403-5)

Average training hours



Women



Men

	Women	Men
Directors	44.0	30.4
Deputy Directors	35.0	31.0
Managers	50.2	49.0
Administrative and Operational Staff	29.2	29.7
Total	35.5	36.5
Total average training hours	36.0	

	Aged under 30	Aged 30-50	Aged over 50	Total
Directors	2	408	230	640
Deputy Directors	102	703	183	988
Managers	759	1,994	219	2,972
Administrative and Operational Staff	2,288	1,332	201	3,821
Total	3,151	4,437	833	8,421

	Type of contract		Total
	Fixed	Temporary	
	8,371	50	8,421

Type of Contract		Total
Unionized		1,242
Non-Unionized		7,179
Total		8,421

Employee recruitment		Total
Age	Men	
Aged under 30		1,545
31-40		647
41-50		174
Aged over 51		58
Total		2,424

In 2019, there were 2,804 dismissals of male employees, 1,372 of whom were aged under 30, 919 were aged between 31 and 40, 317 were aged between 41 and 50, and 196 were aged over 51.

¹⁰ The methodology used can be found as a Direct Response on page 289 of the GRI Index.

General turnover rate (401-1)

Age	Percentage
Aged under 30	21.93%
31-40	14.79%
41-50	11.56%
Aged over 51	8.18%
Total turnover rate	16.72%

Employee training

(404-1)

We strive to offer our talent the best and most up-to-date tools to help drive their professional development. In 2019, we offered more than 650 training courses covering a range of topics: administrative, commercial, financial, ethical, technological and security, among others



During 2019 we offered a total of 791,590 training hours.

29.51% focused on technical training, a type of training that focuses on implementing new processes and tools that streamline our employees' daily operations.

38.32% focused on compliance training, encompassing courses and certifications endorsed by an authority.

32.17% focused on management training focusing on developing management skills to promote teamwork and achieve goals.

Of the training offered, 59.62% was online; 38% was face-to-face, and 2.39% was offered through virtual classrooms.



21,939
employees trained¹¹.

791,590
training hours offered to
our employees.

MXN \$166,296,064
invested in training.



Academia MX

Tailor-made training that seeks to foment the professional development of employees through innovative training, such as the use of mobile devices and technology, based on a range of virtual spaces that allow them to choose when and where they take their courses.

We offer content from international platforms, such as TED, KhanAcademy, Coursera, edX, miriada and the Open University of Catalonia (UOC). This training is complemented by courses created by Banco Santander to offer a wide range of training options.



11,461
active users.

113,512 badges obtained.

74 sprints published.

5 learning plans launched.

Launch of Academia via Contact Center

Academia was launched for everyone from the Contact Center during an event encompassing a live webinar that was attended by a total of 990 employees.

Digital Training

This training program is aimed at all the Bank's employees who want to learn more about digital transformation and/or develop digital skills. The courses currently on offer encompass content focusing on the development of a digital mindset in areas such Agile, Innovation, Digital Culture, Office 365 and Design Thinking, among others.

During 2019, several specific programs were implemented to promote digital skills among Santander's employees.

Other Digital Transformation Training Projects

In October, we launched the first Digital Transformation and Analytics Diploma, a program designed in conjunction with the Tecnológico de Monterrey, the goal of which is to help train professionals in the competencies they need to spearhead the digital transformation process we are currently undergoing. The diploma is divided into common core subjects and disciplines in Agile Business, Big Data and Data Science. In 2019, 31 people from different areas took part in this program.

In October 2019, we also launched an Agile training program that has been designed for people collaborating on a project that requires the incorporation of agile practices. The program covers everything from the principles of Agile to the development of the Product Owner, Scrum Master and Lean Practitioner roles.

Clerk Induction

The entire clerk training program was redesigned, focusing on turning it into a program based on customer service and a positive mindset.

Training hours by method and employment category	Face-to-Face	Virtual Classes	E-learning	Total Hours
Directors	14,174	459	17,129	31,762
Deputy Directors	20,941	796	38,376	60,113
Managers	107,005	3,660	219,053	329,718
Administrative and Operational Staff	158,657	13,970	197,371	369,997
Total	300,776	18,885	471,929	791,590

We have online training that allows our employees to take advantage of digital tools, in addition to offering them access to the best content to help them develop their competencies.

¹¹ The difference between trained employees and total employees reported to year-end 2019 is the result of employee movement during the year.

SME Promotion Induction

The goal of this program is to train and certify all branch SME executives, Senior SME executives and SME Center Managers to help standardize knowledge through Academia and Zoom sessions given by experts. The goal is also to ensure an on-going training and certification process for new hires (promotions and sign-ups) for the position of branch SME executive.

Talent Retention and Development

A fundamental part of achieving our mission of driving the progress of people and companies is having a unique, motivated and committed team that has a wide-ranging outlook and is capable of looking beyond the workplace.

Among the programs we have implemented that promote talent attraction and retention within our organization, the following play a major role:

Santander Meeting and Coffee Talks: Through this program, we have confirmed that Santander is a great place to work. We invite university officials, recent graduates and students who are close to graduating to these events, offering them the opportunity to spend a day at Santander. We give presentations about the Bank, our talent attraction programs and employment opportunities.

In 2019, the following people took part in this program:

- 193 academics
- 100 students
- 78 university campuses
- 5 regional institutions

Anáhuac-Santander Scholarship: In conjunction with Universia and Universidad Anáhuac, we offer a scholarship to 30 students from a range of degree and high-performance programs from their second semester onward. Throughout their degree program, we coordinate activities with these students to ensure that, when they graduate, they choose us as the best option for starting their professional lives.



Scholarship for Master's in Banking and Financial Markets: We offer employees the opportunity to enroll in a Master's degree program at a prestigious university in Mexico.

Banking Administration Course at ITAM: This program aims to consolidate our relationship with one of the best universities in the country, the Autonomous Technological Institute of Mexico (ITAM), actively contributing to student development.

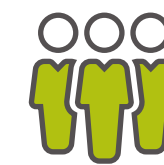
Mundo Santander: Aimed at high-performance professionals within the Group, this program focuses on assigning them to a short secondment in an area of interest to the participant in a foreign country. There is a development platform where participants can review new projects that help them consolidate their knowledge and experience. We actively participate in this global development program by sending an average of 30 employees from Mexico and receiving around 10 employees per year.

Evaluation Processes

We constantly monitor the professional growth of our employees, which is why we have a range of evaluation and monitoring tools that allow us to identify the development of our employees within the institution.



DPO Evaluation

The Goal-Based Performance Evaluation (DPO) model focuses on recognizing efficiency and effectiveness based on results, allowing us to ensure fair growth. This type of evaluation reviews employee results and processes and encompasses three main areas: general performance, individual contributions to the goals of the area, and behavior.



3,899

employees were evaluated using this model in 2019.



	 Women	 Men	Total
Directors	301	124	425
Deputy Directors	646	444	1,090
Managers	750	673	1,423
Administrative and Operational Staff	373	588	961
Total	2,070	1,829	3,899

360° Evaluation

By incorporating feedback based on all workplace relationships – superiors, peers and employees –, this evaluation ensures greater objectivity. The range of perspectives considered allows us to help our employees develop their personal skills and holistic development.



15,702
employees were evaluated using this system in 2019.

	 Women	 Men	Total
Directors	525	201	726
Deputy Directors	990	685	1,675
Managers	2,795	2,649	5,444
Administrative and Operational Staff	2,935	4,922	7,857
Total	7,245	8,457	15,702



Based on the results of our annual surveys, we calculated the leadership index of our directors. Through this exercise, we identified outstanding leaders and recognized their contributions in our newsletter, a fortnightly publication sent to all the Bank's employees. They were also invited to a breakfast event with Héctor Grisi, President of Santander Mexico, during which they shared their best practices.

Winners Club

Is our way of recognizing the hard work of our best employees from the Commercial Network, who, throughout the year, have achieved the best comprehensive results within the incentive model. Their reward is a trip to a convention with a range of special events.

Champions League Competition

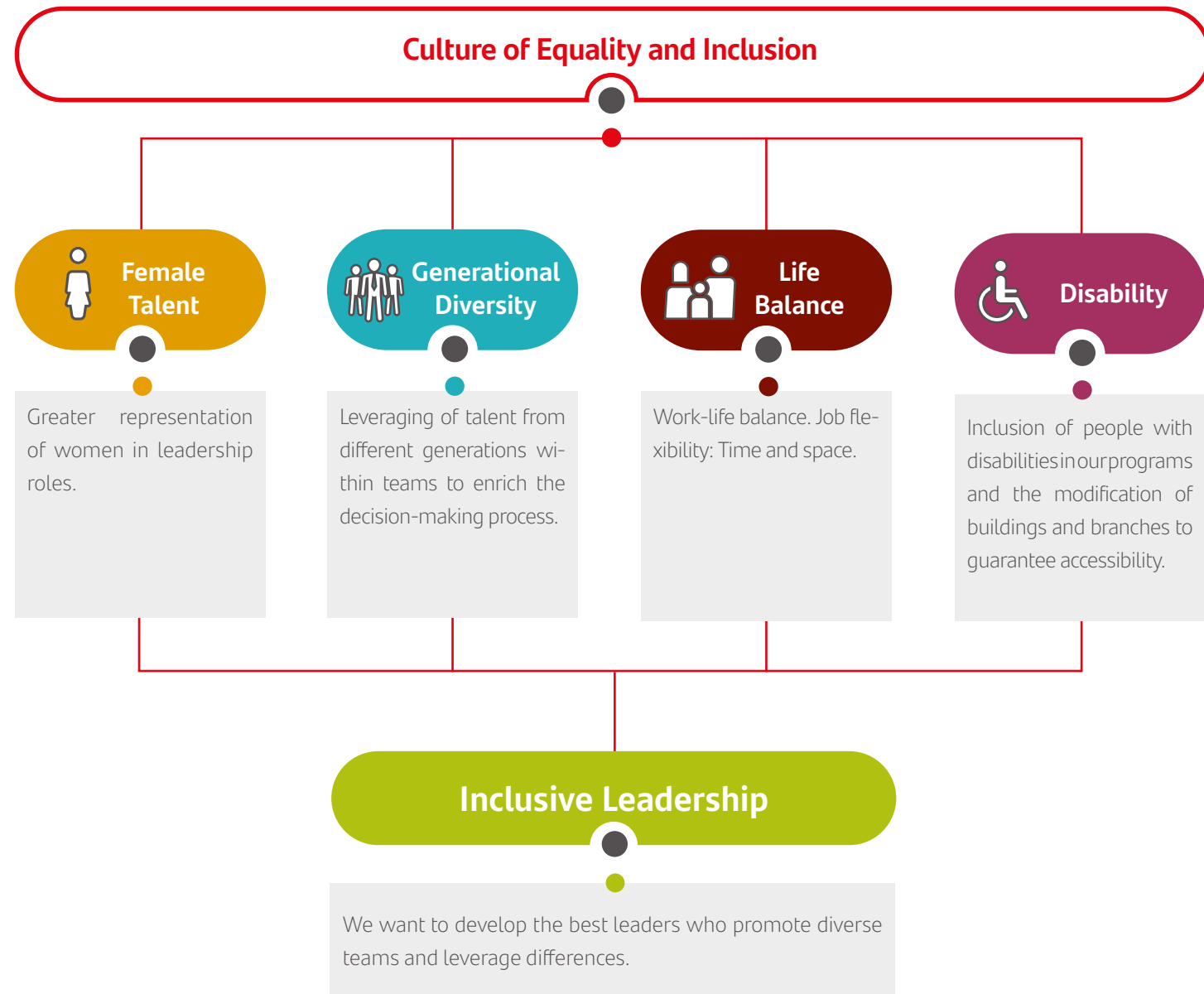
Employees from our commercial network teams who achieved the best results in terms of customers, profitability and insurance are rewarded with tickets to a Champions League game or with promotional articles.

Ceremony for Employees with at least 25 Years of Service

An event attended by the employee and his or her family, where directors from the Bank thank them for their service.

Diversity and Inclusion (D&I)

We are convinced that promoting diversity leads to innovation, creativity and wellbeing among our employees. Diversity and Inclusion are a fundamental part of our Santander culture. We are inclusive and see diversity as an attribute of excellence given that the differences of each member enriches the team as a whole



Diversity and Inclusion Committee

We have a Diversity and Inclusion Committee that comprises 13 employees from different areas and organizational levels, in addition to sponsors who are assigned exclusively to provide guidance and promote this agenda within the organization.



There are four strategic areas we are currently working on:

- 1 Awareness** regarding equality in leadership roles between men and women.
- 2 Changes** to the talent selection and promotion policy.
- 3 Training** programs aimed at women.
- 4 Efforts** to achieve pay equity.

Roles

- D&I Sponsor:** In their role as an exponent, he or she represents all D&I activities and promotes the spirit of commitment. The current sponsors are the Joint Director of Institutional and Business Banking and the Executive Director of Human Resources.
- D&I Committee:** Its function is to establish goals and identify challenges; ensure and promote compliance; create content for best practices; and, monitor metrics and indicators.
- Allies:** They forge a commitment with project leaders to ensure compliance. They also promote the compliance of the programs themselves.
- Human Resources Leader:** He or she coordinates and implements projects with the team of sponsor volunteers. He or she engages with and supports leaders and the implementation of the D&I strategy.
- D&I Project Leader:** He or she guarantees the execution and monitoring of the implementation of the strategy.



Our strategy

is to make Santander Mexico the best place to work for everyone, no matter their race, gender, ethnicity, religion and/or sexual orientation.

We also implement communication campaigns that allow us to reach a wide range of audiences. Conference cycles on Diversity and Inclusion in 2019 had a positive impact on a total of 1,500 people, while our campaign via Comunica (our internal channel) reached 18,000 people.

In 2019, we continued with our communication strategy entitled Iguualmente diferentes (Equally Different) through posters and direct mailing. We also launched three sprints on our Academia digital platform focusing on: "Do You Accept, or Do You Tolerate", regarding workplace inclusion and the inclusion of people with color blindness; "Mind Tricks", regarding subconscious prejudice and implicit discrimination; and, "With Great Privilege Comes Great Responsibility", regarding inclusive leadership.

Female Talent



Goal 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

One of the priorities of our Responsible Banking Agenda is to drive definitive structural change to achieve true gender equality that enriches the organization. This is why we have created the following programs:



"Increasing the presence of women in management roles is something that requires our full attention and dedication. The goal is for women to have a greater say in strategic decisions as more diverse leadership benefits us all. We all win, including men and society as a whole."

Ana Botín
President, Santander Global.



Encuentro Mujer 360.

In October 2019

we became a signatory of the **UN's Women's Empowerment Principles (WEP's)** with the goal of reaffirming the Bank's duty to **empowering women within the workplace and the community.**

With **Female Talent**, we have the following programs:

Networking, Connect to inspire: This consists of interactive sessions between any employee at the Bank and the female Executive Directors of their choice, offering them the opportunity to share experiences, advice and information about their professional development.

Cross mentoring: This program, developed in conjunction with Accenture, seeks to generate dialog between women leaders (Apprentices) and female directors (Mentors) from a range of difference companies, who, by sharing their experiences and perspectives, can help apprentices identify the skills they need to develop in order to attain their professional goals and consolidate their leadership.

Women 360°: The goal is to increase the number of women in senior management positions by developing high-potential skills based on the following four pillars: Emotional Intelligence, Leadership, Balance and Networking. The program also provides sponsor training to their bosses, making them co-responsible for their growth. Within a group of 107 women identified as having potential, more than 85% have already taken part in this program. During 2019, five groups were created, and the first mass event was organized, attended by more than 130 people and including prestigious speakers and specialists in female development.

Masterminds: This program is the continuation of activities by the first generation of the Women 360° program, focusing on female leadership and how to project it positively. Through this program, the goal is to raise awareness of the importance of projecting successful leadership or an executive role through assertive communication tools and forging successful relationships at different types of events.

We offer special **benefits** to our female employees who have children:

Santander Parents program

Breastfeeding rooms

Flexible hours

Leave:

- Maternity (biological or adoption).
- Adaptation period for kindergarten.
- Afternoon off to celebrate children's birthdays.

Generational Diversity

We fully understand that the age differences between our employees enriches everyone's lives. Within Generational Diversity, we offer the following programs:

Young Talent: This program favors the professionalization of possible employees and increases diversity within the organization based on the following young talent development and retention strategies:

- 1 • Awareness regarding Generational Diversity.
- 2 • Awareness regarding Social Responsibility within the company.
- 3 • Motivation and leadership based on two-way mentorship, exposure and role models.
- 4 • Support and monitoring of career plan.



Linkers: The goal of this program is to attract high-potential young talent from different degree programs and universities. Through this program, these interns have the opportunity to take part in their first structured workplace experience, including orientation by guides from the Bank and a solid development plan via our training and knowledge platform: Academia MX.

The learning experience offered through this program focuses on the development of 21st-century skills (accountability, continuous learning, agile mindset, critical thinking, collaborative work, and inclusion). It is a program that positions Banco Santander as an employer that drives diversity and inclusion, in addition to promoting the personal and professional growth of its employees.

In July 2019, 147 young people from throughout Mexico took part in the third annual Linkers program, working in different areas within the business.



The Linkers

intern program guarantees **50%** female and **50%** male participants.

Inroads-Social Inclusion: This program offers young university students from underprivileged backgrounds a chance to work at global companies. Today, we are the company that hires the most Inroads in the country. Some 35 Inroads have joined the organization to date, bringing with them their outstanding talent.

Young People Building the Future: A program coordinated by the Mexican government that connects young people between the ages of 18 and 29 with companies, allowing them to develop or consolidate their work habits and technical skills in order to increase their chance of getting a job in the future. In 2019, we had 75 apprentices.

Top Pool: A Global Corporate Banking program to help young people who have recently joined the Bank become outstanding corporate bankers in the long term. Based on this exclusive rotation plan, over the course of 18 months our employees acquire wide-ranging experience in Investment Banking or Capital Markets. Furthermore, we offer them training with experts in each product our Corporate Banking area offers, in addition to training sessions on a variety of topics and courses at prestigious schools. Another major advantage of Top Pool is that it offers these young people experiences with customers, as well as giving them the chance to participate on numerous Committees with senior members of the Corporate Banking area.

Young Leaders: This program is part of a global effort and is based on identifying 280 young employees from around the world who demonstrate outstanding leadership skills. Once this talent has been identified, we invite them to take part in a high-level training program that lasts for 18 months. During this time, they take part in forums and events, offering them the opportunity to develop and share their ideas on how to tackle disruptive challenges over the coming years. In Mexico, 24 young and promising employees took part in this program, with their sights set on becoming the leaders of tomorrow.

Work-Life Balance

We understand the people's well-being goes beyond the workplace, which is why we support our employees and help them develop all aspects of their lives by implementing a comprehensive Work-Life Balance program.

Flexiworking

Is a program focusing on employee productivity, promoting flexible working hours that allow them to balance their work commitments with other personal activities.

Santander Parents Program

Is our way of helping those employees who have children to achieve a work-life balance. We have a range of different proposals to support them:

- **Parent School:** Alongside expert Julia Borbolla, we offer nationwide conferences that focus on a range of issues dealing with paternity and maternity.
- **Parent Mentors:** Support from Santander employees who are mothers or fathers, so they can help offer advice and ensure others do not feel alone.
- **Childcare:** We strive to help all mothers and fathers by implementing agreements with neighboring kindergartens, helping offer them peace of mind that they are leaving their children at a safe place while they are working.
- **6x2x6:** A new flexible schedule that, after the birth of their baby, mothers and fathers can work 6 hours at the office x 2 hours home office x 6 months.



Francisco and son, Santander Parents Program.

AM Business

Promotes meeting with customers in the morning, helping our employees to clear their schedule in the afternoons, so they can spend time with their families or on personal activities.

FlexFriday

Offers employees the option to start work at 8:00 am on Fridays and finish at 3:00 pm.

Work Schedule

Changes to the working hours in central areas, starting at 9:00 am and finishing at 6:00 pm.

Disability

Through a range of programs, we promote a culture of workplace inclusion for people with disabilities in order to break paradigms and offer them the same professional development opportunities.

Linkers with Disabilities

In 2019, we welcomed 5 linkers with some form of disability.



Contact Center

Assessment process to incorporate Non-Visual Desktop Access technology (NVDA), a screen reader, into the Contact Center's systems to include people with visual impairment.



Buildings

All of Santander Mexico's corporate buildings were assessed by Todo Accesible, and we are working on creating accessible branches for employees and customers alike.



Awareness Talks

People with disabilities visited Santander's corporate offices to talk about how to live with a disability and how it is possible to join the workforce.

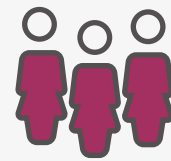
Future programs include working in conjunction with Inclúyeme, Centro de Adiestramiento Personal y Social (CAPYS) and Capaxia to include more people with disabilities in our workforce.

¹² A screen reader is software that tries to identify and interpret what is shown on a screen. This interpretation is transmitted to the user via text-to-voice synthesizers, sound icons or Braille devices.

(403-3)



Fernando, Santander employee.



5 students with visual impairment from Bachillerato Inclusivo started working as interns at Santander's Contact Center in the city of Querétaro.

Fifth-semester high-school students from the Administrative Management program took part in a pilot program offered by the Queretaro State Center for Scientific and Technological Studies, in conjunction with the Polytechnic University of Santa Rosa Jáuregui, to include people with hearing, motor and visual disabilities.

Allowances and Benefits

Being a responsible bank means safeguarding the integrity of our staff, focusing always on safety, education and health. This is why we have designed allowances and benefits that meet their expectations and motivate us to improve our performance as a team.

Benefits that Exceed those Required by Law

- Christmas Bonus equivalent to 40 days' work.
- Vacation leave of between 15 and 30 working days, depending on the number of years of service.
- Holiday bonus.

Leave

- Paid and unpaid leave:
- Paternity (biological or adoption).
- Marriage.
- Death of a close family member.
- Adaptation period for kindergarten.
- Afternoon off to celebrate children's birthdays.

Insurance

- Basic life insurance.

Loans

- Consumer (payroll, online, short-term).
- Mortgage (depends on years of service).

Comprehensive Medical Service

- Medical network.
- Plan 17 (employees who joined prior to August 2014).
 - » External appointments
 - » Dental
 - » Prescription medicines
 - » Laboratory and X-Ray services.
 - » Emergency room visits
 - » Hospital services
 - » Orthopedic devices and prostheses.
- Plan 10 (employees who joined after August 2014).
 - » Social security (IMSS).
 - » Major medical insurance.
 - » Reimbursement scheme.
 - » Check-up (annually for directors).

Additional

- Financial support for breastfeeding mothers.
- Staff uniforms.
- Discount at sporting facilities.
- Gympass.
- Christmas voucher.
- Retirement savings fund.
- Pension plan.
- Performance bonus.
- Cost-of-living allowance.
- Canteen.
- Transport (Santa Fe Corporate Offices).
- Parking (Santa Fe Corporate Offices).
- Allowance for eyewear.
- Rent allowance.
- BeHealthy program.
- Discount program for schools and universities.

(403-1, 403-3, 403-6, 403-7)

Occupational Health and Safety

To guarantee the well-being and health of our employees, it is necessary to mitigate occupational risks, reduce stress and burnout, and promote healthy practices and habits that improve their quality of life.

Health

Through our BeHealthy Mexico program, we promote four main pillars: Know Your Body, Feed Your Body, Move Your Body and Balance Your Mind and Body, the goal of which is to drive the holistic health of our employees:

- Greater balance between body and mind: physical, mental and emotional well-being of our employees.
- Greater workplace efficiency: more creative, greater concentration and higher resistance to stress.
- More energy: greater ability to overcome tiredness and tackle challenges with more vitality.
- Peace with ourselves and others: better mood, in harmony with our surroundings and improving social and workplace relationships.
- Greater workplace satisfaction: increased levels of commitment.
- Vehicle to reaffirm corporate values.
- Increased value proposition as employers.
- Personal and group achievements: improved health, ideal weight, increased energy, calmer reaction to stressful situations, better personal and work decisions, happiness.



- **Know Your Body:** We offer check-ups, vaccination programs, Health Brigades, Health Week and Child Health Week.



- **Feed Your Body:** We focus on preventing cardiovascular diseases by inviting employees to eat more healthily.

(403-1, 403-4, 403-6, 403-7)



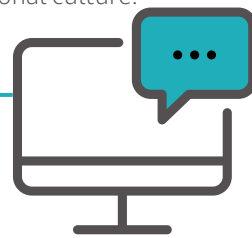
Move Your Body: We promote sport among our employees and their families, offering them access to one of the sports centers with which we have an agreement here in Mexico.



Balance Your Mind and Body: It focuses on the mental and emotional health of our employees, helping achieve a better balance with physical health through tailored action plans and training courses in emotional intelligence, stress control and resilience. A Wellness Coach is available throughout our branch network and corporate offices.

BeHealthy Portal

A virtual channel through which we offer information and support to our employees in areas such as assertive communication, nutrition, management of emotions, leadership, wellness and organizational culture.

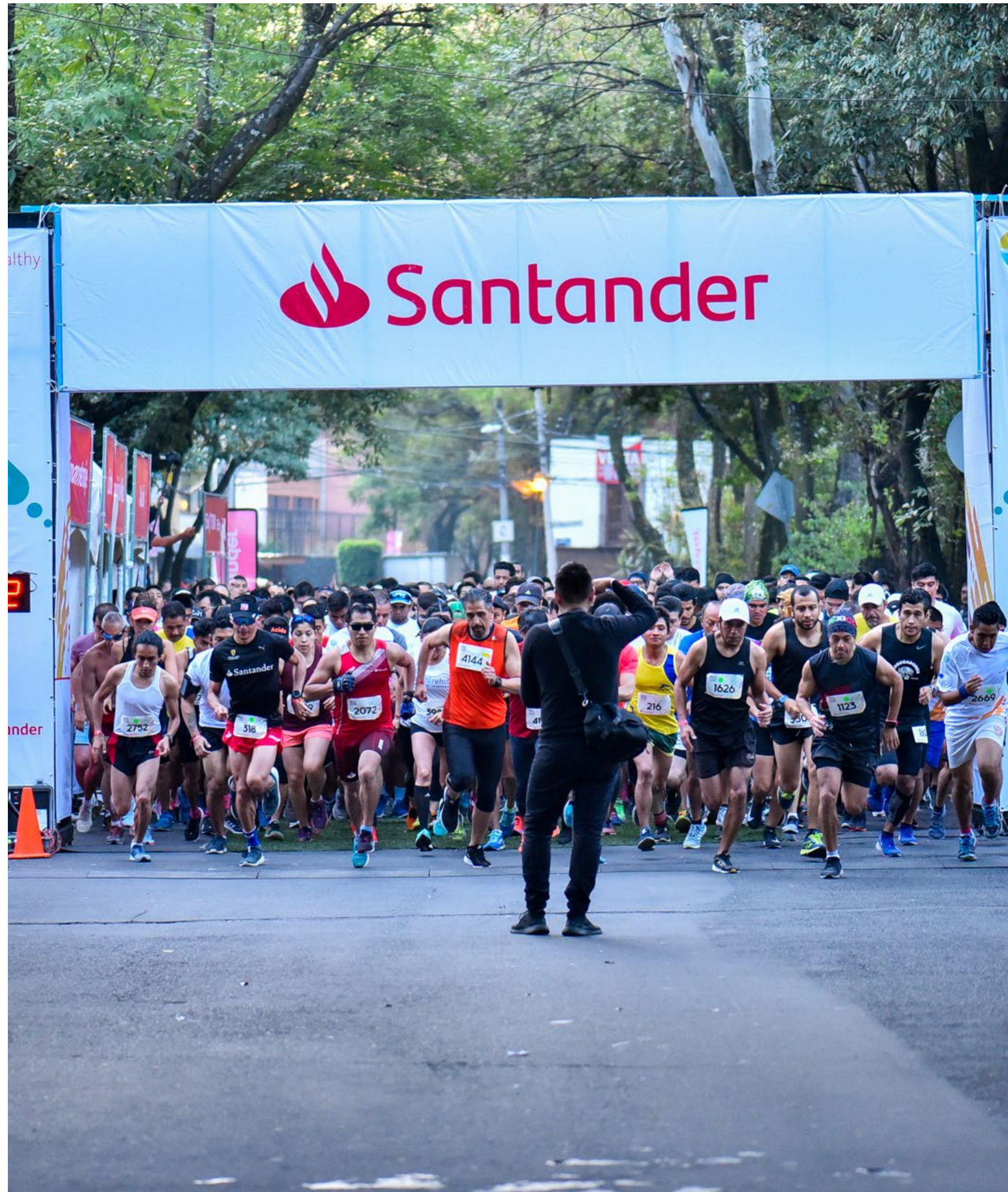


10,000

users registered to the end of 2019.

134,799

visitors to the portal during 2019.



(403-1, 403-4, 403-6, 403-7)

BeHealthy Portal

Users

who register on the BH portal answer a lifestyle risk assessment.

Based on this assessment

the program issues a risk panorama, generating a personalized report that contains suggested improvement plans.

The improvement plans focus on:

nutrition, exercise, healthy weight, stress, sleep and rest, tobacco and alcohol, work-life balance, overall safety and medical prevention.

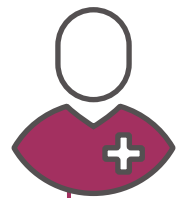
Every week

they are sent e-mails with specific recommendations and tips based on the risks detected.

BeHealthy Week

One of our most important health initiatives is BeHealthy Week, during which we organize a range of activities for our community. We organize a wellness circuit for our employees to learn more about health-related issues. On a national scale, we coordinate challenges, conferences, relaxing massages, and, for our branch network, a Health Brigade. Medical assessments undertaken on-site include mammograms, blood tests, prostate-specific antigen (PSA) tests, electrocardiograms, eye tests, bone density tests, spirometry, venous insufficiency, BMI measurements, liver ultrasounds, physiotherapy, dentistry and stress assessments.

(403-1, 403-2, 403-5, 403-6, 403-7)



In 2019
we achieved :

2,247 medical tests: blood tests (blood chemistry and PSA).

1,664 comprehensive medical tests: electrocardiograms, oral health, eye tests, mammograms, among others.

8,821 Health Risk Assessments (HRA).

800 relaxing massages.

3,500 people took part in

our healthy break project: each workplace was visited by professionals who invited employees to take back in a 7-minute exercise program.

Banking Games

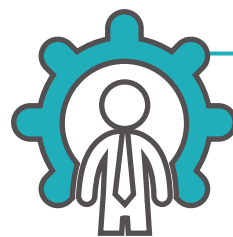
We took part in the banking games organized by the Mexican Banking Association and the Mexican Federation of Bank Unions. Through this activity, we promote a sense of belonging, as well as reaffirming our values, dedication, discipline and comprehensive development.

- 666 participants
- 109 medals



Occupational Safety

We have focused our efforts on Civil Protection by developing internal civil protection programs that ensure compliance and help prevent, decrease or mitigate risks.



12,796
people trained in
civil protection.

51,184 training hours
in civil protection.

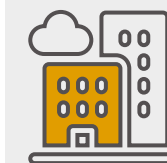
4 average of training
hours per person.

We consolidated our practical training program, which focuses on offering a workshop at every workplace that focuses on civil protection, ensuring people can identify possible risks, understand the materials and equipment available to them in emergency situations, and learn more about the infrastructure in place to help during crisis situations.

6 Behaviors to Help Save a Life

Emergency response and prevention workshop focusing on the following areas:

- **First aid:** choking, injuries, burns, among others.
- **Activation of emergency services.**
- **Use of extinguishers for small fires.**
- **Withdrawal and evacuation techniques.**



(403-1, 403-2, 403-7)

At our corporate building, we increased the number of people receiving training thanks to the 6 Behaviors to Help Save a Life workshop.

Drills

1,365 drills in total.

21,421 participants.

1,320 branches and

24 buildings involved.

**Principle 3: Clients And Customers**

Our Responsible Practices

For us, being responsible entails an all-round commitment, having a positive impact on all areas within our operations. This, of course, includes the responsible management of our day-to-day business practices.

Consumer protection

"The quality of service starts with good communication with our customers."

In recent years, the financial system has changed, putting the customers at the center of the business. This is how the term "Financial Consumer Protection" emerged. In 2018, Compliance implemented this function in Santander Mexico taking the ten Principles of Consumer Protection as its cornerstone.

The Financial Consumer Principles are the basis of the Consumer Protection function and are as follows:

- **Fair and Respectful Treatment.**
- **Transparency in Communication.**
- **Data Protection.**
- **Responsible Innovation.**
- **Asset Protection.**
- **Product Design.**
- **Responsible Pricing.**
- **Customers in Special Circumstances.**
- **Financial Education.**
- **Complaint Management.**



"One of the main objectives of Consumer Protection is to learn from "the voice of the customer" how they think and feel about their relationship with Banco Santander Mexico, how their problems are solved through our service channels and the follow-up given to them during their lifetime as customers."

Francisco Govea
Director of Consumer Protection and Product Governance.

Taking into account the importance of **"the voice of the customer"** and the need to find a way to supervise compliance of the ten principles, a methodology was developed for the generation of indicators that allow the measurement of these Principles of Consumer Protection. It takes **"the voice of the customer"** from various sources, such as quality surveys and social networks, for analysis, as well as metrics that the business generates, in order to find a balance and a predictive model of conduct risk in the treatment and commercialization of products and services.

The role of Consumer Protection, in Compliance, has many challenges ahead. The concept of viewing the customer at the center of the business and providing the best service through all the channels must be strengthened at all times.

Smart FAQ Engine

1,508,021
questions received.

Virtual Assistant

1,533,918
questions received.

Online Chat

172,697
chats activated.

Interaction with Our Customers

The basis for the relationship we have with our customers is responsibility, not only in terms of offering the best possible financial service, but also with regard to meeting their needs and expectations. Our goal is to go even further and safeguard their progress and well-being.

Customer Service

At Santander, we offer an outstanding service through tailor-made, accessible, fair and innovative support, which is why we focus our efforts on ensuring the satisfaction of our customers.

In 2019, we continued engaging and consolidating communication with our customers through our Central Customer Service and Assistance Unit, which comprises the following areas:



Andrea, Santander employee.

A Customer or User

1. Supernet

- Customer registers complaint.
- They automatically receive a file number and SLA (letter of receipt/resolution date).

2. Banner (portal)

- Customer or User registers their file number.
- They automatically receive a file number and SLA.
- They register their contact details (e-mail and cellphone number).

3. Branch network

- Register complaint.
- Provide letter of receipt with file number and SLA.
- Register contact details (e-mail and cellphone number).

4. Contact center

- Register complaint.
- Provide file number and SLA.
- Register contact details (e-mail and cellphone number).

5. Customer Ombudsman

- Register complaint and inform customer that the Central Customer Service and Assistance Unit will handle their case.
- Send complaint via e-mail.

6. Social Networks

- Complaint is received and registered (VPN).
- File number and SLA are sent automatically.
- Register contact details (e-mail and cellphone number).

7. Radio Show

- Case is addressed on air and recorded in the system.
- Registers contact information (e-mail and mobile phone number).

B Service Manager (Management System)

- Generate file number.
- Letter of commitment, e-mail and SMS are sent automatically.
- Letter of commitment and SMS are sent automatically (file closure).

D Customer or User

- Receive notification of receipt automatically via SMS and e-mail.
- Receive response automatically (SMS and e-mail).

C Scaling Areas (Bank and Subsidiaries)

- Receive and analyze request.
- Identify root cause.
- Visit customer (if necessary).
- Draft response and send via e-mail to the Central Complaint Resolution Unit.
- Implement improvements.

C Central Customer Service and Assistance Unit

- For SuperNET, Contact Center, Branch network and Social network:**
- Analyze origin, make decision, and/or involve other areas of the Bank and its subsidiaries in the resolution process.

Customer Satisfaction and Quality

Through the channels that allow us to interact with our customers, we can understand their needs and work to offer them the best possible experience while supporting them, in addition to providing them with high quality products and services that meet their needs.

Emotional HUB

During 2019, we implemented the Emotional HUB to offer our customers emotional and differentiated experiences. We keep track of metrics for this project through Net Promoter Score (NPS) to better understand our customers' opinions about Banco Santander in general, as well as about each of our products and support channels, not to mention the information we compile through surveys, focus groups, interviews, etc.

We develop programs that are designed for our customers who want to make their dreams a reality through our loans. For example, those who, through our insurance products, get the peace of mind they are searching for, or those who are looking for a new home thanks to our mortgages.

For example, we have implemented the following programs with their respective major projects:

Mortgage

- **Celebrating Your Mortgage (Celebrando tu Hipoteca):** A culinary experience, during which customers are given a Welcome Kit that contains a bottle of champagne and two glasses.
- **Follow Your Mortgage (Sigue tu Hipoteca):** A development to notify customers of the status of their mortgage application.
- **Sales tool for executives and brokers:** A sales leaflet for executives and an interactive guide for customers, containing information about mortgage processes.



We successfully increased the NPS* from 31% to 68%, helping improve our customer experience.

* Net Promoter Score (NPS).

Toque Santander

- **Before opening the branch:** Ensure that everything is "in its place" before welcoming customers into the branch.
- **During branch hours:** Embody the 4 steps and 3 challenges.

4 Steps:

- » **Welcome Them:** Welcome customers in a warm and engaging manner and with the best possible attitude.
- » **Listen to Them:** Show interest, allow them to speak, and understand their request.
- » **Resolve their Problem:** Identify their needs and ensure everything is clear.
- » **Say Goodbye:** Be friendly and show interest and willingness as this is how they are going to remember you.

3 Challenges:

- » **Find out** the customer's name and call them by it while you are helping them and when saying goodbye.
- » **Identify** the relationship that they have with Bank (make them feel part of the family).
- » **Invite** them to use our digital channels.

Another one of our major efforts to improve our customer service are the 386,355 satisfaction surveys we undertook in 2019, 30% more than in 2018.

We take additional steps to ensure the satisfaction of our employees, which, in turn, has a positive effect on customer service.



66%

net satisfaction rate for branch experience, **3% more** than in 2018.



Increase in Wow¹³ rankings from 38% in 2018 to 50% in 2019.

Experience for new employees

- **ID on Your First Day:** During the induction process, we give employees their ID, offering them access to their place of work, canteen, parking and transportation.
- **Onboarding Guides:** Creation and communication of the roadmap to follow when there is a new employee (available on intranet).
- **Work Tools:** IT equipment from your first day at work.
- **My Workplace:** Welcome for new employees with awards.
- **Welcome Kit:** It contains emotional elements to help make their first day at work a memorable one.
- **Welcome Video:** The first e-mail the employee receives is a welcome video from the President of Santander Mexico.
- **Amigo Santander:** A buddy for new employees.

¹³ Recognition by the customer about the person they dealt with as a result of something special that improved their overall experience.



Increased the employee's NPS¹⁴ from 73% to 83% in 7 months.

New Branch Models

In 2019, we worked on implementing measures to offer new services and simplify operations:

Agile: Operating branch that absorbs more than 65% of transactions from the micro-market, offering extended opening hours from Monday to Saturday.

We currently have 3 branches:

- Cancun
- Veracruz
- Ciudad Victoria

University: Model to support account holders and students from several campuses (we currently have this model at Universidad Anáhuac and Tecnológico de Monterrey). It includes a customer support area and a self-management zone. It also offers coworking spaces and a business team to support our customers.

Financial Kiosks: Multi-channel points found in malls with ATM and FF, in addition to offering customer support through a FAS representative (Fuerza Asesor Santander).

Workcafe: A disruptive model with coworking spaces and differentiated services for customers and entrepreneurs, offering five available rooms. We promote digitalization in three Digital Banking areas, one of which focuses on biometric enrolment.

Soriana Module: This module provides support in receiving cash deposits and note and coin exchange at Soriana stores. It also offers services to employees and customers from the store 365 days a year. We currently have one of these modules in Monterrey.

¹⁴ Net Promoter Score (NPS).

Accessibility

8



Goal 8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

To offer more people the opportunity to take advantage of Santander's financial services, in addition to driving inclusion in banking operations, we have increased accessibility through our correspondent banks.



26,510

access points throughout the country, available 365 days a year.

118,204

vulnerable customers to which we provide accessibility through our correspondents banks.

48,415,719

transactions through our correspondent banks, a 19% increase in a year-on-year comparison.

In 2019, Woolworth and Tiendas del Sol joined our extensive correspondent banking network, which includes OXXO, 7 Eleven, Circle K, Tiendas Extra, Telecomm offices, Farmacias Guadalajara and 7/24 Mix stores. Thanks to these agreements, our customers can make deposits to debit cards and credit card payments in an easier and more flexible manner. Correspondent banks allow us to increase our coverage and promote financial inclusion.

Correspondents

Total branches

OXXO	19,345
Telecomm	1,702
7 Eleven	1,819
Circle K	
K	1,223
Tiendas Extra	
Súper 7/24 MiX	131
Farmacias Guadalajara	2,168
Woolworth	
Tiendas del Sol	122

Correspondents

Total transactions

OXXO	42,337,348
Telecomm	2,971,945
7 Eleven	2,177,719
Farmacias Guadalajara	773,887
Circle K, Tiendas Extra, K	124,869
Súper 7/24 Mix	18,531
Woolworth	
Tiendas del Sol	11,420

We also have transaction channels that facilitate access to our products and services for all our customers.



Transaction channels

		2019
Contact Center	Contact Center Total transactions.	387,838
	Average number of customers per month.	915,970
SuperNet	Total transactions.	54,974,349
	SuperNet users.	1,242,713
SuperMóvil	Total transactions.	88,327,007
	SuperMóvil users.	3,684,629
Super Wallet	Super Wallet users.	1,018,972
Directs debits	Directs debits in 2019.	93,260

Customer Protection

Personal Data Protection

A major part of ensuring the loyalty of our customers is the work we do to protect their personal data. This is why we have statutes that, through rigorous and opportune technical processes, ensure compliance with all data procurement, handling, storage and transfer requirements.

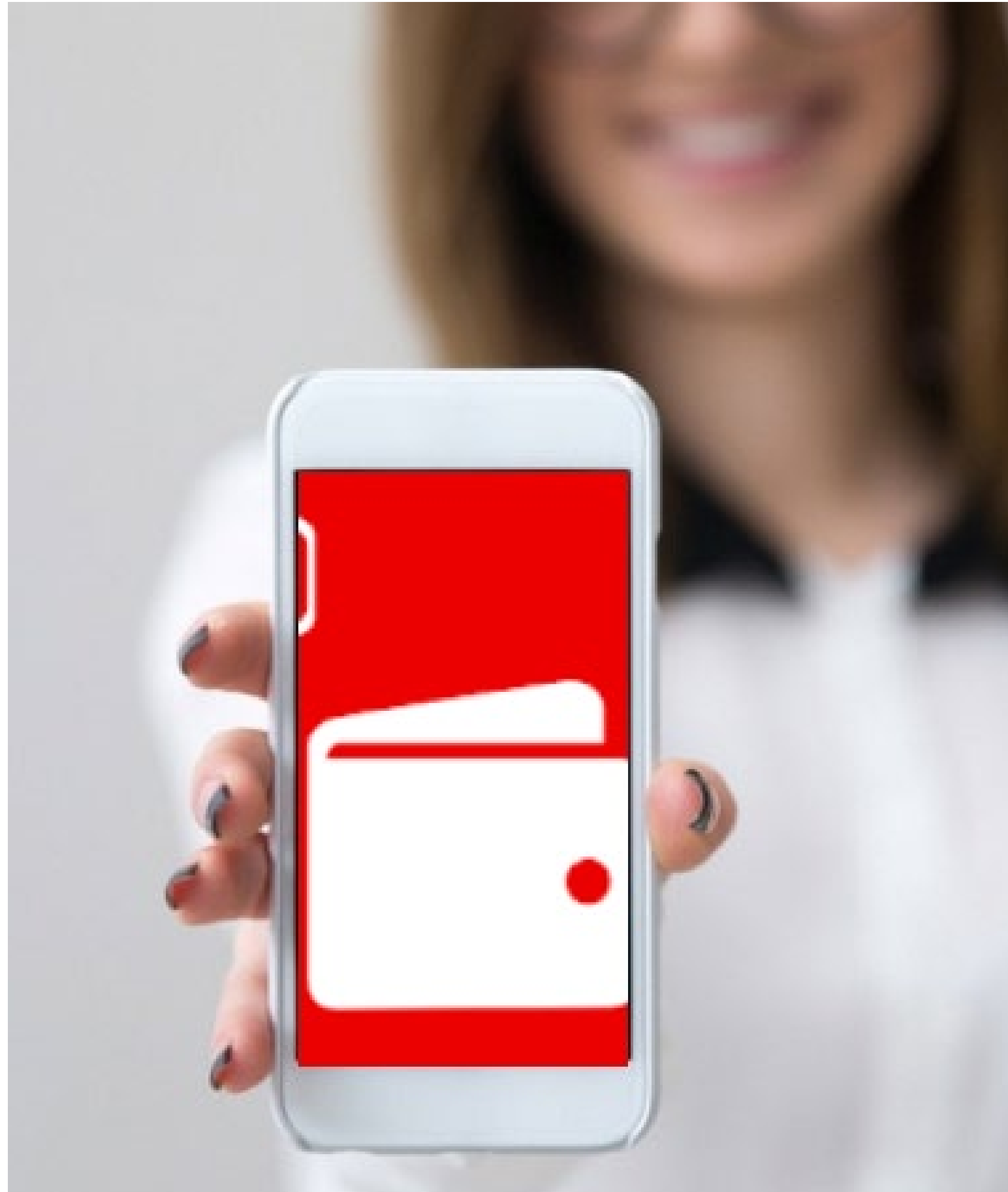
We safeguard personal data through our Data Security Incident Management Policy and our Privacy Notice.

Data Security Incident Management Policy.

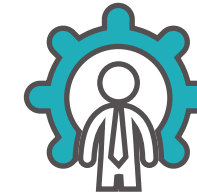
Its function is two-fold: firstly, it describes potential incidents that could occur and the way in which the latter should be reported. Secondly, it outlines the different measures and activities that should be implemented to indemnify, mitigate or sanction any damage caused. These actions include, among others: (i) investigation, (ii) mitigation proposals and (iii) corrective measures. This policy is designed and implemented by the Data Security Office (OSI).

Privacy Notice

Pursuant to legal requirements, we make this document, which stipulates the position of the Group with regard to the protection of personal data, available to users, in addition to describing, among others, the following concepts: (i) definitions, (ii) information of responsible parties, (iii) information provided by the owner, (iv) purpose of the data use, (v) limitations of data use and disclosure, and (vi) measures for exercising ARCO rights (Access, Rectification, Cancellation and Opposition).



Handling data is a huge responsibility. This is why we are promoting the construction of a culture of personal data protection, spearheaded by Human Resources and Compliance through training sessions for the entire organization.



15,449
training hours in personal
data protection.

Principles of Consumer Protection

Among the major programs that promote consumer protection, we have worked on developing, publishing and communicating the Consumer Protection Memo. The fundamental goal of this document is to set specific criteria to identify, regulate and exercise our customers' rights in terms of their relationship with Santander Mexico, in addition to stipulating specific criteria to control and supervise compliance.

The ten Principles of Consumer Protection that govern our operations are:

- **Fair and Respectful Treatment.**
- **Transparency in Communication.**
- **Data Protection.**
- **Responsible Innovation.**
- **Asset Protection.**
- **Product Design.**
- **Responsible Pricing.**
- **Customers in Special Circumstances.**
- **Financial Education.**
- **Complaint Management.**

The Consumer Protection and Product Governance area has implemented several internal communication campaigns to ensure that all the Group's employees understand and embody these principles in their corresponding areas, positioning the customer at the center of our business.

Cybersecurity

Both our employees' and our customers' personal data is entrusted to us every single day, and they expect us to handle it with care. We have a Data Security and Cybersecurity Risk Policy that guarantees a culture of data security.

Part of these prevention measures include periodic testing to identify, manage and address vulnerabilities, helping to avoid cyberattacks and incidents.

We also have a robust Cyber Incident Management Policy to help ensure a satisfactory response to these situations. The security requirements and responsibilities for each stage of the cybersecurity incident lifecycle are outlined below:

Cybersecurity incident management lifecycle

Detection and Notification

Analysis and Escalation

Containment, Eradication and Recovery

Post Incident



Furthermore, we implemented our 2019 Cybersecurity Awareness program to prevent risks among our stakeholders. Below are some of the activities implemented among employees in the area of cybersecurity:

- **Employee awareness:**
 - » Employee e-mail awareness campaign for cybersecurity.
 - » Campaign to send e-mails to offenders.
 - » Employee guide.
 - » Launch of the Cyber Report app.
 - » Exploration of new channels to adapt to the way in which employees receive information.
 - » Exploration of new tools to reinforce cyber behavior.

Customer Ombudsman

We listen to our customers when they want to express any issues they have had by offering them an institutional model that has been operating for more than a decade. The Customer Ombudsman model is a transparent and specialized body that facilitates communication between the customer and the Bank through an intermediary. As it is coordinated by third parties, the Customer Ombudsman functions objectively and efficiently to mediate conflicts and provide clarification.

Customer Ombudsman Tools:

Corporate Tableau

Provides information to monitor customer participation in issues that are handled and resolved by the Customer Ombudsman.

NeoJúpiter

Allows employees from the Commercial and Personal Banking departments to understand which customers are being supported by the Customer Ombudsman, in addition to providing them with a complete overview of their customers' situations



Julio, Customer Ombudsman.



82%

of cases were ruled in favor of the customer.

2019

Cases received	2,718
Cases closed	2,664
Cases ruled in favor of the customer	2,179

Reporting channel	Number of cases
Telephone	776
E-mail	1,315
In person	105
Web	522

Business Practices

The global economy is undergoing an unprecedented process of transformation. This new and constantly evolving framework means that companies must be more committed and work in a more innovative and sustainable manner. At Santander, we develop our products and services responsibly, focusing on offering the highest levels of quality to our customers.

Some of the best practices that have enabled us to become one of the leading banks in the sector include responsible marketing, ethical sponsorship and metrics to analyze the social and environmental impact of our operations.

Responsible Marketing

As a responsible bank, we strive to ensure that the tools we use to communicate with our stakeholders are aligned with our culture of sustainability. This is why our marketing is based on the respect we have for our surroundings, both in terms of the environment and society.

Some of the major steps that we have taken include:

1. Reduction in the amount of printed materials at branches. We only print materials for long-term campaigns (more than three months in duration), print runs are smaller, and we do not produce stock.
2. Use of inks that are low in chemicals to help protect the environment and the health of people working with these products.
3. Suppliers of outdoor advertising use biodegradable inks.
4. Focus on using digital billboards rather than traditional printed ones.
5. Reduction in the amount of printed advertising we send to our customers (direct mailing), increasing the use of outdoor digital billboards.

Social Networks

To ensure our actions have the greatest possible impact, it is important to foment on-going and fluid communication, in addition to publishing information that is relevant to our stakeholders, promoting constant dialog, and involving them in these actions.

We have identified social networks as being a strategic ally in communicating topics of interest to large audiences in an opportune and dynamic manner. We share a range of materials, such as news, infographics and videos on platforms such as Facebook, Twitter, Instagram and YouTube.

	Total de seguidores 2019	Incremento vs 2018
YouTube Banco Santander	43,100	79%
Facebook Santander México	2,188,236	10%
Twitter @SantanderMx	288,933	37%
Instagram santander_mex	14,146	112%
LinkedIn Banco Santander México	61,600	52%

At Santander, we responsibly use our social networks to promote campaigns that focus on sustainability, such as: ATM donations, education and scholarships, gender equality and diversity-, savings tips, financial education podcasts and data protection information, among others.

AutoCompara

Thanks to our AutoCompara service, users can quote, compare and purchase online car insurance in an easy and simple manner, helping them save time and money.

The benefits that we offer include supporting and accompanying the customer in their dealings with the insurance company. During key periods, we offer discounts and the option to pay in 12 interest-free monthly installments.

In 2019, 304,900 policies were sold and there were a total of 713,131 users.

Campaigns and sponsorship

Every year, we strive to forge sponsorship agreements for cultural, sporting or entertainment events that match the interests of our customers. This has enabled us to better engage with our stakeholders, in addition to offering them a value-added experience.



As part of our efforts to support culture and the arts, in 2019 we became a sponsor of the Scenic Arts Center (CAE) in Guadalajara.

In 2019, we rolled out the following campaigns:

UEFA Champions League Campaign

Tickets for a range of UCL games or promotional articles.

F1 Campaign

Tickets for the Mexican F1 Grand Prix.

Pre-sale Campaigns for Concerts and Events

Exclusive Santander cardholder pre-sale event for concerts given by artists including Carlos Rivera and Enrique Iglesias, in addition to performances such as Carmina Burana in a range of different cities (Monterrey, Guadalajara and CDMX) and other events including Sabores Polanco, Dinner in Blanc and Oktoberfest, among others.

We also offer our Santander cardholders a host of additional benefits, such as our partnership with Repsol (refunding MXN \$200 for every MXN \$2,000 spent); account portability, offering users two free withdrawals at ATM's from any bank in Mexico and a credit card with no annual fee; Hipoteca Plus, the lowest fixed mortgage rate on the market, starting from 7.99%; and, Arma tu kit, a gift set of five glass baking dishes. All of these benefits are geared toward rewarding the loyalty of our customers.

New Product Marketing and Transparency

We strive to ensure that our operations are based on transparency, which is why we make sure our customers understand both the benefits and possible difficulties of the new products we market.

As part of our best practices, we have created a regulatory framework to prevent, mitigate and minimize risks posed by the marketing of products during the pre-sale, sale and post-sale processes. The Local Marketing Committee (CLC) coordinates all activities relating to the marketing of our products.

The Local Marketing Committee's main tasks are outlined below:

- a** • • **Ensure compliance with applicable laws.**
- b** • • **Verify the marketing risk** is in keeping with the Group's risk appetite.
- c** • • **Define a feasibility study** for each product and service, including the analysis of all technological advances and tools required to guarantee their development.
- d** • • **Ensure the product or service** matches the organization's catalog.
- e** • • **Ensure the financial products** are accurately classified, in accordance with the corporation's methodology.
- f** • • **Clearly define the target audience**, highlighting its characteristics and needs.
- g** • • **Establish clear controls to ensure the product/service** is not marketed to customers who are not part of the target audience.
- h** • • **Define the proper channels for marketing** each product/service ensuring a transparent and ethical approach.
- i** • • **Ensure that all appropriate documentation** (advertising, commercial, pre-contractual, contractual and post-contractual) for each product or service, customer, and marketing category is determined during the approval process, and, in each case, ensure that the information for customers is both clear and transparent.



Sergio, Santander employee.

Digital Transformation

It is a fact: we are faced with a global panorama in which economies are demanding the digital transformation of companies if the latter want to survive.



At Santander, we have decided to embrace these growing changes within our business, not only to adapt to technological developments, but also to use service digitalization and mobility as competitive advantages to help us grow even further.

As such, we add value to our financial products and services, transforming our processes based on new technology trends, thanks to the help of talented and prepared staff who drive innovation and respond effectively and opportunely to the needs of the digital era.



9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.

Digitalization of Channels and Platforms

The digitalization of our channels and platforms has allowed us to promote accessibility and improve user experience, while we work diligently to tackle new technological challenges.

Santander Personal is a remote customer support channel that helps us better engage with our digital customers through an active communication platform with specialist consultants. Since its launch in 2018, this multi-channel model has increased in scope, and, in 2019, we now support 102,000 customers, 175% more in a year-on-year comparison.

In 2019, we reached 4,171,012 digital customers, which represents more than 23% of our total active customers. In recent years, we have experienced accelerated growth, and, compared to 2018, there was a 44% increase.



4.17

million digital customers, a 44% increase compared to 2018.

Investment in Innovation and Technology

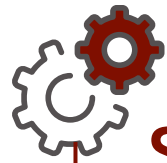
Investing in developing new technologies helps us improve our overall performance, which, in turn, benefits all our stakeholders.

We have a digital factory called Spotlight, which works on creating and implementing new projects, accelerating the speed of our digital banking transformation.

In 2019, we made major advances in innovation. We created a unique digital payment ecosystem, driving new business to the Bank and offering our customers new ways of interacting with their account and with other banking users.

Santander TAP has eliminated obstacles for payments between individuals, and its features make it unique in Mexico. More than 50,000 customers can send payments via their preferred chats in a matter of seconds, without having to know the other person's bank account details, for payments from just MXN \$10. In total, 380,000 payments have been made, totaling MXN \$180 million.

MY GOALS is the Bank's most successful WOW product and the first automatic savings solution in Mexico, offering customers the opportunity to set savings goals, be it by setting a fixed amount, rounding up their purchases, assigning an amount from every paycheck they receive, buying a coffee, or even going to the movies. In less than a year (it was launched 11 months ago), we have helped more than 200,000 customers boost their savings to the tune of MXN \$2,700 million.



Santander was the first bank certified by Banxico to make payments via CoDi (QR codes).

We also offered our customers other options to help facilitate their day-to-day operations, such as cardless cash withdrawals from ATM's and direct debts for utilities, such as electricity and water, through GO PAY.

Driving innovation to achieve Financial Inclusion is our strategic priority. That is why we have designed a Digital Merchant concept through SuperRED, a technology platform that offers integrated financial services to small businesses (mom-and-pops). During stage 1 of the pilot program, we have connected more than 1,500 convenience stores, allowing merchants to access their bank account, improve their businesses through digital tools, accept card and CoDi payments, pay their utility bills, and obtain points with every sale. Over the coming months, we will increase these services, offering personal loans, attracting new customers directly at these stores, and integrating consumer goods distributors and manufacturers.

Fintech Promotion

Through the Santander RADAR program, we help position the Bank as a benchmark in fintech entrepreneurship in Mexico, constantly monitoring the best solutions to identify new businesses and collaboration opportunities with the Bank. In 2019, we received more than 70 applications, in addition to holding selection events in CDMX, Guadalajara and Monterrey and coordinating the final of FINNOSUMMIT.



Santander RADAR participants.

FONDIFY, a Financial Technology company (Fintech), won the 2019 Santander RADAR Award, the leading fintech promotion program. Both the winner and finalists will begin collaborating directly with our Bank, forging an alliance to develop a product or to improve banking services. These startups will be part of an acceleration and incubation program, and, thanks to our collaboration with the British Embassy in Mexico, the winner and runner-up will visit the United Kingdom to take part in the leading fintech event in Europe, Innovate Finance, which will be held in April 2020.

FONDIFY is a fintech that offers sustainability and manages donations to a range of social causes, associations and foundations, using online platforms and technology as differentiating factors.

The finalists were: DISTRITO PYME, a fintech that focuses on offering and providing access to a wide range of tailored loan options for SME's; COMPARALE, which specializes in mortgage options; FINAUTA, a bot that provides financial plans and analysis; PAYNOM, a payroll program; and, FINGAME, which focuses on games for savings and financial plans.



We were recognized by Fintech Americas, a website specializing in the financial transformation of the region, as one of the most innovative banks in Latin America in 2019 as a result of the implementation of our pioneering and disruptive payment model using smartwatches.



Inclusive and Sustainable Growth

- Support for Entrepreneurs
- Financial Inclusion
- Social and Environmental Impacts
- Supporting Higher Education
- Communities

Unicef Mexico Beneficiaries.





MXN \$195 million
in social investment.

55,350

people benefitted through financial education programs.



We granted
6,300 scholarships for students at public and private universities throughout the country.

40 social

investment projects* that benefitted **73,608 people** during the year.



17,865
SME loans granted for social and environmental projects.



138,703
microloans granted in 2019 to help drive financial inclusion.



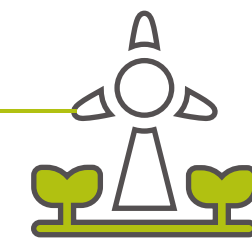
MXN \$128 million
invested in Santander Universities and the Higher Education Support Plan (PAES).



50.3%
of our energy comes from clean sources.

Financing

of a wind park with the capacity to light the equivalent of **282,000 Mexican households**.



* Volunteers, donations, ATM fundraising and Fideicomiso Por los Niños de México.



Support for Entrepreneurs

Our position within the sector offers us the unique possibility of having a positive and significant impact on society, assuming the responsibility of helping people and companies prosper.

Financial Inclusion Client.

La magia del sabor

Chalco, Estado de México

Through the “Tuiio Finanzas de tú a tú” program, we offer a clear and simple financing system that is aimed at informal entrepreneurs who want to make their businesses grow. This microfinancing program is underpinned by one premise: the best way to do things is whatever works for each entrepreneur.

Patricia Santos

Patricia Santos is an entrepreneur from Chalco, in the State of Mexico. Her positive attitude and big heart have helped her overcome adversity, such as the tragic loss of her husband and the challenge of bringing up her son by herself.



Patricia, Tuiio client.



She saw Tuiio as an ally to help her start a food business, and that is how “la magia del sabor” was born. Thanks to her Tuiio loan, her business has evolved, and she now offers catering services and sells ceramics to supplement her income. Through Tuiio, she has learned how to manage her money, save using her Santander card, and take advantage of the numerous benefits her loan has to offer. Today, she is focusing on growing her business to send her son to university.

To find out
more



Through our services, we help numerous entrepreneurs make their dreams come true, helping to create jobs and driving economic growth within their communities.

As leaders, we know that the best way to drive sustainable growth is through collective action. This is why we focus all our efforts on ensuring we perform well and promote the prosperity of entrepreneurs and small businesses around the country.



8 DECENT WORK AND ECONOMIC GROWTH
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

SME Programs

We are convinced that the small and medium-sized business segment plays a unique role in acting as a driving force for social development given its contribution to economic growth, job creation, and local and regional development. This is why we offer programs to help boost the growth of this segment.

Santander SME focuses on five major areas: Talent and Training, Employment, Internationalization, Connectivity and Financing, in order to help small companies overcome the major obstacles to their development and solvency.

Our loans that focus on social and environmental issues include:

Emprendedores

Loans for entrepreneurs who want to start their own business but who do not have the capital to do so.



Crédito agro

A loan that offers tangible benefits for our customers who are members of agricultural communities. These benefits range from extending their inventory financing period to providing flexible payments based on the agricultural cycle.

Impulsos comerciales

Financial support to promote entrepreneurship in specialist sectors in Mexico.

Mujeres empresarias

Financing to help drive the growth and modernization of companies owned by women and remove access barriers. Offered in conjunction with NAFIN.

Impulsos Nafin

Loans to promote economic development in each state or sector.

Emergentes Nafin

Programs to provide support during specific adverse situations, such as natural disasters. The goal is to help drive recovery in the affected area.

Mujer crezcamos juntas

A loan exclusively for female entrepreneurs who have a business they want to refurbish, modernize, equip, fix and/or expand. This product is offered in collaboration with the federal government in Mexico.



We granted
17,865 SME loans comprising
these characteristics.

Another major benefit that we offer SME's are international business support and outreach programs. At Santander Mexico, we offer our SME customers the opportunity to forge business alliances and relationships with some of our partners, providing them with the option to export and import through the following programs:

- **Santander Trade:** We offer our customers up-to-date information about the international market, as well as global databases, international directories and tailor-made services to help them in their decision-making processes and support them in successfully expanding their operations internationally.
- **International Desk:** This center provides help in consolidating the international operations of our SME customers through the Bank's significant global presence.

SME Advance

We offer online courses that help contribute to the development of small and medium-sized companies. These courses focus on increasing the scope of the target audience that face-to-face courses are unable to cover. We work in conjunction with the National Autonomous University of Mexico (UNAM) and the Tecnológico de Monterrey to offer a wide variety of courses: sale closing, social network management, languages (including English, Chinese and Portuguese), and advertising and promotion strategies, among others. In 2019, this online training encompassed:

- 262 courses.
- 1,767 training hours.



MXN \$996,268
invested as part of the Santander SME Development program.

In 2019, we coordinated 7 events with customers:

- **Specialized Breakfasts: 48 SME's benefitted.**
- **Business Rounds: 149 SME's benefitted.**
- **Fairs: 180 SME's benefitted.**

Inclusive Economy

We have established the following alliances to ensure we have the greatest possible impact in the SME sector:

- **Avanttia** – It focuses on tax processes in Mexico, helping businessowners manage and control their company's billing no matter where they are by using an Internet-connected device.
- **Cívico** – This business geolocation service helps map relevant business information to offer SME's services that help them connect with potential customers, as well as providing banking services to this segment in Mexico.



Financial Inclusion Client.

Santander SME Online Loan

We have two online loan models exclusively for SME's, allowing us to accelerate customer response times from 48 hours to just 60 minutes after approval. This is in response to the expectations of our young entrepreneur customers, who are accustomed to applying online in a quick and simple way.

- *Crédito Simple* for working capital, with terms of between 12 and 36 months.
- *Crédito Ágil* for working capital, with a 12-month term.

This online support model allows the Bank to quickly and easily receive loan requests to streamline the process of assessing the information received and ensuring it complies with all requirements. This means that we can provide a response in just an hour, highlighting the value we place on the interests of our customers and on acting responsibly in this respect.

SME Online Onboarding

A strategic agreement with the Ministry of the Economy to recognize companies that have been registered as Joint-Stock Companies (SAS) as enterprises created by young entrepreneurs, in order to drive support for this financial sector within Mexico.

- **2,275 accounts opened for SAS through SME Online Onboarding.**
- **3,897 potential customers benefitted.**

Mexican Association of Entrepreneurs

We work alongside the Mexican Association of Entrepreneurs (ASEM) to promote entrepreneurship through measures that provide access to information, engagement via social networks, training, defense, public policies and commercial benefits.

- **12 events.**
- **837 entrepreneurs benefitted**
- **Digital coverage encompassing 16,337 people.**

Financial Inclusion

In Mexico, there are thousands of people who have no access to basic banking services. To address this situation, we are promoting financial inclusion in three key areas: guaranteeing access to quality financial services and products; offering products and services that have been adapted to the needs of each community and each group; and, promoting financial education to ensure that people can make better use of their financial resources.

Tuio employees.

1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.



Microloans

At Santander, we have focused our efforts on helping people and businesses prosper. Which is why several years ago we chose microloans as one of the major services required to help drive the inclusive and sustainable growth of our customers.

Through the Tuiio Finanzas de tú a tú program, we offer a clear and simple financing system that is aimed at informal entrepreneurs who want to make their businesses grow. This microfinancing program is underpinned by one premise: the best way to do things is whatever works for each entrepreneur. Our mission is clear: offer them tailor-made support through financial consultants who have been trained to provide them the tools they need to meet their goals.



82,675

new customers in 2019.



138,703

microloans granted
in 2019.

105,018 people supported since
2017, 92% of whom are women.



Tuiio client.

Tuiio offers a comprehensive range of products that not only include a tailor-made loan, but also savings and insurance products that help people to cover their needs within financial cycle. The products on offer have a major online component that favors operational efficiency and a better user experience.

This program is based on the key principles of financial inclusion: inclusive growth, the digital revolution, accessibility and customer protection. We want to have a sustainable and profitable social impact on our customers through our financial and non-financial services.

The major support services offered include:

- **Courses** that help customers to use financial services (savings, credit, budgeting, use of ATM's).
- **An app for children** (6-10 years old) and printed educational materials, covering issues such as water and energy savings, expenses, savings goals, and the environment.
- **Support networks:** A digital market offering exclusive benefits to members of the Tuiio community, including discounts, workshops, courses and collaborative workspaces at Tuiio branches.
- **Financial tips and digital simulations.**
- **Calculators and podcasts on the Tuiio website** that help customers quickly and easily access information about their ability to pay, savings goals and business administration.

(FS13)

The Tuiio customer support model currently comprises 85 branches, in addition to kiosks and consultants, enabling us to better engage with our customers and support them during the product sign-up process. All Tuiio customers have 100% online and commission-free savings accounts, and they are given a debit card that is linked to the account.

We have developed indicators to measure the short-, mid- and long-term social impacts of Tuiio based on the generation of responsible and shared value, as well as long-term sustainable and comprehensive social development and economic well-being.

Products

The line of products offered by Tuiio include:

Savings

Access to an online savings account that is opened remotely by consultants. This allows users to save, be it through mobile and online banking services or via their debit card.

Insurance

All Tuiio customers have a life insurance policy totaling MXN \$20,000, as well as a policy covering serious illnesses of MXN \$5,000 and another for funeral expenses, costing less than MXN \$15 per month.

At Tuiio, our employees are always ready to offer best-in-class service. We achieve this by offering them training in areas that range from customer service to ensuring they have the skills necessary for both their professional and personal lives.

In 2019, we offered our employees the following courses:

What's up with my finances?

A Financial Literacy program that certifies 100% of all new employees in personal finance issues and the proper use of financial services.

Finance Tips

An on-going communication campaign every Friday via WhatsApp groups that provides tips on financial services and personal finances.

Customer Service

During the induction process, all our new employees take part in a customer service workshop.



Recognition of "Excellence" by the "Leading Women Awards" for the Executive Director of Financial Inclusion Santander México.

Norma Castro was presented with a Leading Women Award by the World Business Council for Sustainable Development (WBCSD) for her work spearheading the Tuiio financial inclusion program. The Leading Women Awards recognize the efforts being made by women leaders around the world who are contributing to achieving the United Nation's goal of achieving gender equality and empowering all women and girls by 2030.

Norma was the first Mexican woman to win this award in 2019 given "her efforts to reinvent the traditional micro-finance models in Mexico" and "the success of Tuiio in empowering those who are underserved by banks by offering financial services".



Norma Castro.

tuiio[®]
FINANZAS DE TÚ A TÚ

"I am very proud to lead Tuiio and be part of Santander, because I am convinced that companies, especially the largest in the world, have a unique opportunity to promote this type of initiatives that contribute to sustainability and give back to society".

Norma Castro

Executive Director of Financial Inclusion.

Superdigital

Committed to promoting the financial inclusion of people in Mexico, we developed Superdigital: a level-two account with a simple online application process for people over the age of 18 who have an active e-mail account and cellphone number. There are no commissions for opening or using the account, and it takes around 8 minutes to activate and be ready to be used online. Some of the benefits of Superdigital include the linked Mastercard debit card that is accepted worldwide and the fact that customers can use all of Santander's channels, including branches and ATM's.

More than 339,000 accounts have been opened to date, of which:

93% are part of the **Bank's classic segment**.

58% of our customers with this type of account are women.

68% of our customers are aged between **18 and 35**, and **96%** of our total customers have signed up to our **digital channels**.

24% of our customers have signed up for **another banking product apart from Superdigital**.

66% have loans, **7%** have a credit card and **13%** have insurance.

Financial Education

(FS16)

Our Financial Education model is aligned with our goal of driving awareness among our customers about understanding the state of their finances, offering them tools to help them make the right decisions and optimize their financial health.

We are a member of the Financial Education Committee of the Mexican Association of Banks (ABM), where we are also members of the Steering Committee and a specialized committee comprising the five largest banking institutions in Mexico.

- As part of the ABM, we work alongside other banks from the sector on the "Young People Building the Future" program. In conjunction with the Interactive Museum of Economics (MIDE), from Banco de México, we have designed financial education materials for those beneficiaries chosen by the banking sector to take part in this federal government training program.

Through a range of innovative and interactive measures, we offer financial education programs to our customers and the general public to help them achieve their goals. These programs include: Financial Health with Tuiio, our website, our Mobile Movie Theater, our Guardians of Savings program, and National Financial Education Week.

Customers

Financial Health with Tuiio

Through our application, we promote healthy personal finances among our customers. We offer online information about the benefits of formal savings, proper debt management and the use of ATM's and multi-function ATM's. After finishing these modules, the participant is awarded a diploma. This application is available on Android smartphones. In 2019 we provided financial education to 19,286 clients.



Community

Tuiio – Mobile Cinema

In this entertainment space, we promote family time and financial education, as well as the proper use of debit cards. The program is based around a mobile cinema that travels to areas neighboring Tuiio offices. In 2019, it visited 34 areas (events). In 2019 it was carried out in 34 locations (events) benefitting 17,785 people.



+19,500
visitors to our
Financial Inclusion
website in 2019.

Financial Education Website

In 2019, we redesigned our website to provide more comprehensive and consolidated content for different segments of the population. The site now offers:

- A course covering the basic concepts of personal finances, as part of the institutional ABC of Your Finances program.
- Tuiio content that focuses on the unbanked.
- Information to help university students embark on their financial lives.
- Interactive materials, such as calculators, simulators, videos and infographics.
- Courses to help SME's overcome their major challenges, helping drive their development and increase their solvency.

In 2019 we benefitted 10,925 people with our content.

* 15 beneficiaries of Pro Bono Legal Volunteering are also considered.

Guardians of Savings

All Tuiio offices have tablets with preinstalled applications that promote playing as a learning tool for children between 4 and 12 years of age. These games focus on financial and non-financial savings and raising awareness about incidental expenses. In 2019, 1,389 children benefitted.

National Financial Education Week

Every year, the federal government, through the National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF), organizes National Financial Education Week (SNEF), during which the public and private sectors join forces to provide information to the general public about how to better manage their personal finances, including how to responsibly use financial products and services. In 2019, our stand benefitted 10,950 people through the three interactive programs: Tuiio – Building Your Finances, Tu Yo Financiero and the institutional ABC of Your Finances program.



55,350
people benefitted through
financial education programs.*

Social Networks

We rolled out an active social network campaign that offered users access to podcasts and infographics relating to financial education in an attractive, clear and easy-to-understand format.

+10 million impacts on social networks thanks to our financial education campaign.

(FS16)

A photograph of a modern Santander building with a glass facade and a prominent red sign with the Santander logo and name. The building is partially obscured by lush green trees in the foreground. The sky is clear and blue.

Social and Environmental Impacts

At Santander, we believe that one of the best ways to make a significant contribution to society in environmental and social terms is to support the financing of projects linked to responsible and sustainable consumption. We support the on-going development of renewable energies, and we help our customers in their transition toward a green economy.

13

CLIMATE ACTION



13. Take urgent action to combat climate change and its impacts.

11

SUSTAINABLE CITIES AND COMMUNITIES



11. Make cities inclusive, safe, resilient and sustainable.

Environmental Management System

We currently operate under a robust Environmental Management System (SGA for its Spanish acronym) that reaffirms our commitment to the environment. It focuses on guaranteeing the efficient use of natural resources in all our operations, and monitors and controls both the treatment and disposal of the waste and emissions we generate as well as our energy, water and paper use and savings.

Santander's Environmental Policy focuses on our commitment to:

Adopting practices

that promote the efficient and responsible use of natural resources and materials to help minimize the generation of waste, polluting emissions and wastewater stemming from our productive processes.

Complying with

all environmental legislation applicable to our productive, administrative and support service processes, in addition to any other requirements to which the organization subscribes.

Maintaining our commitment

to driving on-going improvements to our Environmental Management System in order to have a positive impact on our organization's environmental performance.

Our Environmental Management System SGA is validated by numerous certifications and audits. Since 2003, we have been ISO 14001: 2015 certified by the Spanish Association for Standardization and Certification (AENOR), guaranteeing strict compliance with this standard. In 2019, Santander Mexico's corporate building in Santa Fe and its buildings in Querétaro - CTOS, Data Center II and Contact Center - completed the External Monitoring Audit by AENOR. Given that there were no non-conformities, we remain ISO 14001 certified.



it at home and at the office, and the benefits of reducing our personal carbon footprints.

Furthermore, during the year, we held an internal Environmental Awareness campaign entitled Let's Create a Good Environment (Hacemos un buen ambiente), in which we communicated a range of messages via e-mail and other platforms regarding proper waste disposal, efficient water and paper use, and the elimination of single-use plastics.

Emissions

(305-1, 305-2)

We understand that one of the major contributing factors to climate change is global warming. That is why, as a Responsible Bank, we strive to optimize our processes to help decrease the GHG emissions we produce as a result of our day-to-day activities.

In 2019, total Scope 1 and 2 emissions reached 75,877.48 tCO₂e.

Santander Mexico Emissions ¹⁵ (t CO ₂ e)		
	2018	2019
Scope 1	2,475.64	2,414.10
Scope 2	77,196.75	73,463.38
Total	79,672.39	75,877.48

Internal Environmental Awareness Measures

In 2019, we implemented the following environmental training sessions:

- Corrective Measures Workshop.
- Course on Environmental Law in Mexico.
- Environmental awareness for contractors, focusing on sustainability, lifecycle, environmental risk and the principles of ISO 14001:2015.

Another program that involved the participation of our employees was our What's Your Footprint (¿Qué huella dejas?) workshop, held on World Environment Day. This workshop focuses on explaining to employees what a personal carbon footprint is, the impact that this has on the environment, the most common habits that boost it, simple steps to reduce



4.7% of reduction in emissions, the equivalent of **lighting 4,546 households** in Mexico for a year.

¹⁵The calculation of Santander Mexico's Carbon Footprint for 2019 was undertaken using the methodology proposed by the GHG Protocol Corporate Accounting and Reporting Standard, the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), satisfying the requirements of ISO 14064-1, NMX-SAA-14064 and that stipulated in the Climate Change Law in the area of the National Emissions Registry and considering the Calorific Powers published by CONUEE (2020), the Global Warming Potentials defined by the GHG Protocol and the National Electric System's Emission Factor for the period 2019 (CRE). The calculation considers an operational approach. The GHGs considered in this calculation are: carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄).



Consumption

Energy Consumption

(302-1)

To be more energy efficient, we have implemented a range of tools to measure and identify areas in which our energy consumption is highest and take the steps necessary to rectify this situation.



7. Ensure access to affordable, reliable, sustainable and modern energy for all.

Energy Index Design


We created an index based on the parametrization and regionalization of electricity consumption at our branches to determine which of them are major energy consumers in order to implement specific measures to rectify the situation.

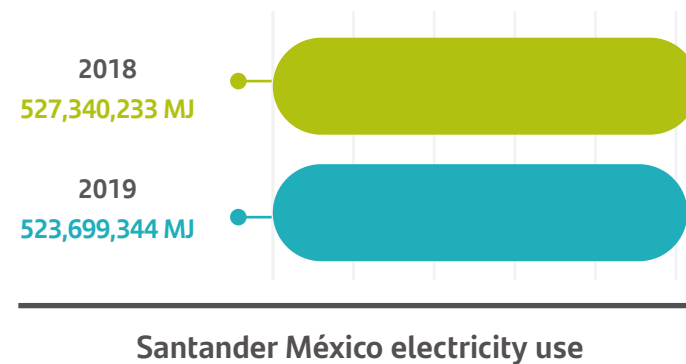
This index measures annual energy consumption per unit of usable area (kWh per year / useable m²) of each branch, generating energy performance curves and consumption trends and opportunely identifying any deviations.

Use of Clean Energies

A clear example of our internal operations was the signing of a PPA (Power Purchase Agreement) to cover 30% of Santander Mexico's total consumption. We signed this agreement with Ampper, a renewable energy company in Mexico.

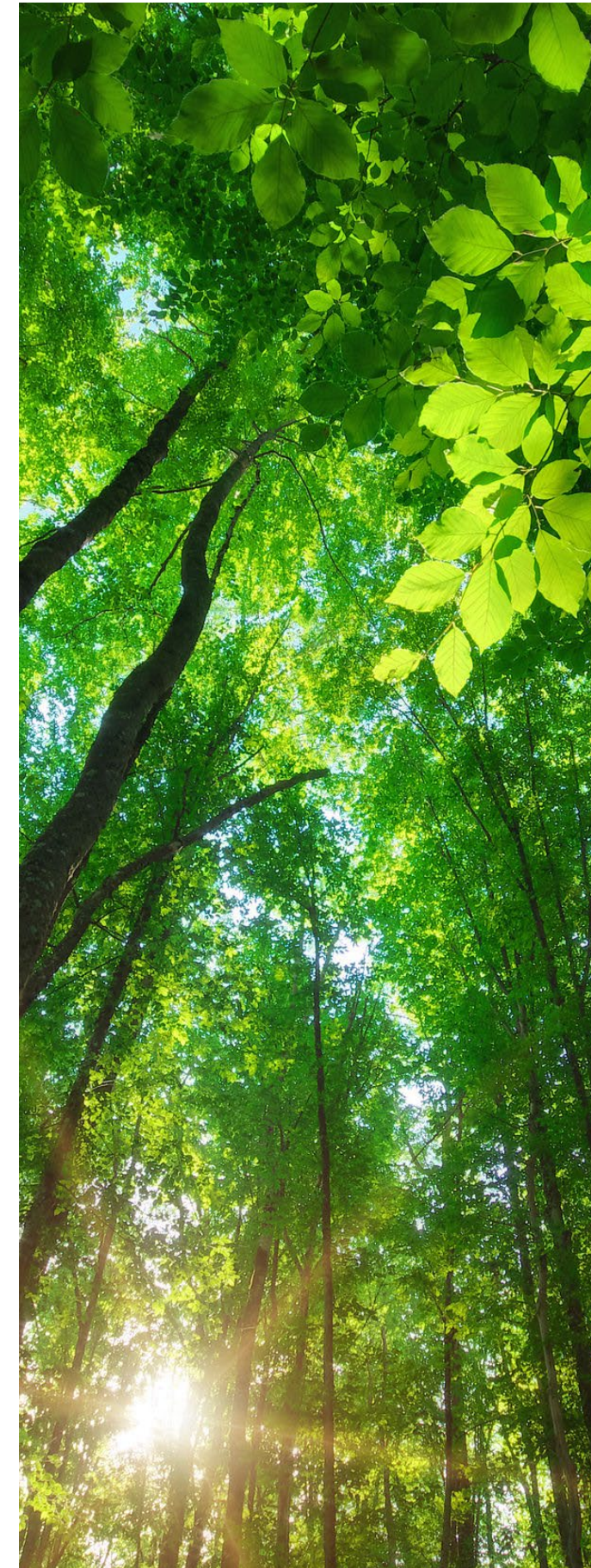
The origin of this renewable energy will be the Delaro wind farm, which is being built by Thermion and should be completed by 2020. Once up and running, the farm will provide 45 GWh per year, which represents a little over 30% of our consumption from the national grid. It is important to mention that of our total current consumption, 50% comes from efficient natural gas co-generation, while 30% will come from a renewable wind source. This is the first step in achieving our local goal, which is aligned with our global goal of using 100% renewable energy by 2025.

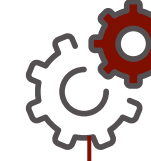
 **73,144,637 kWh**
of clean energy
from efficient co-generation.



Source ¹⁶	Consumption in MJ	
	2018	2019
Electricity	527,340,233	523,699,344
Natural gas	3,846,169	3,957,572
LP gas	5,579,920	4,465,074
Fuel (Diesel and Gasoline)	26,348,392	26,373,095
Total	563,114,714	558,495,085

¹⁶ The consumption of natural gas, LP gas and diesel was calculated based on utility bills, which were converted into MJ using the calorific values published by CONUEE: https://www.gob.mx/cms/uploads/attachment/file/538168/LISTA_DE_COMBUSTIBLES_2020.pdf

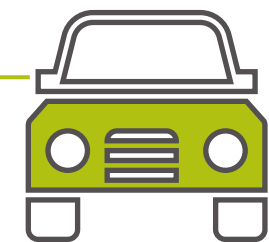


 **Our total energy consumption** in 2019 was **558,495,085 MJ, 0.8% less than in 2018.**

Energy Efficiency

To reduce our energy use, we implemented the following measures:

- Substitution of Chilled Water Pumps at our Corporate Offices in Santa Fe.
- Changes to Lighting at Modules in our Corporate Offices in Santa Fe.
- Alternative Energy Supply at our Buildings:
 - » Branches and Offices.
 - » CTOS Operations and Technology Center.
 - » CTOS II Data Processing Center.
 - » CCS Santander Contact Center.



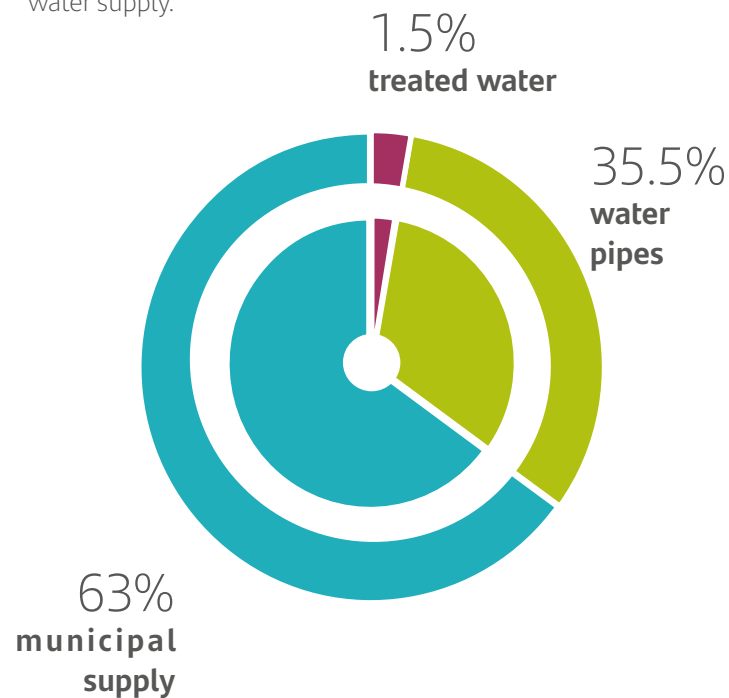
4,619,629 MJ
reduced in our total energy consumption, which is equivalent to avoiding **19,602 vehicles transiting for one year.**

Water Use

(303-1)

In 2019, we implemented a number of internal communication campaigns to raise awareness of water use.

During the year, the total amount of water we used¹⁷ reached 461,258.75 m³ of which 6,799m³ was treated water, 154,571m³ comes from pipes and the rest was from the local water supply.



Paper Use

(301-1)



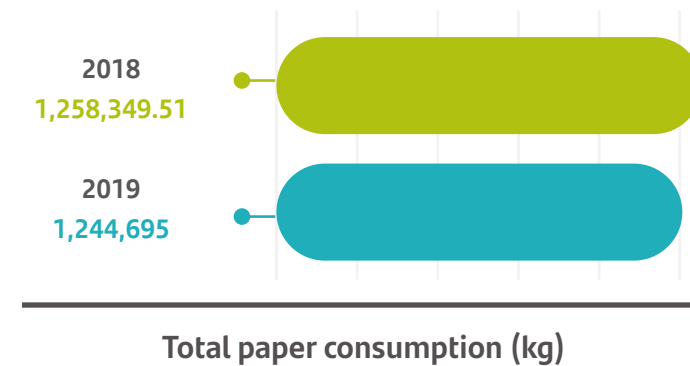
15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

We are serious about our goal of acting sustainably: we have been working on responsible paper use, ranging from the way in which we procure it to the promotion of internal paperless campaigns that aim to reduce our daily use of this resource.

¹⁷ Water use was calculated using utility bills issued by several local, state and/or federal water authorities.

Paper consumption 2019

Paper Use by Type (kg)	Santander México
Certified Paper	970,247
Recycled Paper	274,448
Total kg	1,244,695



22%
of our paper is recycled.

78%
of the paper we use comes from sustainable forests.

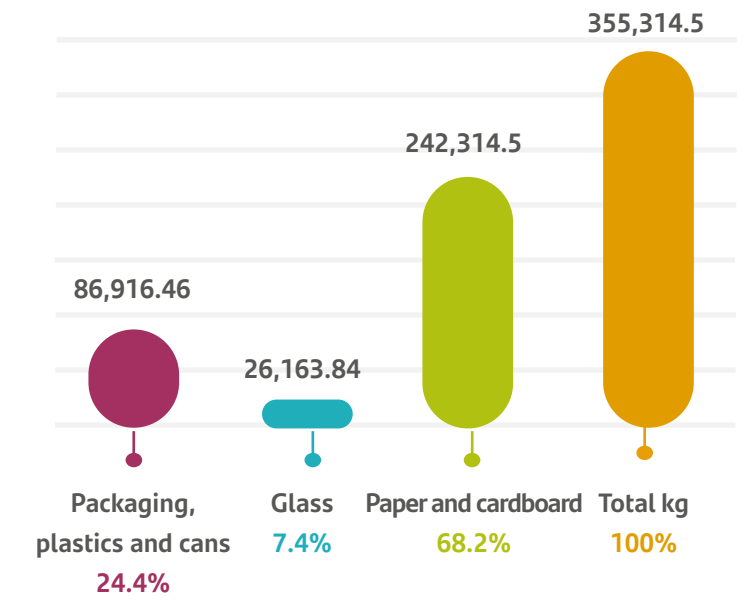
We reduced our paper use by 1.1% compared to 2018.



Santander employee in Free Plastic Campaign.

Waste Management

At Santander Mexico, we separate waste from the source to help decrease disposal in landfills. We have achieved this by implementing waste separation campaigns within the institution to help raise awareness among our employees.



Waste (kg) Santander México*

*All waste generated at Santander Mexico is classified as non-hazardous.

Reduction of Single-Use Plastics

During 2019, in accordance with the global goal to eliminate single-use plastics, in Mexico, we implemented a number of measures, including:

Canteens:

- Elimination of plastic bags for cutlery.
- Compostable and biodegradable take-away food containers.

Coffee Machines:

- Use of biodegradable cups.

Vending Machines:

- Withdrawal of drinks in plastic containers, replacing them with aluminum cans.

Elimination of Bottled Water:

- Reduction in the use of PET bottles within our buildings.
- Water fountains to fill up water bottles.
- Installation of filters and water fountains.

Suppliers

(412-3, 102-9)

At Santander, we are committed to ensuring that our suppliers share our ethical, legal, social, environmental and economic criteria and values. All suppliers who sign a contract with one of the Group's entities are responsible for ensuring their organizations have specific processes in place to protect the environment, including:



Benchmarks for the use of potable water, detergents, cleaning supplies, hazardous materials, among others.



Employee training covering their respective internal procedures, in addition to those of the Environmental Management System, and materials provided by Grupo Santander.



Order and cleanliness: implementation, execution and maintenance of the 5S quality program.

The contracts entered into by Santander México and our suppliers, except for the excepted ones, include a Corporate Social Responsibility clause in which the supplier reaffirms their commitment to aligning their processes with the United Nations Global Compact:

- **Human Rights**
- **Workplace Standards:**
 - » Respect for the freedom of association, the elimination of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation.
- **Environment:**
 - » Promotion of employer responsibility.
 - » Implementation of environmentally-friendly technologies.



(102-9, 412-3)

- **Fight against Corruption:**
 - » Prevention of extortion and bribery.

By including environmental and social requirements in the contracts and agreements we enter into with our suppliers, we have decreased the impact on the environment, improving processes that enable us to reduce risks.

During the supplier approval process in company dimension, we include indicators regarding quality, environmental management, labor relations, prevention risk and corporate social responsibility.

In 2019, we had 4,093 suppliers who offered services valued at MXN \$18,026,455,974.96 These include employee benefits and taxes, among other payments made to third parties, which are not included in the supply chain.



We performed

Social Responsibility and Human Rights evaluations for our suppliers approved through Aquanima.

97% of our suppliers are domestic.

¹⁸En 2019, 359 contratos fueron formalizados por medio de Aquanima.



The Integrated Expense Management department is tasked with defining, monitoring and evaluating all third-party payment and procurement processes with the support of Aquanima, the Group's procurement hub.

The local Supplier Committee identifies the risks associated with the outsourcing or provision of services during the contractual period with suppliers.

Sustainable Financing and ESG Risk Assessment¹⁹

In strict compliance with the Equator Principles, at Santander we have measures in place to analyze the social and environmental risks inherent in financial projects.

¹⁹ Environmental, Social and Governance.

Assessment of Social and Environmental Risks

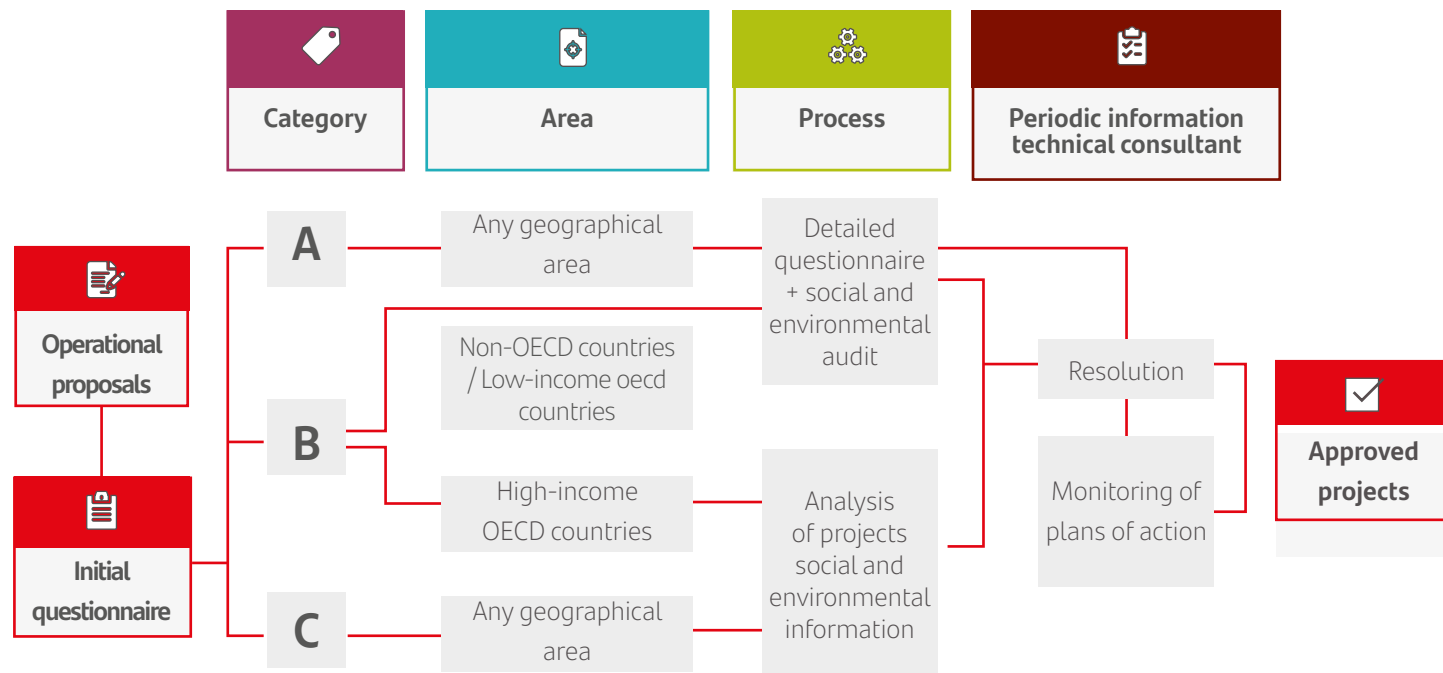


Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

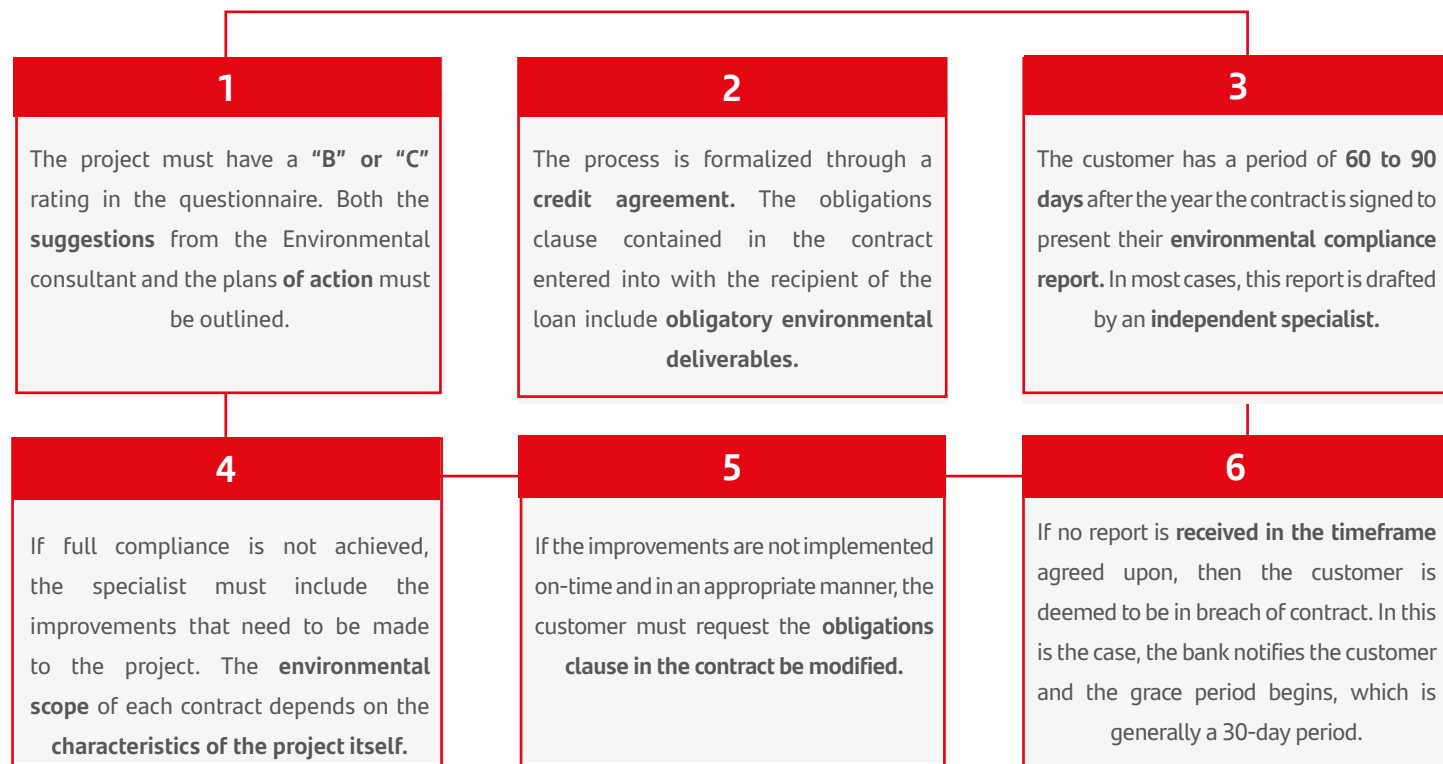
The Group's Social and Environmental Policy specifies that any project over USD \$10 million must comply with the Equator Principles, the agreement among global financial institutions that governs the financing of projects through a responsible, ethical and transparent approach that also encompasses social and environmental awareness.

To approve any project finance, it must follow the steps described below:

Social and environmental risk assessment procedure based on the Equator Principles for projects over USD \$10,000,000.



- A. Project Finance with a significant negative and high-risk impact.
- B. Project Finance with a negative and lower-risk impact.
- C. Project Finance with a low or non-existent impact on the environment.



The financial products that are subject to the Equator Principles are:

1. **Project Finance Consultancy Services**, when the total capital costs of the project exceed USD \$10 million.
2. **Project Finance**, when the total capital costs of the project exceed USD \$10 million.
3. **Corporate Loans linked to Projects** (including Export Financing in the form of Buyer Credits), when the following four criteria are met:
 - The majority of the loan is linked to a project over which the customer has effective operational control (directly or indirectly).
 - The total loan amount is at least USD \$10 million.
 - The individual commitment with the EPFI (Equator Principles Financial Institution), prior to syndication or resale, is at least USD \$50 million.
 - The loan period is at least 2 years.
4. **Bridge Loans with a payment period of less than two years** to be refinanced through Project Finance or a Corporate Loan linked to Projects which will, foreseeably, meet the relevant criteria.

To learn more about the Equator Principles, click [here](#).



3 projects

financed in accordance with the Equator Principles in 2019, totaling approximately **MXN \$2,432,000,000.**



Our projects that were financed through Project Finance have insurance policies covering fires, hydrometeorological phenomena, tremors and earthquakes.



We participated in the financing of nine social infrastructure projects, including:

Auneti

Construction and operation of 84.7 km of the Nuevo Necaxa -Tihuatlán highway.

Pirámides

Conservation, reconstruction and traffic services for the Pirámides – Tulancingo – Pachuca highway.

AUTASA

Refinancing of 39 km of the Talimán - Tapachula highway, along the Cd. Hidalgo branch.

Miyana

Mixed use development on a plot totaling 43,954 m² with 504,540 m² of construction in Miguel Hidalgo, Mexico City.

PTAR Hermosillo

Service Provision Contract granted by Agua de Hermosillo for a Water Treatment Plant with a capacity of 2,500 l/s.

RCO

34.5-year federal concession for the administration of 4 highways in Mexico: Maravatio – Zapotlanejo, Guadalajara – Zapotlanejo, Zapotlanejo – Lagos de Moreno and León – Aguascalientes.

Ramones Norte

Development, construction and operation of a natural gas pipeline that will start in Los Ramones, Nuevo León and reach San Luis Potosí, with an estimated length of 456 km.

COINSAN

Mini-Perm loan for 10 years with an underlying credit for 12 years.

TAJIN

Development, construction and operation of an integrated fuel reception and delivery system from the Port of Tuxpan, Veracruz, to Tula, Hidalgo.

We participated in the financing of three environmental infrastructure projects, including:

A3T

231 MW combined cycle co-generation plant in Villahermosa, Tabasco.

Techgen

Brownfield combined cycle plant with a capacity of approximately 900 MW.

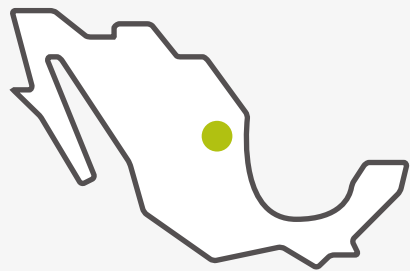
Delaro

Contract for the construction of a wind farm in Reynosa with a capacity of 117 MW.



We signed a loan contract for the design, construction and operation of **the Delaro Wind Farm**, which has a capacity of **117 megawatts (MW)** and is located in **Reynosa, Tamaulipas**.

DELARO



Place: **Reynosa, Tamps.**

Capacity: **117 MW.**

Annual generation: **479,400 MWh.**

Availability: **100% contracted.**

Equivalent to:

22,851,400
planted trees.

282,000
lighted houses.

59,612
cars out of circulation.



Sustainable Bonds



Santander Corporate and Investment Banking (SCIB) Mexico spearheads the issuing of sustainable emission bonds through a number of online operations, in keeping with its commitment to responsible banking.

Sustainable bonds are debt instruments used to raise funds to finance projects that have a positive impact on the environment and on society. For these types of bonds, issuers provide clear evidence of how the resources for the approved projects have been used, based on a specific framework, as well as reporting the percentage invested and the results of the projects.

SCIB Mexico has participated in the following public transactions on its local market using the ESG (Environmental, Social and Governance) format:

- Green bond from Trust Funds for Rural Development (FIRA) for a total of MXN \$2.6 billion. This bond will once again be certified by Climate Bonds Initiative (CBI) and include the participation of the IDB and Sustainalytics.
- Sustainable bond for the National Works and Public Services Bank (Banobras) in 2017 and 2019 for a cumulative total of MXN \$17,000 million. These resources will be earmarked to finance or refinance green projects that have a social impact.

Within the framework of Collaboration Revenues, the SCIB and Debt Capital Markets (DCM) teams, in conjunction with the Business and Institutional Banking (BEI) segment, coordinated the issuing of sustainable green bonds for numerous customers, including:

- A sustainable bond for Vinte, a Mexican real-estate company, for a total of MXN \$1,500 million in 2018 and 2019. This encompasses the development of sustainable social housing for low- and middle-income sectors, as well as improving access to health and education.

Other Green Financing

At Santander Mexico, we offer special financing, with preferential rates, for hybrid and electric cars, and we will continue improving the services we offer this sector in 2020. An example of this is our exclusivity agreement with Tesla, signed in May, 2019. We offer a rate of 10.99% for up to 72 months with no arrangement fees. We also offer a response time of just 7 minutes for pre-approval.



Financing of
76 electric vehicles .

In 2019, we were the sole administrative agent for the first sustainability-linked syndicated revolving credit in Latin America with FUNO. In this operation, in which 11 banks were involved, we acted as joint bookrunners and lead arrangers. The margin for this line of credit is linked to the credit rating of the organization and the evolution of a sustainable indicator, such as the intensity of electricity consumption of the assets under management.



Supporting Higher Education

At Santander, we are convinced that education is the cornerstone of efforts to drive the progress of current and future generations and the creation of a better world. This is why our social investment strategy focuses on education, mainly higher education.

Santander Business Innovation Award winners.

We have strong initiatives that promote students in Mexico towards higher education and that have as main axes of action the academic orientation, employment and the university digital transformation.

4 QUALITY EDUCATION



4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.



In 2019 we granted 6,300 scholarships for domestic, international, academic mobility and entrepreneurship.

Santander Universidades and Universia



In Mexico, through Santander Universities and Universia, we have forged alliances with the leading higher education institutions in the country to guarantee access to quality education. We are convinced that young professionals can have a significant impact on society from their specific areas of study.



In 2019 we invested MXN \$127,674,939 MXN in the Higher Education Support Plan (PAES).



Santander Scholarship.



A one-of-a-kind area that specializes in supporting universities through a value proposal that includes scholarships, chairs, collaborative projects and the creation of financial products and services for universities and college students.



The largest university collaboration network in Ibero-America. It facilitates academic and community liason projects, as well as outreach programs in corresponding regions, helping to drive the internationalization and positioning of universities. Since its inception, it has received financial support from Banco Santander. On a global scale, we work with more than 2,000 universities in 21 countries and we benefit around 20 million college students and faculty.

Comprehensive Santander Universities and Universia model



College Entrepreneurship



Educational Innovation



Mobility



College Services



1. University Entrepreneurship

University students who have the initiative to help bring their own ideas to life have our support to make their dreams come true. Every year, we support university projects and programs that drive innovation, internationalization, collaboration and academic research, through the following programs:

Santander Scholarships for High-Impact Entrepreneurs - TREPCAMP

An intensive training program for entrepreneurs at major innovation centers in the USA, including Silicon Valley, Boston, New York, Austin, San Diego and Los Angeles, helping students to develop skills that are of key importance to the success of their projects and ideas. In 2019, we benefitted 220 young people through an investment of MXN \$15.4 million.

From Startup to Company - Lean Startup MX

Through the Lean Startup methodology, we designed a program that promotes the optimization of time, money and other resources to reduce the barriers facing entrepreneurs and increase, through smart investments, the probability of success of their startups.

MOOC "From Idea to Company"

This program consists of an online course that focuses on developing skills and competencies, as well as how to implement innovation within an organization and create solutions for innovative products and services.

This course has been offered mainly to students from public universities, helping them on their road to becoming entrepreneurs by teaching them about finances, laws and the steps and paperwork needed to set up a company.



2. Educational Innovation

Santander-American Council on Education Grants

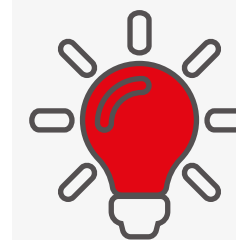
A program that brings together close to 2,000 leaders in education to focus on trends and issues in higher education. In 2019, this forum was held in the United States, and we offered 22 grants, with a total value of MXN \$500,000 for the Mexican delegation of university presidents, who represent the country's leading universities.

College of Independent Colleges Grants

A program for presidents of Mexican universities that aims to provide a space for engagement between key players in higher education in Mexico and the United States. In 2019, we provided 12 grants, totaling MXN \$132,000 for presidents of leading partner institutions of Santander Universities.

Council for Advancement and Support of Education Grants

A program for university presidents that encompasses 3,670 institutions in 82 countries, the goal of which is to promote institutions of higher education through institutional reflection, marketing, alumni relations and institutional alliances. Each year, 15 grants are given to presidents of Mexican universities, with a total value of MXN \$350,000.



Comeback stories by Santander y FUN

Fuck Up Nights tour of ten Mexican universities in collaboration with The Failure Institute. The event strives to promote a mentality of innovation and resilience through learning about stories of failure by young entrepreneurs.

3. Mobility

Domestic and international student mobility is one of the most important tools in helping students develop. This is why we offer mobility scholarships program through the following programs:

Santander Academic Mobility Scholarships

This comprises three specific undergraduate and postgraduate scholarship programs (Santander Domestic Mobility Scholarships, Santander Ibero-America Undergraduate Scholarships and Santander Scholarships for Young Researchers and Faculty), in which outstanding students receive maintenance grants for academic exchanges to higher education institutions that are members of the Santander Universities network. In 2019, more than 580 mobility scholarships were granted, with a total investment of MXN \$20.4 million.

Santander-CONACYT-(National Council of Science and Technology) OEI (Organization of Ibero-American States) Scholarships

This scholarship program focuses on driving the scientific and technological capacity of the region, promoting student mobility and consolidating relations between Ibero-America and Mexico. Through a training grant, talented students from member states and OEI observers are offered support in covering travel and moving expenses. In 2019, 58 scholarships were granted, with a total investment of MXN \$765,000.

Talentum Universidad

An inter-disciplinary project in Mexico that helps identify and train high-level university talent. This project focuses on solving social challenges for design of public policies. Last year, out of more than 14,000 applications, the top 50 applicants were chosen, with a total investment of MXN \$5.9 million.

Santander Leaders in Development - FUNED

This program offers training to outstanding students through a high-performance academic guidance and preparation process that offers them training and helps them apply for postgraduate



programs at some of the best universities in the world. Furthermore, the Mexican Foundation for Education, Technology and Science (FUNED) provides financial support to pay the tuition for their Master's degree. In 2019, 614 young people were benefitted through an investment of MXN \$4.3 million.

Santander SEP-Bécalos Scholarships

This program offers students from low-income backgrounds the opportunity to take part in 6-month exchange programs to community colleges in the USA.

Santander EdX-Udacity Scholarships

This academic training program focuses on developing technological advances, such as Artificial Intelligence (AI), Data Analysis and Machine Learning. As part of this program, 150 Python programming courses were offered, in addition to 30 scholarships for nanodegrees, with a total investment of MXN \$700,000.

Santander International Mobility Scholarships

These are aimed at students interested in taking part in an undergraduate or postgraduate exchange at universities in other countries.

Santander Maintenance Grants

These offer support to university students to help cover expenses during their studies or academic exchange programs.

Santander Language Scholarships

Through this program, we support young people by providing them with a software license to study English and drive their professional development, with a total investment of MXN \$500,000.

Legacy Santander Scholarships

In 2019, this program was launched, providing scholarships to 22 university students from Mexico and helping them to continue their studies in the arts, culture and gastronomy, in addition to offering them the opportunity to study at a university in Mexico or abroad.

Other Scholarships:

- Santander Ibero-America Youth Scholarships.
- Santander FIMPES (Mexican Federation of Private Institutions of Higher Education) Research and Postgraduate Scholarships
- Bécalos-IEA-Santander Mobility Scholarships
- Santander-UNAM International Mobility Scholarships
- Santander-Anáhuac Scholarships



Santander Private Banking, in conjunction with American Express, designed a credit card that aims to create a legacy for Mexico through the talent of its young artists.

By acquiring the Santander Legacy American Express® credit card, our users are helping support a charitable program that offers 20 social mobility scholarships to 20 young people, worth MXN \$100,000 each, in addition to providing 2 young people with an international mobility scholarship worth MXN \$1 million each.

4. University Services

To support universities in the country, at Santander we have divided our support in this area into three major pillars: Employment, Training and Marketing.

In terms of employment, we continue supporting higher education institutions in Mexico through outreach and employment programs for the university community through an employment platform for students, through which we offer them search tools for internships and help them find their first job. In terms of training, we have platforms and seminars. And, in terms of marketing, we use marketing tools to promote universities through virtual fairs, collaborative networks and segmented information.

We use virtual tools, such as SAAE (Student and Alumni Management Software), to identify high-potential young people to help drive their professional development.

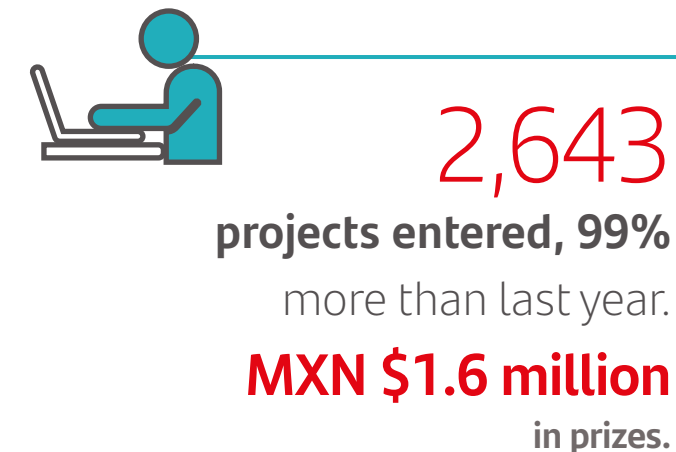
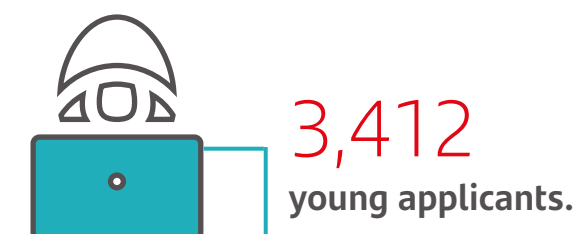
We also promote internships at SME's through scholarships offered to students through our Santander Universities scholarships. We also strive to ensure that students can take part in an immersive experience in investment fund management in several areas of Santander Asset Management.



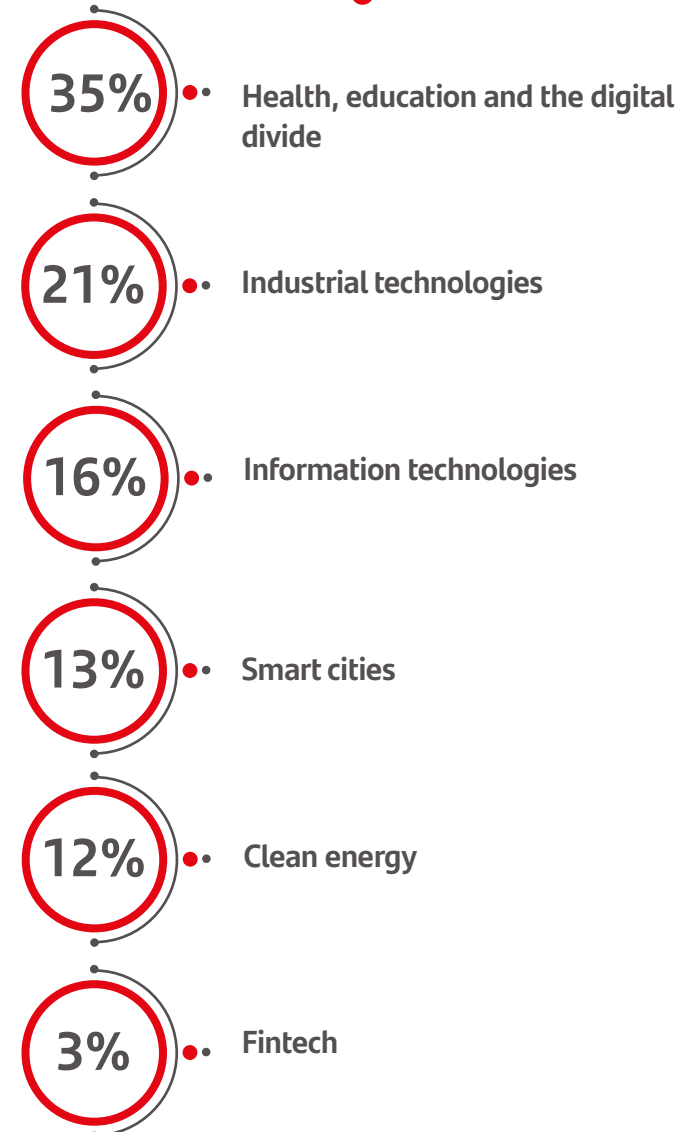
In addition to offering scholarships and supporting higher education, we also participate in events and workshops with national and international experts, focusing on analyzing the future of higher education and its needs. An example of this is Future Leaders X, which, in 2019, was attended by 100 people from universities and partner organizations, with a total investment of MXN \$1.5 million.

Santander Business Innovation Award

Every year, we embody our entrepreneurial spirit through the leading university entrepreneurship award in Mexico: the Santander Business Innovation Award. We invite young entrepreneurs to submit their applications in one of two categories. In 2019, in our Idea category, we received 1,669 applications, while 974 were entered into the Prototype category.



The projects entered into the Santander Business Innovation Award are divided into the following areas:



2019 Winners

The best projects in each category (Idea and Prototype) are as follows:

Idea Category:

First Place

Yunsei, de la UNITEC: An independent energy generator for cellphones that is based on a system of magnetic opposition. It is made of recycled materials, and, as it is not connected to the mains supply, it helps decrease energy use and CO2 generation.

Second Place

NanoSkin, from the National Autonomous University of Mexico (UNAM): A bioactive covering that combines nanotechnology and natural products to create a biodegradable and biocompatible material that, in addition to its healing properties, is low-cost.

Third Place

GECO, from the Tecnológico de Monterrey's campus in Monterrey: A process for creating bacterial cellulose by fermenting coffee grounds and orange peel to make a 100% biodegradable bioplastic that is environmentally friendly, with applications in the packing and packaging industry.



Prototype Category:

RS-WC, from CETYS Universidad

A renewable and sustainable water-saving mechanism for showers-toilets. It can store enough water to flush the toilet without having to use clean water.

ROKI, from Universidad Panamericana Guadalajara and Instituto Tecnológico José Mario Molina Pasquel Y Henríquez:

An auxiliary device that helps people with paraplegia stand and walk, decreasing problems stemming from prolonged wheelchair use and offering them a greater opportunity for social integration.



Communities

Our role is to drive development in order to have a positive impact on each of the communities in which we live and work. Our commitment focuses on forging alliances to help ensure a better future for all.

Santander Volunteers.

Trenzatón

Mexico

One of the most vulnerable moments for women diagnosed with cancer is hair loss. As part of our support for the fight against breast cancer, in October 2019 we carried out the first Trenzatón Santander.

Thanks to the enormous heart of our employees we were able to collect more than 180 braids for the elaboration of oncological wigs. We worked in alliance with México Sonríe Foundation which, through the weaving and elaboration of wigs, economically and psychologically empowers vulnerable women who generate an income through this work.

The great solidarity generated by the cause allowed us, in just three weeks, to triple the initial goal of 50 braids and benefit 9 women from the Santander family. This was possible thanks to the participation of 138 donors, men, women and girls, who had their haircut live at our corporate building in Santa Fe, at Contact Center Querétaro or who sent us their braids with messages of strength and encouragement for our beneficiaries.



+180
braids donated.

138
donors.

9
women received wigs.

14
areas participated.

“With Trenzatón Santander we wanted to give hope to our daughters, mothers, sisters and colleagues who are fighting cancer. The response of our employees exceeded all expectations. Solidarity and empathy for the cause allowed us to bring joy, dignity and hope to these great warriors”.

Marcela Espinosa
Director of Public Relations, Internal Communication and Sustainability.

To find out
more





17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

(103-2, 103-3)

Contribution to Sustainable Development Goals (SDG's)

People helped

	28,233
	16,490
	491
	22,814
	5,580
Total:	73,608



Fideicomiso por los Niños de México beneficiarios.

Fideicomiso Por los Niños de México



In 25 years, we have:

- Donated** more than **MXN \$132 million.**
- Benefitted** more than **341,000 girls and boys.**
- Supported** **660 organizations.**

Furthermore:

Since 2010, we have offered **training** sessions to **650 organizations**, which have been attended by **1,186 professionals.**

Since 2011, we have had **107 students** take part in our **social work internship program.**

Fideicomiso por los Niños de México, Todos en Santander is a nationwide successful social investment model in Mexico, which came about as a proposal from our employees to voluntarily donate a portion of their salary to help underprivileged children, an initiative that has been supported by the Bank since its inception.

Through its commitment to contributing to the social well-being of Mexican children in the areas of nutrition, health and education, we are certain that it has received more than it has given to the social organizations that we support.

Every year, through an application process, we choose the most viable projects to help improve the lives of numerous boys, girls and teenagers in Mexico.





Por los Niños de México

MXN\$9,745,079 earmarked for Fideicomiso Por los Niños de México.

16,145 girls and boys benefitted in 2019, 32.6% of whom belong to one of 9 indigenous groups in Mexico.

67 employees acted as sponsors of the organizations from the Fideicomiso

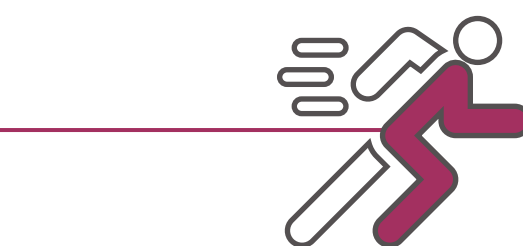
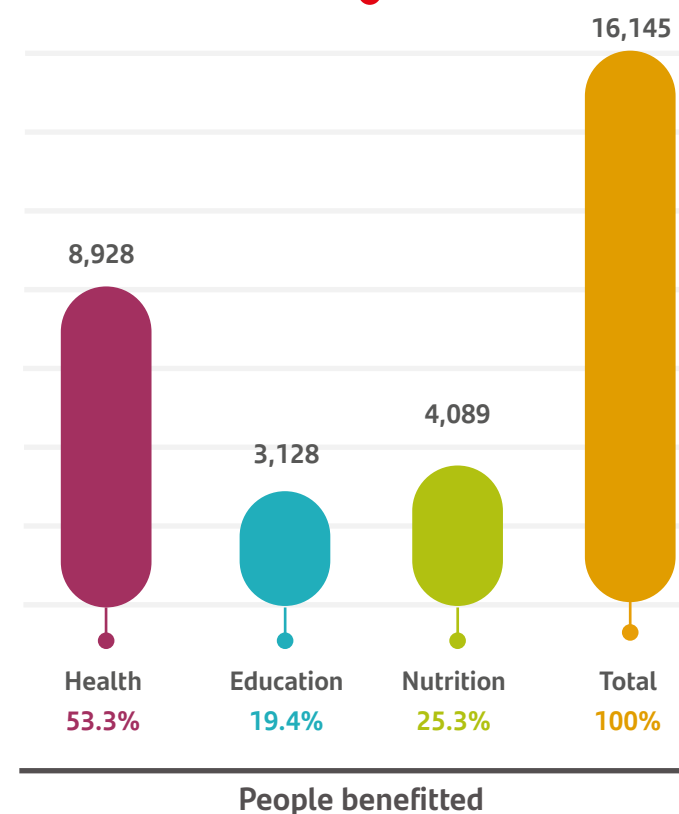


In 2019 **12,578** employees took part in this initiative.



BeHealthy Race.

This year, we hit several major milestones:



Through our BeHealthy Race, employees donated more than MXN \$200,000 to Fideicomiso Por los Niños de México.

2019 Milestones

Health programs

- 18 children with hearth surgery
- 92 children kidney treatment.
- 450 children cancer treatment .
- 291 children with autism.

Education Programs

- 1,175 children concluded or remained in basic education.
- 1,706 teenagers concluded or remained in technical and vocational training.
- 996 children received support to prevent dropping out of school.

Nutrition Programs

- 1,603 children with ideal weight and height based on their age.
- 2,444 nutritional baby foods donated.
- 200 nutrition workshops offered.

We strive to forge partnerships that help improve the living conditions of children in Mexico, in addition to driving the specialization and professionalization of the people who make this possible.

1. **Fundación Merced:** It analyzes processes to consolidate organizations and evaluates the quality of service they offer.
2. **CLARES:** It checks that the organizations supported have a methodology in place to assess the impact of the financing offered by Fideicomiso por los Niños de México.



3. **ENTS-UNAM***: It supervises and analyzes social responsibility measures in the 67 projects undertaken by Fideicomiso por los Niños de México. In 2019, 12 interns helped us in this process.

4. **Fundación Quiera**: It focuses on measures that help reduce burnout and improve the emotional health of employees within these institutions, which, in turn, promotes emotional health among the children they help.

Sustainable Partners

At Santander Mexico, we focus on partnering with prestigious organizations that share our principles, values and commitment to helping society move toward a more sustainable future.

For more than 16 years, we have used our ATM network to receive donations from customers and users who want to voluntarily, securely and efficiently support the social, educational and environmental causes we promote in conjunction with our partners.

Over this time, we have channeled more than MXN \$417.7 million, which has helped promote equality and quality education, foment and protect the rights of boys and girls, fight against environmental damage, and offer thousands of Mexicans a home.

CASA DE LA AMISTAD

During 2019, we continued supporting this organization, which helps boys and girls from low-income backgrounds who have cancer by offering them access to comprehensive treatment and free medicines. In 2019, we raised **MXN \$3,480,664.29** for this cause, complementing the treatments of **431 children and young** people through medication and specialist studies.

*National School of Social Work pertaining to the National Autonomous University of Mexico.



Casa de la Amistad Beneficiary.

BÉCALOS

This program, coordinated by the Mexican Association of Banks and Fundación Televisa, supports low-income students to help them continue their studies.

Thanks to this program, which provides scholarships for the full academic year in elementary, secondary and higher education, scholarships for academic excellence, scholarships for technical and science degrees, and teacher and principal training scholarships, it has been possible to decrease educational inequality.

In 2019 we contributed a total of:

- **MXN \$4,634,019** in seed capital.
- **MXN \$9,362,250** through our ATM network
- **2,573 people.**

UNICEF

This United Nations' organization fights for the rights of children around the world, especially their right to education. In 2019, through an ATM fundraising program, we raised **MXN \$4,133,322** to benefit **17,105 boys, girls, teenagers and teachers.**

FUNDACIÓN VIVIENDA PROVIVÁH

This trust was created to raise funds among companies and society to build and donate houses to low-income families in Mexico. In 2019, we raised **MXN \$5,472,891**.

REFORESTAMOS MÉXICO

This organization aims to create more and better forests to promote sustainable development. In 2019, **MXN \$3,320,801** was raised, benefitting **5,576 people** who live in forest communities around the country by promoting good forestry practices.

ESCUELAS SER

Thanks to the support of all our customers and ATM users, in 2019, we successfully raised **MXN \$4,636,053** for the School of Self-Improvement, Excellence and Results (Escuela SER), benefitting **2,292 students and teachers**.

27,977

people were benefitted

through the **\$30,405,981**
raised via our ATM's.



Donations

In 2019, we made significant cash and in-kind donations to a range of social causes



Project/Program



Description



People Benefitted

Project/Program	Description	People Benefitted
Happy Hearts	Our donation to the Happy Hearts association, which rebuilds schools in areas affected by natural disasters, was invested during the 2018-2019 academic year at the 13 de Septiembre kindergarten in Oaxaca.	59
Kardias - Adolfo Lagos y Calpulli	Thanks to Santander's contribution, Kardias has been able to successfully offer heart surgery to girls and boys from low-income backgrounds who were born with congenital heart defects, helping change their lives.	7
Fundación Quiera	This donation has contributed to helping children and young people who are living on the streets.	1,201
Movimiento Santander (Fundación Tarahumara, Nutre a un Niño, Casa de la Amistad)	Nutre a un niño: Sustainable development for low-income rural families through wood-saving stoves. Fundación Tarahumara: Training for young people, promoting awareness and skills to transform their surroundings. Casa de la Amistad: Support for children from low-income backgrounds who have cancer.	34
Caritas San Maron	Donation to improve the nutrition of indigenous boys and girls from the Mazahua community in the State of Mexico.	441
Casa Hogar y Futuro	Thanks to this donation, in 2019, 100 meals a week were given to the children from this institution.	160
Colegio El Girasol	Through our Contact Center, 30 computers were donated.	450
Kilotón Semana Santander	A food drive among employees to help benefit living in vulnerable situations.	15,031
Six Flags FPNM	An in-kind donation of 717 tickets for Six Flags Mexico through Fideicomiso Por los Niños de México.	717
Risk Pro Charity Instituto SEPYA	Donation to benefit the holistic education of girls from low-income backgrounds, as well as improving their family relationships through a school for parents.	90

Visit to Six Flags, FPNM.



Project/Program



Description



People Benefitted

Project/Program	Description	People Benefitted
Risk Pro Charity Construyendo Comunidades	Through our donation, we support this association's goal of driving solidarity among volunteers to help promote their human development through construction projects that improve the quality of life of families living in vulnerable situations.	4
Regala Una Sonrisa RRHH	A toy drive for children from low-income backgrounds. A total of 14,042 toys were donated and delivered at an event, during which transportation and food was provided to participants.	7,431
ALSEA - Va por mi Cuenta	A social movement to combat food poverty. Santander's donation contributes to the running of the Golondrinas Community Kitchen in Mexico City.	330
Total		25,955

Furthermore, we also made donations to:

Dalia Women: Promotes professional development and leadership for women.

Fideicomiso Por los Niños de México: For the Formula 1 Grand Prix, employees were invited to make a donation of MXN \$5,000 to FPNM in return for two tickets to the F1 event, with a total value of MXN \$13,000. Around 200 employees donated.

Dog School: a Through Risk Pro Charity, our donation went to its internal civil protection program, an internal server and 8 computers for its veterinary hospital, offices, management, fundraising and training.



MXN \$ 9,939,323
in donations that
benefitted 25,955 people.



Volunteering in 2019

31,204 volunteering hours.

15,197 volunteers.

27,072 people benefitted.

Corporate Volunteering

In 2019, our employees displayed their social vocation by participating in organizations and causes that help society and protect the environment.

Through these volunteering programs, our employees raise awareness regarding environmental and social problems, and they also become involved in finding a solution, creating a chain of best practices that have a positive impact both inside and outside Santander.



ALSEA Beneficiary.

Among others, these were our main volunteering activities of 2019:

Santander Corporate & Investment Banking (SCIB)

Thanks to the support of 218 volunteers and a total of **2,300 volunteering hours**, in 2019 we **built a Research and Innovation Center for Early Childhood Development** in conjunction with Un Kilo de Ayuda.

Tuiio Branches

Volunteering events to clean up and revamp **23 parks**, involving **280 volunteers** and around **1,120 volunteering hours**.

Tuiio Casa de la Amistad

Nine Tuiio employees took part in **8 volunteering hours** to prepare welcome kits and thank you messages for people who donated to the Ángeles Guardianes program.

Corporate Volunteering for Fundación Quiera and the Mexican Association of Banks

As members of the ABM, we took part in their annual volunteering campaign, achieving the following results.

- **Volunteers: 149**
- **Volunteering hours: 958**
- **Beneficiaries: 1,840**
- **Days of activities: 14**



Toys - Contact Center

In April 2019, a toy drive was held - **672 toys** were collected, benefitting **450 children** from low-income backgrounds to celebrate Children's Day.

Risk Pro Charity

Iniciativa del equipo de empleados del área de Riesgos que busca ayudar a personas en desventaja social. En 2019 se llevaron a cabo las siguientes iniciativas:

- **Cajas de la amistad:** we donated a shoe box to **230 children** between the ages of 0 and 15. Each box contained a pair of shoes, a handwritten letter from the child's sponsor, a coloring book and a box of coloring pencils.
- **Food Drive:** to support Casa de las Misioneras de la Caridad, we held a food drive that benefitted **53 people**.
- **Urban Gardens:** in conjunction with Nutre a un Niño, we created **5 urban gardens** to support **5 socially disadvantaged families** in the State of Mexico, offering them a constant source of food as well as generating income from their harvests.
- **Moviendo Causas:** a donation to buy **prosthetic limbs** for a young person, who, as a result of medical malpractice, lost all four limbs.



Braid donor.

Santander Trenzación (Hair Donation)

One of the most vulnerable moments for women with cancer is when they lose their hair. For this reason, in collaboration with Fundación México Sonríe, we collected more than **180 braids** from our employees to make oncological wigs that benefitted nine women from the Santander family.

Regala una Sonrisa Volunteering – Southern Region

We donated and delivered **501 toys** on the night before Three Kings Day for boys and girls from children's homes and hospitals, benefitting more than **440 young people**.

Humanitarian Aid

After the earthquakes that struck in September 2017, Santander Mexico has been working tirelessly to support those families affected, donating, to date, 705 new houses and 9 classrooms, which have benefitted just over 5,800 people in 6 states who were affected by this natural disaster.

Thanks to the trust placed in us by our customers who donated via Santander ATM's, as well as the Bank's own donation of MXN \$1 for every MXN \$1 donated, more than MXN \$28.8 million has been raised. Thanks to these donations, 459 houses were built in 2018 and 246 during 2019. Another 368 houses are currently under construction, and they are expected to be completed by 2020, increasing the total number of new houses donated to 1,073.

07



Our Report

Reporting Process

Materiality and Annexes

GRI Content Index and Responsible Banking Principles Index

Work Café

Santander



Reporting Process

(102-52)

We present our Responsible Banking Report to all our stakeholders in an exercise of transparency and accountability. For the ninth consecutive year, we released the most outstanding actions and results in economic, social, environmental and corporate governance matters.

(102-48, 102-49, 102-50, 102-51, 102-53, 102-54, 102-56)

The period covered by the report is from January 1st to December 31 2019, we also go further and disclose the solid history we have as a responsible bank and our goals and commitments that we have with long-term sustainability.

The information contained was determined by Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México in accordance to the materiality study detailed further below and to the GRI Standards. "This report has been prepared in accordance with the Core option of the GRI Standards".

We also comply with the Principles for the elaboration of reports related to content and quality thereof; we reflect our progress in the ten principles of the Global Compact and show our performance on ESG criterion (Environmental, Social & Governance) and the UNEP FI Principles of Responsible Banking.

The Responsible Banking Report 2019 did not present changes regarding the way of reporting or significant changes in the list of material and coverage topics with compared to the previous report published on April 30, 2019.

Our report is supported by PriceWaterhouseCoopers (PwC) who performs a limited external verification, providing confidence and transparency regarding the reported information in the indicators scope verification.

The area in charge of requesting verification is the Directorate of Public Relations, Internal Communication and Sustainability, whose Deputy Director General of Strategy, Public Affairs and Chief of Staff of the Presidency is Rodrigo Brand de Lara; it also belongs to the Board of Directors.

For more information about the report or related to sustainability, you can contact us at:

responsabilidadsocial@santander.com.mx





Materiality and Annexes

The 2019 Responsible Banking report was based on the materiality study from the previous year because there were no significant changes in the Bank's operations. For this reason, the most relevant economic, social, environmental and ethical issues, as well as the indicators reported, remained the same.

(102-44, 102-46, 102-47, 103-2, 103-3)

Based on the GRI Standards, the process we carried out was as follows:

Identify

the issues to be communicated from the economic, social, environmental and ethical perspective.

Prioritize

the relevant issues identified in the first phase, in order to determine which materials are.

Validate

with the committee and / or sustainability team the results of the previous stages.

Review

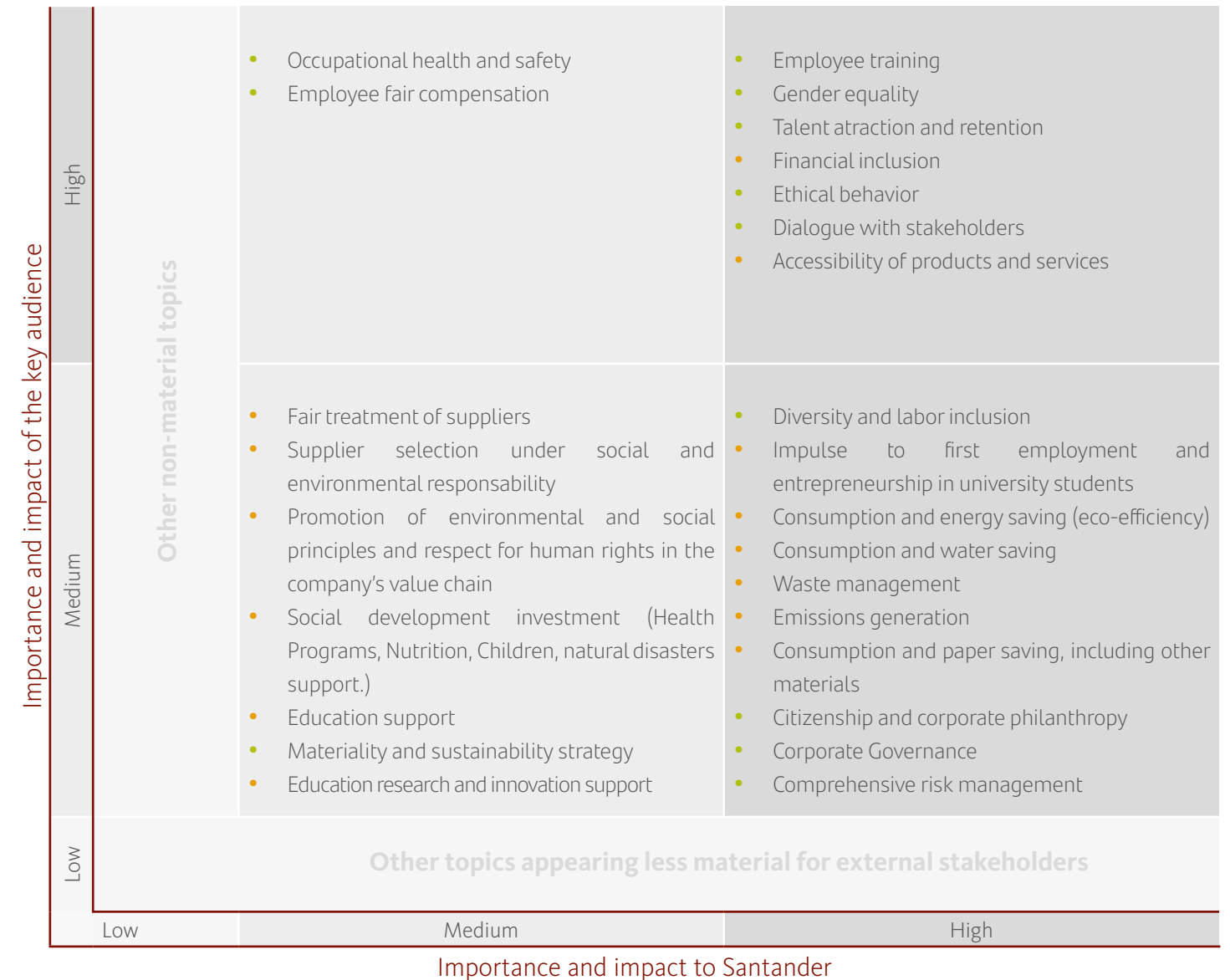
the aspects that we are considering as materials for the preparation of the Sustainability Report.

The study was carried out through:

- **1,562** external and internal news clippings.
- **Alignment** to the Sustainable IPC and DJSI.
- **Review** of the Sustainability Report Spain 2018.
- **36** surveys to social organizations.
- **Two** evaluations of results of Santander programs.
- **Two** Corporate Surveys.
- Compendium of **four** communication channels with customers and employees.

Twenty-six issues were identified that were prioritized based on the sources of information and the opinion of different interest groups, being above the average of mentions for each source.

Materiality Matrix (102-44, 102-46, 102-47, 103-2, 103-3)



- New Business environment
- Inclusive and Sustainable Growth

Management Approach to Material Issues (102-44, 102-47)

(102-44, 102-47)

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Corporate governance and business strategy	Corporate governance	102-18, 102-22	It is extremely important for our sustainability to maintain a culture of transparency and accountability. We promote and protect our business values, with which we consolidate a culture of respect and justice, we also execute and monitor our alignment with the legal precepts and the interests of our relationship groups.	The Board of Directors and its different Committees exercise their powers to review, authorize and follow the guidelines that maintain the ethical and transparency bases in our operations. In this way, we guarantee the optimal management of resources to preserve the confidence of our stakeholders.
	Comprehensive risk management	102-11, 102-15	It is a strategic pillar for our sustainability is the experience of the risk culture and how we manage them. In this way, we ensure the fulfillment of the values and our permanence as a solid, safe and sustainable bank. We also guarantee a management aligned with the interests of our main stakeholders.	We put into practice our Risk Management Model designed for three lines of defense: 1) Back Office Business Areas, Support areas and support Risk Owner; 2) Regulatory Control and Risks; 3) Internal Audit. We also have a School of Risks Mexico through which we disseminate the risk culture and achieve its appropriation by the members of Santander, who identify some areas of opportunity and reinforce the culture of risk.
	Ethical behavior	102-17, 205-2	One of our main purposes, throughout our operation, is the construction of trust relationships with our stakeholders through a firm business ethic.	We put our Ethical Culture into practice by means of our principles, values and ethical standards, with which we ensure compliance with our General Code of Conduct (CGC). Likewise, we offer our collaborators an Ethics Line to respond to complaints regarding ethical issues.
Products, services and impacts	Financial inclusion	FS13	Reducing poverty and helping generate an inclusive growth of the low-income population, as well as people who are not banked clients, is one of the Principles of Responsible Banking.	We have the Tuiio program of financial inclusion designed for the population with limited or no financial inclusion, with the objective of having a social impact through a competitive and comprehensive microloan offer.

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Products, services and impacts	Accessibility of products and services		The search for an inclusive financial model is also one of the fundamental pillars of responsible banking, which is why in Santander we have prioritized accessibility so that more Mexicans can approach financial services and help reduce inequality.	We have alternative schemes to bank branches that facilitate general access to the products and services we offer, an example is the Tuiio program that operates on a simple and friendly technological platform. We have several available channels focused on our customers and users for easy and fast access: branches, ATMs, banking correspondents and a contact center. For people with some type of disability we have branches with adequate infrastructure, as well as ATMs with Braille keyboard.
Human Resources	Training for collaborators	404-1	Guaranteeing the education of our collaborators is an essential element for our success. That is why we encourage your professional development through which we offer our clients a better service and achieve greater profitability and sustainability in our operation.	Through global and permanent courses and trainings to our collaborators we manage to develop their skills and competences. We also provide you with the necessary tools to carry out your daily operations more efficiently.
	Diversity and labor inclusion		It is a strategic component for business development through recognition of the diversity of ideas and proposals that enrich the perspective of the company.	Through our Diversity and Inclusion Council we manage an agenda within the organization that includes female talent, young talent and work-life balance, with the aim of enriching decision-making.
	Gender equality	405-1	As part of our strategy and in alignment with the SDGs, we protect, disseminate and safeguard gender equity as one of the fundamental Human Rights. We promote the adoption of basic principles of action with key stakeholders, both inside and outside our operations.	Through our Diversity and Inclusion Council and our Santander Way Culture Committee we develop the talent of women from different angles. Through our Female Talent pillar we develop and create female representation in strategic leadership roles. We also have exclusive products for women such as Mujeres Empresarias, Mujer Crezcamos and Select Me.

(102-44, 102-47)

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Human Resources	Capture and retention of talent	401-1	The talent of our organization enhances our sustainability, therefore we maintain the main objective of the integral development of our collaborators in their capacities and family life, which translates into stability of the organization.	Through strategic performance evaluation programs, we evaluate, recognize and develop our staff in a fair and equitable manner. We also maintain talent attraction programs such as "Linkers" and Young Talent. We combine the above with our Life Work Conciliation program and thus achieve an integral well-being.
	Occupational health and safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7 and 403-8	The promotion of an integral well-being is an essential factor for the construction of prosperous societies, to which we contribute by combining our efforts to guarantee our collaborators a safe working environment.	We have internal and external committees through which we teach courses on civil protection, operational risk, branch security and hygiene and safety. We also seek the integral well-being of our employees through our BeHealthy program, which consists of four pillars: Know, Eat, Move and Balance.
	Fair compensation to employees	201-1	We maintain a constant commitment with our collaborators, who represent a fundamental part in the base of our success. That is why we offer safe working conditions, sustainable and inclusive economic growth and decent employment for all.	We have a Remuneration Committee which is responsible for: <ul style="list-style-type: none"> • Evaluate the risks faced by the Institution, its administrative, control and business units. • Disseminate the criteria and policies of the remuneration schemes to employees. • Inform the National Banking and Securities Commission about the modifications made to the Remuneration System. • Propose for the approval of the Board of Directors everything related to remuneration processes.

(102-44, 102-47)

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Value chain	Fair treatment of suppliers	103-1	Our suppliers represent an essential part for the development of our business strategy and for the development of our activities, which is why we seek to generate mutually beneficial relationships.	We implement the Outsourcing and Agreements with Third Parties (suppliers) model which develops and specifies the principle of operational responsibility and establishes the references to be considered in the agreements with suppliers. Its main objective is to establish the principles that will regulate the relations of the Group entities with the suppliers, from the beginning to its termination, paying special attention to the rights and obligations of each of the parties.
	Selection of suppliers under criteria of social and environmental responsibility	412-3	We maintain a sustainable operation modality that should also permeate our supply chain, so we work to guarantee an impeccable quality in our service from its origin.	We include environmental and social requirements in the contracts and agreements signed by our suppliers. Through this, we use resources and materials more efficiently, reduce risks and maintain control in our processes.
	Promotion of environmental and social principles and respect for human rights in the company's value chain		The members of our value chain are essential allies to jointly achieve sustainability and responsible banking objectives. That is why we seek that suppliers are aligned with ethical, legal, social and environmental principles that we live every day in Santander.	100% of the contracts we have with suppliers have a clause called Protocol of Social Responsibility that seeks to protect human rights, fair labor practices, care for the environment and the fight against corruption.

(102-44, 102-47)

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Link with the community	Investment in social development (Health Programs, Nutrition, Children, support for natural disasters)	103-1	In our Social Sustainability action axis we support the people and local communities where we operate to foster an environment of mutual well-being and growth, through different initiatives in which education has been our main tool for generating change and sustainable social development.	Through our Social Sustainability action axis, we promote education by providing the opportunity of access to quality education for children and young people. We also provide donations in support of Mexican children in a situation of marginalization. We play a role as sustainable partners by setting up an ATM network to receive donations from customers and users to support various social and environmental causes, and we provide humanitarian aid to various foundations through our volunteering and donations.
	Support for education	FS16	Education is one of the key drivers for the development of a healthy social coexistence, which is why we are proud to present ourselves as allies of students from Mexico.	We form alliances with which we consolidate a solid platform to promote education throughout the country. Béalos is one of the alliances through which we support low-income students of the upper and upper levels to continue their studies.
	Support for research and innovation in education	103-1	Higher education is the best tool to build a more just and prosperous society, not only in Mexico but in the world, which is why over the years we have supported higher education through scholarships, research and programs.	We carry out programs through the University Entrepreneurship axis from which elements such as: Santander scholarships for young people, professors and researchers and Mobility through which we promote the academic exchange of undergraduate students. We also offer scholarships for doctorate, masters and specialty degrees. We form strategic alliances between principals and academic directors through high-level international events.
	Support for the first employment and entrepreneurship in university students		Promoting employment and economic growth is part of our commitment as responsible banking, so we focus our eyes on the future and identify the training needs of organizations that can be served from the university.	On an annual basis we carry out the most important university entrepreneurship competition in the country: the Santander Prize for Business Innovation. We also have programs and scholarships that promote dynamic and innovative entrepreneurship as well as the creation of new companies.

(102-44, 102-47)

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Environmental management	Consumption and energy saving (eco-efficiency)	302-1	The promotion and use of sustainable energy is an opportunity to transform the life, the economy and the welfare of the planet; therefore, we develop strategies for our infrastructure that are based on clean energy sources.	We work on various initiatives in our branches such as Energy Consumption Diagnosis, the use of alternative energy from a cogeneration plant considered emission-free, as well as the contract for the use of energy from a wind farm.
	Consumption and water saving	303-1	Water is a vital and indispensable resource for life, which is why we face scarcity situations with the implementation of initiatives for saving.	We carry out different actions that we implement within the Group, including consumption monitoring through invoices, use of treated water, dry urinals, among others; with which we obtain a decrease in our annual consumption.
	Waste management	103-1	We maintain a faithful commitment to improving the environment through proper management, disposal and treatment of waste minimizing our environmental impact. We align ourselves with goal 11.6 of the Sustainable Development objective referring to cities and Sustainable Communities.	We have processes for the correct handling of paper, cardboard, containers and glass. We also use biodegradable and more environmentally friendly products for the cleaning of work and maintenance areas.
	Generation of emissions	305-1, 305-2	Climate Change has been accelerated due to greenhouse gas emissions and we want to be part of the solution through initiatives to optimize transfers and improve energy efficiency in order to reduce the impact of the carbon footprint.	As initiatives to mitigate the impact on the environment we include transport units of more recent models. In the energy field: we use natural gas and LP gas, we also rigorously monitor the monthly details of lighting, air conditioning and electronic equipment that we use and remodel Smart RED branches by installing LED luminaires

(102-44, 102-47)

Category	Material Issue	Disclosure	Management Approach (103-1)	Coverage
Environmental management	Consumption and saving of paper and other materials	301-1	Paper consumption is very important for our operation, which is why we maintain a faithful commitment to optimizing and switching to more earth friendly resources in order to recover degraded forests and increase afforestation and reforestation.	We have various initiatives to reduce our paper consumption such as the Paperless campaign, the paper we use comes from managed forests in a responsible manner, or is recycled and we work hand in hand with Reforestamos México A.C.
Sustainability	Materiality and sustainability strategy	102-44, 102-46, 102-47	It is important to identify and reflect in our report the economic, ethical, environmental and social issues that are relevant to the Group and our stakeholders. In addition, and as part of our sustainability strategy, we report on our contribution to the United Nations Sustainable Development Goals (SDGs)..	Our materiality study consists of a quantitative and qualitative systematic analysis process (aligned to the reference standards) that includes processes of dialogue with stakeholders and alignment to the business strategy as a key to establishing the priority focuses of action in terms of sustainability
	Citizenship and corporate philanthropy	102-12, 102-13	We contribute and promote transparency and healthy competition in the market. In alignment with this principle, we are part of various associations, in which we share and promote the ethical and sustainable development of the Mexican financial sector.	We are part of associations, committees and groups of the financial sector in Mexico, such as AMIB, ABM and the Issuers Committee of the Mexican Stock Exchange (BMV). We are also part of the Sustainable IPC of the Mexican Stock Exchange (BMV) and we have distinguished ourselves with the seal of Socially Responsible Company for 14 years.
	Dialogue with stakeholders	102-40, 102-43	It is a priority for us to maintain a close and trusting relationship with all our stakeholders, so we listen to them, we know and we attend to their concerns to fulfill our commitment to be a simple, personal and fair bank.	We have multiple channels that allow us to know the expectations of our stakeholders and maintain a continuous dialogue with them. We carry out numerous studies and measurements to understand your needs and identify opportunities for creating value in the long term. We also participate in conferences and working groups at local and international level to know their interests.

ANNEX I (201-1)

Economic Value*

(Millions MXN)

	Concept	2019	2018	2019/2018 % Variation
Economic value generated	Interest income	\$123,338	\$112,822	9.32%
	Commissions and fees charged	\$25,256	\$23,083	9.41%
	Other income from the operation	-\$2,174	-\$2,048	6.15%
	Total	\$146,420	\$133,857	9.39%
Economic value distributed	Interest expenses	\$56,985	\$51,414	10.84%
	Commissions and fees paid	\$7,228	\$6,251	15.63%
	Administration and promotion expenses	\$38,865	\$35,294	10.12%
	Income taxes incurred	\$7,099	\$5,615	26.43%
	Dividends paid	\$10,293	\$11,050	-6.85%
	Investment in the community	\$152	\$156	-2.56%
	Total	\$120,622	\$109,780	9.88%
Economic value retained	Total	\$25,798	\$24,077	7.15%

ANNEX II

Profile of the Board of Directors

NON-INDEPENDENT SERIES "F" DIRECTORS

Mr. Marcos Alejandro Martínez Gavica.- He is Chairman of the Board of Directors of GFSM, Banco Santander México, Santander Stock Exchange, Santander Consumo and Santander Vivienda. He was a member of the Board of Directors of SAM Asset Management from 2002 to 2013. He subsequently served as Executive Chairman and CEO and Banco Santander (Mexico) from 1997 to 2016. He began his career in 1978 at Banco Nacional de México, S.A. performing several positions until reaching the Bank's administration. He is President of the Association of Banks of Mexico, A.C. He is a Chemical Engineer from the Universidad Iberoamericana, and holds a Master's Degree in Administration with a specialization in financial planning from the Pan-American Institute of Senior Business Management.

Mr. Héctor Blas Grisi Checa.- He is a member of the Board of Directors of GFSM, Banco Santander Mexico, Santander Stock Exchange, Santander Consumo and Santander Vivienda and serves as the Executive Chairman and CEO of Grupo Financiero Santander México and Banco Santander (Mexico) . He was the Executive President and CEO of Grupo Financiero Credit Suisse (Mexico), S.A. of C.V. from 2001 to 2015, from 2001 to 2006 he served as the General Director of the same Institution, previously from 1997 to 2001, he was Director of Investment Banking at Credit Suisse Mexico. He was a member of the Board of Directors of Credit Suisse Americas, of the Global Credit Suisse Committee and Member of the Americas Operating Committee. He also held several positions in Grupo Financiero Invermexico from 1991 to 1997, in the investment and corporate banking divisions. From 1986 to 1991, he worked at the Casa de Bolsa Inverlat, in the corporate banking department. He is Vice President of the Association of Mexican Banks since 2011. He has a degree in Finance from the Universidad Iberoamericana of Mexico City, where he graduated with honors.



For more information consult the Audited Financial Statements 2019. [here.](#)

Mrs. Magdalena Sofía Salarich Fernández de Valderrama.-

In 1979 she started working as head of the department Information Center of Citroën (Hispania), in 1980 she was designated head of the training department, in 1986 she was designated Marketing Director, later in 1993 she was appointed attached to the commercial management for Europe of Citroën Automobiles position that she combined attached to marketing management, until 1994, when she was appointed marketing director for Europe. In 1996 she was named Executive Vice President of Citroën Hispania, as well as European Commercial Marketing Director in Citroën cars, in 2001 was appointed Commercial Director in Europe and Commercial Marketing Director in Citroën cars (27 countries), in the same year she was appointed Executive Director and Vice President Senior Citroën Spain. In 2007 she was appointed Vice President Senior of the Ramón Areces Foundation. Currently she works as Senior Vice President of Banco Santander, S.A. So as CEO of Santander Consumer Finance, Vice President of the Board of Directors and member of the Santander Consumer Finance Executive Committee, as well as member of the supervisory committees of Santander Consumer Bank AG, Santander Consumer Holding GmbH and member of the Board of Directors of Financiera El Corte Inglés, E.F.C. S.A. She has obtained various recognitions, among which highlight: Légion d'Honneur of the French Republic in the 2001; the Golden Cross of the Spanish Development Association European in 2007, as well as the Best Manager award of the Year, granted by the Spanish Association for Company Financiers and Treasurers (ASSET). 2006. She is an Engineer from the Catholic Institute of Arts and Industries (ICAI), hold a master's Degree in commercial management and marketing from the Instituto de Empresa and general management studies at the Institute of Studies Superiors of the Company (IESE).

Mr. Francisco Javier García-Carranza Benjumea.-

He is the Deputy General Director of Banco Santander. He is in charge, globally, of Restructuring, Participations, Real Estate, Recovery Strategy and Loan and Asset Provisions. Before joining Banco Santander in February 2016, he worked at Morgan Stanley, based in London, as Co-Head of Real Estate Investment Banking for EMEA (Europe, Middle East and Africa). At Morgan Stanley he advised clients on issues of Mergers and Acquisitions (M & A), equity financing transactions and debt for more than \$ 100 billion. The most important transactions include: PVO of Inmobiliaria Colonial, OPV of Fadesa, OPV of Emaar Maals Debt and Equity, Aldar-Sorouh merger, acquisition of Gecina

by Metrovacesa, acquisition of Urbis by Reyal, restructuring and OPV of Inmobiliaria Colonial, acquisition of Testa by Merlin Properties, among others. Mr. García-Carranza also has experience in investment business, having made investments for Morgan Stanley Real Estate Funds and for Morgan Stanley Special Situations Fund in the United Kingdom, Spain, Italy, France and Germany, having made investments in excess of \$ 5 one billion He is a member of the Board of Directors and the Executive Committee of Metrovacesa Suelo y Promoción SA, member of the Board of Metrovacesa promotion and Leasing, of the Asset Management Company from Banking Restructuring (Sareb), Banco Popular SA, Santander Spain, Altamira Asset Management SA, Altamira Real Estate, and President of Merlin Properties Board Member of Santander Capital Desarrollo SGEIC SA. He has a degree in Business Administration from the Carlos III University of Madrid.

Mr. Rodrigo Brand de Lara.-

He is Deputy General Director of Studies, Strategy, Public Affairs and Chief of Staff of the Presidency of Banco Santander México since 2011. In 2010, he was General Director of the Division of Social Communication of the Ministry of Foreign Affairs. From 2006 to 2010, he was the head of the Social Communication Unit and Speaker of the SHCP. From 2004 to 2006, he served as General Director of Social Communication and Institutional Liaison of the IPAB, previously held various positions in the SHCP: 2003 to 2004 Deputy General Director Economic and Financial Analysis, 2000 to 2001 Senior Advisor to the Undersecretary of Finance and Public Credit, 1999 to 2000 Deputy Director of Internal Credit Coordination and Collection. From 1996 to 1999, he was an Economist for Mexico at Deutsche Morgan Grenfell and during 1996 he was also an Advisor to the Deputy Director of Financial Engineering at Banobras. He has a degree in Economics from the Instituto Tecnológico Autónomo de México.

Mr. Ángel Rivera Congosto.-

He is General Director of Commercial Banking at Banco Santander Mexico as well as member of the Board of Directors of Banco Santander, Santander Peru and Uruguay. He began working in the Santander Matriz Group in April 2013 as General Director of the Business, SMEs and Institutions Area within the Commercial Banking Division. For 24 years he worked in the Banco Popular Group, where after working in retail branches, he headed the Presidency Cabinet, the International Banking area, with responsibility also for correspondent banking and the Group's offices abroad; the Strategy and Corporate Development area, the Human

Resources Division, the General Directorate of Media, the latter grouping the Technology, Organization, Operations and Human Resources departments, and the General Directorate of the Commercial Network, with responsibility for the network of Popular branches and its five subsidiary banks, marketing and business intelligence management. He was also a member of the Management Committee, the Defaulters and Recovery Committee and the ALCO Committee. He has a Diploma in Tourism Companies and Activities from the Official School of Tourism of Spain, he also carried out the Program of Senior Business Management (PADE) at IESE (University of Navarra) and the Development Program in Corporate Finance at the Institute of Company of Madrid. In addition, he has carried out various financial programs in the United States and Australia and is a member of the Australian Institute of Banking & Finance.

Mr. Didier Mena Campos.-

He is Chief Financial Officer since November 2016, before he was Deputy General Director of Finance at Banco Santander México in May 2016. Before joining Grupo Santander, Mr. Mena worked in several financial institutions as: (i) Execution Finance, an investment bank, where he was a Partner from 2014 to 2016, (ii) Navix, a financial company focused on financing companies in the Mexican energy sector, where he was CEO from 2013 to 2014, (iii) Credit Suisse, whose last responsibility was as Managing Director of the Group of Financial Institutions of Latin America between 2010 and 2012, (iv) during 2008 to 2010 he was Chief Financial Officer of Financiera Independencia, (v) Between 2001 and 2008 he served as Director of Credit Suisse in Investment Banking and Fixed Income and (vi) and collaborated for Grupo Financiero BBVA Bancomer from 1994 to 2000, with responsibilities in the ALCO and participating in operations atégicas such as the merger with BBVA, the acquisition of Banca Promex, the acquisition of the 49% stake held by Aetna Seguros, Afore and Pensiones Bancomer and the strategy of the branch network. Outside of the financial sector, he worked at Oro Negro, a Mexican drilling company, from 2012 to 2013 as Financial Director and Director of Investments. He studied economics at ITAM and received his master's degree in business administration from Boston University.

Mr. Emilio de Eusebio Saiz.- He is Deputy General Director of Management Intervention and Control at Banco Santander México since 2010, he began his career in the Human Resources Department of Grupo Santander, where he worked from 1989 to 1990. He worked in the Financial Division of Grupo Santander from 1990 to 1992 and in the General Intervention division and Control Administration at Grupo Santander from 1992 to 2008. He became Deputy Director General for Intervention and Control at Grupo Financiero Santander México in December 2010 after having served as Control Director of Corporate Expense Management at Grupo Santander between March 2008 and November 2010. He has a degree in Economics from the Complutense University of Madrid and an MBA from the Madrid Business Institute.

INDEPENDENT SERIES "F" DIRECTORS**Mrs. Bárbara Garza Lagüera Gonda.-**

She is the President of the Acquisitions Committee of FEMSA Cultural Projects. Director of the following listed companies: Coca-Cola FEMSA (KOF) and Fomento Economico Mexicano (FEMSA), the largest bottling franchise for Coca-Cola products of the world. She also serves as counselor for Financial Solutions (SOLFI), Fresnillo and Promecap Acquisition Company and also on the boards of non-profit organizations Patronato Museo Franz Mayer, Fondo para la Paz, Museo de Arte Contemporáneo de Monterrey, among others. She has a degree in Business Administration with a master's degree from the Technological Institute of Superior Studies of Monterrey.

Mr. Juan Ignacio Gallardo Thurlow.-

He has served as Chairman of the Board of Directors of Grupo GEPP (Group of Pepsicola Bottlers and their brands in the Mexican Republic) and of Grupo Azucarero México, S.A. of C.V. He is a member of the Board of Directors of Caterpillar, Inc. and of Lafarge, S.A., of the international advisory board of Bombardier Inc. He is a member of the Mexican Council of Businessmen, A.C. and the Business Council of Latin America. He is the General Coordinator of COECE (Coordinator of Foreign Trade Business Organizations for negotiations with the Free Trade Agreements of Mexico). From 1978 to 1989 he served as a member of the

Board of Directors of Babcock de México, S.A. of C.V. From 1974 to 1988 he was president of the Board of Directors of Clevite de México, S.A. of C.V. From 1981 to 1983, he was deputy general manager of Grupo Industrial Minera México, S.A. From 1976 to 1980 he was General Director of the international and investment banking division of Multibanco Comermex, S.A., Institución de Banca Múltiple. He graduated in Law from the Escuela Libre de Derecho, and has an AD II Program at the Pan-American Institute of Senior Business Management.

Mr. José Eduardo Carredano Fernández. - He is an independent member of the GFSM Board of Directors, Banco Santander México, Santander Stock Exchange, Santander Consumo and Santander Vivienda. He is Chairman of the Board of Directors of La Ideal S.A. of C.V., Aceros La Ideal S.A. of C.V., Aceros La Ideal S.A. of C.V. Industrial Formacero, S.A. of C.V. and Fianzas Asecam, S.A., is also a member of the Board of Directors of Inmobiliaria Silver, S.A. de C.V., Asecam, S.A. de C.V., Grupo Financiero Asecam, S.A. of C.V. He was a member of the Boards of Directors of Credicam, S.A. de C.V., SOFOM E.R. from 1991 to 2008 Seguros Génesis, S.A. from 1993 to 1997, and Fianzas Asecam, S.A. from 1994 to 2014. He studied Public Accounting at the Universidad Iberoamericana.

Mr. Guillermo Güemez García. - He has served as a member of the Board of Directors of Zurich Compañía de Seguros, S.A. and ING AFORE and in the case of Zurich Compañía de Seguros, S.A. He has also served as chairman of the audit committee and at ING Afore as a member of the investment committee. He previously served as a member of the Board of Directors of Zurich Santander México, S.A. Additionally, he serves as a member of the strategy and finance committee of Nacional Monte de Piedad, as a member of the Board of Directors of GEUPEC, S.A. of C.V. and as president of the advisory committee of the Business and Economics Administration of the Universidad Panamericana. From 1995 to 2010 he was Deputy Governor of the Bank of Mexico and Chairman of the responsibilities committee of the Bank of Mexico. From 2007 to 2010 he was a member of the CNBV's cabinet. From 1995 to 1997 he was a substitute member of the CNSF cabinet. From 1991 to 1993 he served as Executive Director of the Business Coordinator for the Free Trade Agreement (Mexico-USA-Canada). He also held several executive positions at Banamex from 1974 to 1990. He is a Civil Engineer (with honors) from the National Autonomous University of Mexico and has a Master of Science from Stanford University, CA.

INDEPENDENT SERIES "B" DIRECTORS

Mr. Antonio Purón Mier y Terán. - He has served as a member of the Board of Directors of Nadro, S.A., as well as the Board of Trustees of the National Museum of Art, Banco Santander Matriz and the Board of Trustees of the Universidad Iberoamericana. He has also served as a member of the Board of Directors of Zurich Santander Seguros México, SA, he has also worked as an associate of the Center for Research and Economic Analysis (CIDAC) and as a member of the Institute for Development and Educational Research (IFIE) and of Metropoli 2025 He has worked as a consultant for public and private institutions regarding strategy, operations and organization in collaboration with the Center for Economic Research and Teaching (CIDE) and with other specialists. He served as director-partner in the Mexico office of McKinsey & Company, Inc., for more than 26 years. He has served as a teacher of training courses for McKinsey partners and has been in charge of the "coaching" program of partners worldwide. Before starting at McKinsey, he was a full-time professor at the Universidad Iberoamericana and worked at the Mexican Petroleum Institute, Pan American Engineering and Polioles, S.A. He is a Chemical Engineer from the Universidad Iberoamericana and has a Master's Degree in Business Administration from Stanford University.

Mr. Fernando Benjamín Ruíz Sahagún. - He serves as board member of the Bolsa Mexicana de Valores, S.A.B. de C.V., Fresnillo, PLC, Grupo Cementos de Chihuahua S.A.B. de C.V., Grupo México, S.A.B. de C.V., Grupo Palacio de Hierro, S.A.B. de C.V., Grupo Pochteca, S.A.B. de C.V., Kimberly Clark de México, S.A.B. de C.V., Mexichem, S.A.B. de C.V., RASSINI, S.A.B de C.V., and Arcelor Mittal Las Truchas, S.A. of C.V. He has served as a member of the International Tax Association (IFA for its acronym in English) and the Mexican Institute of Finance Executives, A.C., as well as a member of the Mexican Institute of Public Accountants, A.C. and served as a member of his Council. He is one of the founding partners of Chévez, Ruiz, Zamarripa y Cía. S.C., a tax office in which he has served as a counselor. He holds a degree in Public Accounting from the National Autonomous University of Mexico.

Mr. Alberto Torrado Martínez. - He is a member of the board of directors of the Bolsa Mexicana de Valores, S.A.B. de C.V., ProBosque de Chapultepec Trust and member of the Mexican Business Council. He is founder, General Director, Patrimonial Advisor, Chairman of the Board of Directors, Executive President

of Alsea, S.A.B. of C.V. He has served as President of the National Association of Fast Food Services and as a member of the National Chamber of the Restaurant Industry and Seasoned Foods. He is one of the founding partners of Torrquin, S.A. of C.V. (Master Domino's franchise), holding the position of General Director. He holds a Bachelor's Degree in Accounting from the Autonomous Technological Institute of Mexico, post-graduate studies at the Pan-American Institute of Corporate Senior Management and participated in several courses at Harvard Business School and Warthon School at the University of Pennsylvania.

Mrs. Maria de Lourdes Melgar Palacios. - She is an academic and consultant, expert in energy and development issues sustainable, based in Mexico, and a researcher affiliated with the Center for Collective Intelligence of the Massachusetts Institute of Technology (MIT), where she held the Robert E. Wilhelm Chair at the Center for International Studies during the 2016-2017 academic year.

In the academic field, she has been Founding Director from the Sustainability and Business Center from EGADE Business School of the Tecnológico de Monterrey, visiting researcher at the Woodrow Wilson Center for International Scholars and at the Jackson School of Geosciences at the University of Texas, as well as a professor at the Tecnológico de Monterrey and the Instituto Tecnológico Autónomo de México. She is a National Researcher of the National Council of Sciences and Technology. She graduated with honors from Mount Holyoke College where she studied International Relations and Comparative Literature. He has a doctorate in political science, specializing in political economy, from MIT.

She is a member of the International Women's Forum and chairs IWF Mexico, she is Global Ambassador of Vital Voices, ambassador in the C3E Women in Clean Energy initiative. She is a member of the Mexican Council of International Affairs and the Trilateral Commission. She has been recognized with Woman of Challenges in 2015, has been included in the list of 100 Leaders of the Mexican energy sector for 7 consecutive years, receiving in 2012 the Award for Energy Achievement for academic and research career, as well as the Vasco de Quiroga Award to the citizen's merit by the Álvaro Obregón Delegation.

Mrs. Gina Diez Barroso Azcárraga. - President and founder, for more than 20 years, of Grupo Diarq, S.A. of C.V. and Diarq Foundation, I.A.P. In 2004, she founded the CENTER of Design and Communication, S.C., which won an award for the best design school for the period of 2012-2013. She is also the founder of Fundación Pro-Educación Centro. Participates in various Boards of Directors Committees and Groups, both national and international, highlighting: Americas Society and Council of the Americas, Qualitas of Life Foundation, Integral Group of Real Estate Development, C200 Foundation Board, Global Spa and Wellness Summit, The Committee of 200 Women Business Leaders of the World, Womens Presidents Organization, and Women Corporate Directors. She has a degree in Design from the CDI University and has several degrees from the School of Psychology and Business at Stanford University.

Mr. Jesús Federico Reyes Heróles González Garza. - From 2006 to 2009 he was the General Director of Petróleos Mexicanos. He is the Executive President of StucturA. He is a member of several Boards of Directors, including OHL México, S.A.B. of C.V. and Water Capital Mexico (WCAP Holdings, S.A. de C.V.). He is a member of the Energy Intelligence Group Advisory Board. From 2010 to 2012 he served as a member of the Advisory Board of Deutsche Bank. He is a member of the Water Advisory Council, A.C. and Chairman of the Water Committee of the Gonzalo Río Arronte Foundation. From 1997 to 2000 he was Ambassador of Mexico to the United States. From 1995 to 1997 he was Secretary of Energy. From 1994 to 1995 he was Managing Director of Banobras. From 1993 to 1994 he was the representative of Mexico in the Eminent Persons Group of APEC. He has a degree in Economics from the Autonomous Technological Institute of Mexico and a Law Degree from the National Autonomous University of Mexico. He has a Doctorate in Economics from the Massachusetts Institute of Technology.

Mr. Rogelio Zambrano Lozano. - He is Chairman of the Board of Directors of CEMEX S.A.B. since May 15, 2014. He served as a member of CEMEX's Board of Directors since 1987 and from 1997 he chaired his Finance Committee. He founded in 1983 and headed until his appointment as the new President of the Board of Directors of CEMEX the company CARZA S.A. de C.V., specialized in the development of real estate projects in Mexico.

Between 1977 and 1983 Mr. Zambrano Lozano held various positions at CEMEX, in areas related to production, distribution, marketing and strategic planning. He has been a professor since 1985 in the Division of Business Development of the Technological Institute of Monterrey, as well as a member of the Business Executive Committee of the Business Incubator and President of the Business Council of the Business Incubator Campus Monterrey of the same Technological Institute of Monterrey. He graduated as an Industrial and Systems Engineer from the Technological Institute of Monterrey in 1977 and obtained a Master's Degree in Business Administration (MBA) in 1980 from the Wharton Business School of the University of Pennsylvania, E.U.A.

Mr. Guillermo Francisco Vogel Hinojosa. - He is currently President of the National Chamber of the Iron and Steel Industry (CANACERO), formerly held the same position from 1987 to 1989 and from 2001 to 2003. He is Vice President of the Board of American Iron & Steel Institute (AISI) and President of the North American Steel Council. He is a member of the Boards of: Tenaris, Techint Mexico, ALFA Corporation, Universidad Panamericana-IPADE, Rassini, Mexican Capital Investment Corporation, Innovare, Grupo Assa and American Iron and Steel Institute among others. He is also Chairman of the Board of Directors of Grupo Collado and Exportaciones IM Promoción and member of the Trilateral Commission and the International Council of the Manhattan School of Music. Previously, he held the position of Executive Vice President and CEO of TAMSAs in 1987. In June 1997, he was promoted as Vice President of the Board of Directors. Since 2002 he has been Director and Vice President of the TENARIS Council. Mr. Vogel began his career within the Bank of America Corporate Banking in Los Angeles, California in 1976, where he became Vice President. In 1979 he joined Banamex also in Corporate Banking and in 1983, as Director, he decided to move to Tamsa as CFO. He has a degree in Business Administration from the National Autonomous University of Mexico (UNAM) and has a M.B.A. by the University of Texas at Austin.

Mr. Joaquín Vargas Guajardo. - He has served as Chairman of the Board of Directors of Corporación Mexicana de Restaurantes, S.A.B. of C.V. and previously as Chairman of the Board of Directors of Grupo MVS Comunicaciones, of the National Chamber of the Radio and Television Industry and of the Association of Directors of Restaurant Chains. He has also served as a director of several companies, including Vitro, S.A.B. de C.V., Grupo Posadas, S.A.B. de C.V., Periódico el Universal, Médica Sur, S.A.B. de C.V., Grupo Aeroportuario del Pacífico, S.A.B. of C.V. and Grupo Costamex, among others. From April 1997 to April 2005 and from April 2008 to April 2012 he was a member of the Board of Directors of the BMV. He has a degree in Business Administration from the Monterrey Institute of Technology and Higher Education, and has senior management studies at the Pan American Institute of Senior Business Management.

Mr. Guillermo Jorge Quiroz Abed. - He served as the Corporate Director of Administration and Finance at Grupo Bimbo for the past 18 years. From 1997 to 1999 he was in charge of the Finance Department of the Santander Serfin Group, involved in the restructuring of the bank and subsequent sale to the Santander Financial Group. He started his professional career as Finance Director in Grupo Condumex from 1978 to 1992 and later had the same address in Aeromexico, Mexicana de Aviación and Cintra until 1997. He was a full-time professor in the finance area at IPADE. He is an Actuary from the Anahuac University and the Autonomous University of Mexico and has a Master's degree in Business Management from IPADE.

ANNEX III

Contribution to the Sustainable Development Goals (SDGs) of the United Nations (UN)

The people benefitted in 2019 are divided into the following programs:



SDG 1. No Poverty

- Fideicomiso Por los Niños de México
- ATM Fundraising - Proviváh
- Donation - Fundación Quiera
- Donation/In-Kind - Six Flags - FPNM
- Volunteering - ABM Fundación Quiera
- Volunteering - Toys - Contact Center
- Volunteering - Regala una Sonrisa Reyes
- Donation - Risk Pro Charity - FPNM
- Donation/Volunteering - Formula 1 - FPNM
- Health/Donation - BeHealthy Race
- Donation/Volunteering - Regala Una Sonrisa - HR



SDG 2. Zero Hunger

- Donation - ALSEA
- Donation - Caritas San Maron
- Donation/In-Kind - Comidas Casa Hogar y Futuro
- Donation/Volunteering - Kilotón - Santander Week
- Volunteering - Un Kilo de Ayuda - SCIB
- Volunteering - Risk Pro Charity - Food Bank
- Volunteering - Risk Pro Charity - Sustainable Gardens



SDG 3. Good Health and well-being

- ATM Fundraising - Casa de la Amistad
- Donation - Kardias - Adolfo Lagos y Calpulli
- Donation - Movimiento Santander (Fundación Tarahumara, Nutre a un Niño, Casa de la Amistad)
- Volunteering - Santander Trenzotón
- Volunteering - Risk Pro Charity - Moviendo Causas
- Donation - Risk Pro Charity - Dog School
- Volunteering - Tuiio - Casa de la Amistad



SDG 4. Quality Education

- ATM Fundraising - Escuela SER
- ATM Fundraising - Bécalos and Capital Semilla
- ATM Fundraising - UNICEF
- Donation - Happy Hearts
- Donation/Volunteering - IT Equipment - Contact Center - EL Girasol
- Volunteering - Risk Pro Charity - Cajas Amistad
- Donation - Risk Pro Charity - Instituto SEPYA
- Volunteering - Pro Bono Work



SDG 15. Life on Land

- ATM Fundraising - Reforestamos México
- Donation - Risk Pro Charity - Construyendo Comunidades
- Volunteering - Tuiio Branches



GRI Content Index and Responsible Banking Principles Index

GRI Content Index (102-55)

For the Materiality Disclosures services, GRI Services has revised that the GRI content index is clear, and that the references to the disclosures 102-40 through to 102-49 correspond to the indicated sections of the report.



(102-55)

Disclosure	Content	Page / Direct Answer	Omission	Verification
GRI 101: FOUNDATION 2016				
GENERAL DISCLOSURES				
GRI 102: GENERAL DISCLOSURES 2016				
1. Organizational Profile				
102-1	Name of the organization	p. 42 - Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México.		✓
102-2	Activities, brands, products, and services	p. 46 y 47 - None of Santander's products or services are prohibited.		✓
102-3	Location of headquarters	Corporate Headquarters located at: Avenida Prolongación Paseo de la Reforma 500, Colonia Lomas de Santa Fe, Delegación Álvaro Obregón, C.P.01219, Mexico City. The Global Headquarters of Santander is located in Madrid, Spain.		✓
102-4	Location of operations	p. 46 - All the significant operations, investments, contracts and relevant data in this report refer to Mexico as a region, since the global context of Santander's operation in the world is referenced in the Report of Spain and in this report in page 23.		✓
102-5	Ownership and legal form	Banco Santander México, S.A., Multiple Banking Institution, Grupo Financiero Santander México. Private financial institution subsidiary of the Bank Santander Spain.		✓
102-6	Markets served	p. 46		✓
102-7	Scale of the organization	p. 44, 46 and 47		✓
102-8	Information on employees and other workers	p. 142-144 - Santander does not have employees part-time. Activities carried out by workers who are not employees, do not represent a significant part for the organization. The data was collected through of extraction of Human Resources systems.		✓
102-9	Supply chain	p. 220-222		✓

Disclosure	Content	Page / Direct Answer	Omission	Verification
102-10	Significant changes to the organization and its supply chain	There were no significant changes in our operations nor in our supply chain.		✓
102-11	Precautionary Principle or approach	p. 110 and 112		✓
102-12	External initiatives	p. 106-109		✓
102-13	Membership of associations	p. 106-109		✓
2. Strategy				
102-14	Statement from senior decision-maker	p. 48, 50, 52 and 54		✓
102-15	Key impacts, risks, and opportunities	p. 48, 50, 52, 54		✓
3. Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	p. 63-65 and 120-121		✓
102-17	Mechanisms for advice and concerns about ethics	p. 120-126		✓
4. Governance				
102-18	Governance structure	p. 93-102		✓
102-22	Composition of the highest governance body and its committees	p. 94-95		✓
5. Stakeholder Engagement				
102-40	List of stakeholder groups	p. 68-69		✓
102-41	Collective bargaining agreements	p. 142		✓
102-42	Identifying and selecting stakeholders	p. 66		✓
102-43	Approach to stakeholder engagement	p. 68-69		✓
102-44	Key topics and concerns raised	p. 266-274		✓

(102-55)

Disclosure	Content	Page / Direct Answer	Omission	Verification
6. Reporting Practice				
102-45	Entities included in the consolidated financial statements	p. 92		✓
102-46	Defining report content and topic Boundaries	p. 266-267		✓
102-47	List of material topics	p. 266-274		✓
102-48	Restatements of information	p. 262		✓
102-49	Changes in reporting	p. 262		✓
102-50	Reporting period	p. 262		✓
102-51	Date of most recent report	p. 262		✓
102-52	Reporting cycle	p. 260		✓
102-53	Contact point for questions regarding the report	p. 262		✓
102-54	Claims of reporting in accordance with the GRI Standards	p. 262		✓
102-55	GRI content index	p. 284-294		✓
102-56	External assurance	p. 262 and 298-301		✓

MATERIAL TOPICS

Corporate Governance

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 268		✓
103-2	The management approach and its components	p. 88-103		
103-3	Evaluation of the management approach	p. 88-103		

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Disclosure	Content	Page / Direct Answer	Omission	Verification
Comprehensive Risk Management				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 268		✓
103-2	The management approach and its components	p. 110-117		
103-3	Evaluation of the management approach	p. 110-117		

Ethical Behaviour

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 268		✓
103-2	The management approach and its components	p. 118-126		
103-3	Evaluation of the management approach	p. 118-126		

GRI 205: ANTI-CORRUPTION 2016

205-2	Communication and training about anti-corruption policies and procedures	p. 121-123		✓
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Financial Inclusion

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 269		✓
103-2	The management approach and its components	p. 204-211		
103-3	Evaluation of the management approach	p. 204-211		

FINANCIAL SERVICES SECTOR DISCLOSURE 2013 G4 ASPECT: LOCAL COMMUNITIES

FS13	Access points in low-populated or economically disadvantaged areas by type	p. 207 There was a 186.2% increase of acces points between 2018 and 2019		✓
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(102-55)

Disclosure	Content	Page / Direct Answer	Omission	Verification
Accesibility of Products and Services				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 269		✓
103-2	The management approach and its components	p. 152, 176-177 and 204-211		
103-3	Evaluation of the management approach	p. 152, 176-177 and 204-211		
FINANCIAL SERVICES SECTOR DISCLOSURE 2013 G4 ASPECT: LOCAL COMMUNITIES				
FS13	Access points in low-populated or economically disadvantaged areas by type	p. 207 There was a 186.2% increase of acces points between 2018 and 2019		✓
Training of Employees				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 269		✓
103-2	The management approach and its components	p. 142-151		
103-3	Evaluation of the management approach	p. 142-151		
GRI 404: TRAINING AND EDUCATION 2016				
404-1	Average hours of training per year per employee	p. 142-145		✓
Diversity and Labor Inclusion				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 270		✓
103-2	The management approach and its components	p. 152-170		
103-3	Evaluation of the management approach	p. 152-170		
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
405-1	Diversidad en órganos de gobierno y empleados	p. 90, 95, 142-144		✓

(102-55)

Disclosure	Content	Page / Direct Answer	Omission	Verification
Gender Equality				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 270		✓
103-2	The management approach and its components	p. 152-160		
103-3	Evaluation of the management approach	p. 52-160		
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
405-1	Diversidad en órganos de gobierno y empleados	p. 90, 95, 142-144		✓
Capture and Retention of Talent				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 270		✓
103-2	The management approach and its components	p. 148-161		
103-3	Evaluation of the management approach	p. 148-161		
GRI 401: EMPLOYMENT 2016				
401-1	New employee hires and employee turnover	p. 142-145 - The methodology used to calculate turnover rate is as follows: Annual turnover = $\frac{\sum \text{Total accumulated casualties for the active iHC month 2nd fortnight of month } i}{12i} = 1 \times 100$.		✓
Occupational Health and Safety				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 270		✓
103-2	The management approach and its components	p. 161-165		
103-3	Evaluation of the management approach	p. 161-165		
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018				
403-1	Occupational health and safety management system	p. 161-165		
403-2	Hazard identification, risk assessment, and incident investigation	p. 164-165		
403-3	Occupational health services	p. 160-161		

(102-55)

Disclosure	Content	Page / Direct Answer	Omission	Verification
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 162-163		
403-5	Worker training on occupational health and safety	p. 145 y 164		
403-6	Promotion of worker health	p. 161-164		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 161-165		✓
403-8	Workers covered by an occupational health and safety management system		Information not available. The response to this disclosure is being strengthened for next year.	

Fair Compensation to Employees

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 271		✓
103-2	The management approach and its components	p. 96, 160-161		
103-3	Evaluation of the management approach	p. 96, 160-161		

GRI 201: ECONOMIC PERFORMANCE 2016

201-1	Direct economic value generated and distributed	p. 275		✓
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Fair Treatment of Suppliers

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 271		✓
103-2	The management approach and its components	p. 220-223		
103-3	Evaluation of the management approach	p. 220-223		

Selection of Suppliers Under Criteria of Social and Environmental Responsibility

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 272		✓
103-2	The management approach and its components	p. 220-223		
103-3	Evaluation of the management approach	p. 220-223		

(102-55)

Disclosure	Content	Page / Direct Answer	Omission	Verification
GRI 412: HUMAN RIGHTS ASSESSMENT 2016				
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 220-221 226 contracts evaluated in 2019 which equivalent to 63% of total suppliers homologated. The remaining 37% is excepted of this evaluation by corporate policy. The significant investment agreements within our supply chain come from strategic suppliers of the Bank (standardized through Aquanima).		✓

Promotion of Environmental and Social Principles and Respect for Human Rights in the Company's Value Chain

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 272		✓
103-2	The management approach and its components	p. 220-223		
103-3	Evaluation of the management approach	p. 220-223		

GRI 412: HUMAN RIGHTS ASSESSMENT 2016

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 220-221		✓
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Investment in Social Development (Health Programs, Nutrition, Children, Support for Natural Disasters)

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 272		✓
103-2	The management approach and its components	p. 242-257		
103-3	Evaluation of the management approach	p. 242-257		

Support for Education

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	p. 272		✓
103-2	The management approach and its components	p. 210-211 and 230-241		
103-3	Evaluation of the management approach	p. 210-211 and 230-241		

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Disclosure	Content	Page / Direct Answer	Omission	Verification
FINANCIAL SERVICES SECTOR DISCLOSURE 2013 G4 ASPECT: PRODUCT AND SERVICE LABELING				
FS16	Initiatives to enhance financial literacy by type of beneficiary	p. 210-211		✓
Support for Research and Innovation in Education				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 273		✓
103-2	The management approach and its components	p. 230-241		
103-3	Evaluation of the management approach	p. 230-241		
Support for the First Employment and Entrepreneurship in University Students				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 273		✓
103-2	The management approach and its components	p. 156-158 and 230-241		
103-3	Evaluation of the management approach	p. 156-158 and 230-241		
Consumption and Energy Saving (Eco-Efficiency)				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 273		✓
103-2	The management approach and its components	p. 216-217		
103-3	Evaluation of the management approach	p. 216-217		
GRI 302: ENERGY 2016				
302-1	Energy consumption within the organization	p. 216		✓

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Disclosure	Content	Page / Direct Answer	Omission	Verification
Consumption and Water Saving				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 273		✓
103-2	The management approach and its components	p. 218		
103-3	Evaluation of the management approach	p. 218		
GRI 303: WATER AND EFFLUENTS 2016				
303-1	Water withdrawal by source	p. 218		✓
Waste Management				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 274		✓
103-2	The management approach and its components	p. 219		
103-3	Evaluation of the management approach	p. 219		
Generation of Emissions				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 274		✓
103-2	The management approach and its components	p. 215		
103-3	Evaluation of the management approach	p. 215		
GRI 305: EMISSIONS 2016				
305-1	Direct (Scope 1) GHG emissions	p. 215		✓
305-2	Energy indirect (Scope 2) GHG emissions	p. 215		✓

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Disclosure	Content	Page / Direct Answer	Omission	Verification
Consumption and Saving of Paper and Other Materials				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 274		✓
103-2	The management approach and its components	p. 218		
103-3	Evaluation of the management approach	p. 218		
GRI 301: MATERIALS 2016				
301-1	Materials used by weight or volume	p. 218		✓
Materiality and Sustainability Strategy				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 274		✓
103-2	The management approach and its components	p. 62 and 266-267		
103-3	Evaluation of the management approach	p. 62 and 266-267		
Citizenship and Corporate Philanthropy				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 274		✓
103-2	The management approach and its components	p. 104-109		
103-3	Evaluation of the management approach	p. 104-109		
Dialogue with Stakeholders				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	p. 274		✓
103-2	The management approach and its components	p. 66-69		
103-3	Evaluation of the management approach	p. 66-69		

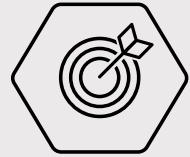
Responsible Banking Principles Index

Progress in the implementation of the principles for responsible banking

	PRINCIPLE	PAGE
	<p>"Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks."</p>	
	<p>1.1. Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services..</p>	p. 44-47
	<p>1.2. Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks..</p>	p. 50, 54, 78, 80-81, 84-85 and 106-109
	<p>"Principle 2: impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts."</p>	
	<p>2.1. Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. Your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts. 	p. 128-263

PRINCIPLE

PAGE

**2.2. Target Setting**

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

p. 84-85 and
130-133**2.3 Plans for Target Implementation and Monitoring.**

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

p. 84-85 and
130-133**2.4. Progress on Implementing Targets**

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

p. 84-85 and
130-133**"Principle 3: Clients And Customers**

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations."



3.1. Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

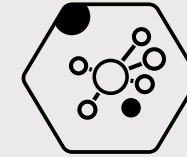
p. 166-185

3.2. Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

p. 166-185

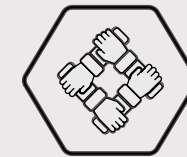
PRINCIPLE

PAGE

**"Principle 4: Stakeholders**

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals."

4.1. Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

p. 68-69 and
268-274**"Principle 5: Governance and Culture**

We will implement our commitment to these Principles through effective governance and a culture of responsible banking"

5.1. Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

p. 48-133

5.2. Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, among others.

p. 48-133

5.3. Governance Structure for Implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a) target-setting and actions to achieve targets set
- b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

p. 48-133

**"Principle 6: Transparency and Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals."

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

p. 84-85 and
130-133

Verification Letter (102-56)

(102-56)



This version of our limited assurance report was carried out based on the Spanish version of the Responsible Banking Report. This is a translation from the original in Spanish, in the event of a discrepancy in this version, the Spanish language version prevails.

Independent practitioner's limited assurance report on the Identified Sustainability Information of Banco Santander México, S.A., Institución de Banca Múltiple, Banco Santander México.

To the management of Banco Santander Mexico.

We have undertaken a limited assurance engagement in respect of the selected sustainability indicators listed below and identified within the "GRI Content index" of the 2019 Responsible Banking Report (hereinafter, "the identified sustainability indicators") which were prepared by Banco Santander Mexico, S.A., Institución de Banca Múltiple, Banco Santander Mexico Mexico (hereinafter Banco Santander Mexico) for the year ended December 31st, 2019, in accordance with the Core option proposed in the Universal Standard, of the economic, environmental and social Standards, as well as the "Financial Services" Sector Disclosures of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) 2016 and the Financial Services G4 Sector Disclosures.

Identified sustainability indicators subject to limited assurance

The following chart describes the reviewed GRI Contents in accordance with the Core option proposed in the Universal Standard, of the economic, environmental and social Standards, as well as the "Financial Services" Sector Disclosures of the Sustainability Reporting Standards of the *Global Reporting Initiative* (GRI) 2016 and the Financial Services G4 Sector Disclosures.

102-1	102-11	102-41	102-51	302-1	FS16
102-2	102-12	102-42	102-52	303-1	
102-3	102-13	102-43	102-53	305-1	
102-4	102-14	102-44	102-54	305-2	
102-5	102-15	102-45	102-55	401-1	
102-6	102-16	102-46	102-56	403-7	
102-7	102-17	102-47	103-1	404-1	
102-8	102-18	102-48	201-1	405-1	
102-9	102-22	102-49	205-2	412-3	
102-10	102-40	102-50	301-1	FS13	

Our limited assurance procedures were carried out with respect to the specific information related to such Contents included in the Responsible Banking Report for the year ended December 31st, 2019,



and we have not performed any procedures with respect to earlier periods or any other elements included in the 2019 Responsible Banking Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by Banco Santander Mexico to prepare the sustainability indicators correspond to the specific content proposed in the Universal Standard, of the economic, environmental and social Standards, as well as the "Financial Services" Sector Disclosures of the Sustainability Reporting Standards of the *Global Reporting Initiative* (GRI) 2016 and the Financial Services G4 Sector Disclosures in accordance with the Core Option, as mentioned in the GRI Content index of the 2019 Responsible Banking Report (hereinafter "the Criteria").

Banco Santander Mexico's Responsibility on the Sustainability Indicators

Management of Banco Santander Mexico is responsible for the preparation, contents and presentation of the 2019 Responsible Banking Report as well as the preparation of the sustainability indicators subject to limited assurance procedures in accordance with the Core option of the GRI Standards and Financial Services Sector Disclosures, referenced in the GRI Content Index of the 2019 Responsible Banking Report. This responsibility includes the design, implementation and maintenance of relevant internal controls in order for the indicators to be free of material misstatement due to fraud or error.

Management of Banco Santander Mexico is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the indicators is obtained.

Inherent limitations

The absence of a generally accepted practice for the evaluation and measurement of non-financial information allows for the use of acceptable practices and measurement techniques that can be different to others and can affect comparability between entities

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

(102-56)



Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in Banco Santander Mexico's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the identified sustainability indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures we:

- Made inquiries of the persons responsible for the Identified Sustainability Information;
- Carried out an understanding of the process for collecting and reporting the Identified Sustainability indicators. Performed limited substantive testing on a selective basis of the identified sustainability indicators at corporate head office to check that data had been appropriately measured, recorded, collated and reported; and
- Considered the disclosure and presentation of the identified sustainability indicators.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Banco Santander Mexico's identified sustainability indicators have been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Banco Santander Mexico Identified Sustainability Indicators for the year ended December 31st, 2019 is not prepared, in all material respects, in accordance with the Criteria.

(102-56)



Use and distribution restriction

This report, including the conclusion, has been prepared solely for the management of Banco Santander México, S. A. to assist them in reporting of sustainable development performance and activities. We allow the inclusion of this report within the 2019 Responsible Banking Report. We do not assume any responsibility to third parties other than the management of Banco Santander Mexico. We do not accept responsibility for any changes that may have occurred to the reported subject matter information or criteria since they were initially presented on the website.

PricewaterhouseCoopers, S. C.

Eng. Carlos Gaytan Chavez
Mexico City
April 30th, 2020.

