



Human Rights Due Diligence Santander

2024





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Introduction



Santander works to respect and protect Human Rights (HR) of all Santander's stakeholders in all its operations and geographies where we operate.

The Responsible Banking and Sustainability Policy sets out the principles, commitments, objectives and strategy with regards to shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conduct, and it is approved by the Board of Directors.

Santander executes due diligence and control exercises across processes, management systems and stakeholder relations. This year, to strengthen the due diligence system in a structured manner, Santander conducted a holistic human rights due diligence exercise.

This document summarizes the human rights due diligence carried out by the Group with the support of an independent third party, guided by various international frameworks and applicable directives, and following market practices (for additional detail, refer to **Annex 1**).

This exercise covered all global business areas within the Group.¹

The methodology disclosed in this document is the reference for any due diligence processes conducted at Group and local level, according to the context of their geography of operation and local regulation.

Responsible Banking, Sustainability and Culture Committee is provided oversight over the results of the human rights due diligence.

¹ Santander Corporate Investment Banking (SCIB), Digital Consumer Bank (DCB), Wealth Management & Insurance (WM&I), and Retail & Commercial Banking (R&C) & Global Cards.



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Objectives and Methodology of Human Rights Due Diligence

Santander Human Rights Due Diligence Exercise had the following objectives:

1. Identify and assess actual and potential adverse impacts on human rights that may occur within Santander's own operations, upstream and downstream activities.
2. Identify areas of improvement for continuous learning.
3. Evaluate the adequacy of communication channels, as well as control measures to prevent, mitigate and remediate any negative effects.
4. Establish a system to monitor and manage adverse impacts on human rights.

The methodology used comprises the following stages:

- 1. Analysis of the corporate policies and other internal regulatory documents,** based on the provisions set in the international frameworks and applicable directives (for additional detail, please refer to **Annex 1**) taking into account the six steps of the due diligence set out in the OECD Due Diligence Guidance for Responsible Business Conduct.
- 2. Identification of adverse human rights impacts.**
Impacts were identified throughout, taking into account banking processes² which could have a potential impact on human rights within Santander's own operations, global business areas and our supply chain.
- 3. Evaluation process of the impacts based on their severity and likelihood.**
To prioritize adverse impacts³ we have engaged corporate experts⁴ areas and global businesses.

² Processes defined following the Business Process Model and Notation (BPMN) and APQC Process Classification Framework (PCF) as well as banking industry best practices.

³ Both severity and likelihood were established according to the inherent nature of the impact in the context of the Bank's activities, and severity was given precedence over likelihood through a weighted approach (following OECD Due Diligence Guidance for Responsible Business Conduct and EFRAG Materiality Assessment Implementation Guidance).

⁴ Among others: Consumer Protection, Commercialization, Conduct Risk, Anti-Money Laundering, Third-party Risk Management (TPRM), Environmental, Social and Climate Change Risks (ESCC), Labour Relations, Employee Health & Safety, Procurement (Aquanima), Product Governance, Internal Auditing, Internal Governance, Information, Operational Risk & Fraud and Reputational Risk.

- **Severity:** scale, scope and irremediable character of the impact (based on UNGP criteria).
- **Likelihood:** refers to the probability⁵ of each potential adverse impact materializing.

Additionally, the due diligence process was structured around the three domains of the value chain:

- **Upstream:** (1) Supply Chain.
- **Own operations:** (1) Own workforce (Employee Diversity, Equity & Inclusion (DEI); Accessibility; Working Conditions and Employee Health & Wellbeing); (2) Anti Bribery & Corruption; (3) Fraud and Anti Money Laundering; (4) Privacy & Data Protection; (5) Internal Human Rights Governance, (6) Grievance Channels.
- **Downstream:** (1) Customer treatment (selling practices, accessibility for corporate and individuals; vulnerable customers; financial inclusion; etc); (2) Human Rights business activities (corporate lending, M&A, investment, etc).

4. **Measures and controls** within the Group and running were evaluated, both in direct operations with common set of criteria to assess their effectiveness.

3 Communication Channels



Canal Abierto is Santander's central tool to identify, manage and resolve possible alerts or human rights violations. This communication channel is available for customers, employees, suppliers and members of the public to submit concerns regarding human rights.

Santander has other communication channels to strengthen the engagement with stakeholders: employees' survey (Your Voice); Customers' surveys (NPS, BrandTracking), customer service channels, point of contact with ESG ratings and NGOs, among others.

⁵ Possible levels: (1) Rare: impact does not exist/has never materialized; (2) Unlikely: impact is unlikely to occur in the next two years and/or has not occurred in the last five years; (3) Possible: impact could reasonably occur in the next one to two years; or has occurred once or twice in the last five years; (4) Likely: impact could reasonably occur immediately; or has occurred/could occur regularly in the last three years; (5) Almost Certain: impact is highly likely to occur immediately or on a regular basis; or has occurred on a recurring basis in the last year.

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Main Prevention, Mitigation and Remediation mechanisms



Banco Santander has preventive, mitigating and corrective measures and plans for each part of the value chain. Below is a non-exhaustive list of some of the control measures and initiatives currently being implemented across the Santander⁶ Group and that are being assessed and informed the due diligence exercise:

Upstream:

Human Rights in the Supply Chain

- Third-party certification policy that provides a methodology for our suppliers to meet the Group's minimum requirements on ESG including human rights.
- Suppliers are assessed in their ESG profile in the onboarding process.
- ESG approval methodology to classify suppliers according to risk, including human rights.
- Initiatives to support suppliers and help them meet the requirements of domestic, European and international ESG regulatory frameworks, including training.

Own operations:

Employee Diversity, Equity & Inclusion (DEI)

- DEI Strategic Plan (2020-2025) to promote an inclusive work environment where everyone can be themselves. Boost the inclusion of people with disabilities by increasing the number of hires and promotions and foster accessibility.
- Rigorous standards for hiring, promotions, succession planning and talent pipelines to strengthen diversity.
- Participation in global initiatives, such as Women's Empowerment Principles and Valuable 500.
- Initiatives to promote the inclusion of persons with disabilities, and building a strong culture of inclusion for the LGBTIQ+ community, growing ethnic and cultural diversity across geographies, promoting and supporting diversity in local units through employee resource groups.
- Global anti-harassment protocol as a common framework to establish minimum standards and to fight against discrimination and behaviour that contravenes sexual freedom and moral integrity.
- Training across all units in non-discriminatory behaviours and anti-sexual harassment, as well as unconscious bias and inclusive mindset training to employees, which are mandatory for all executives.

⁶ Non exhaustive list, please refer to Santander's 2024 Annual Report.

Downstream:

Individual customers

- Group best practices on consumer protection upgraded to internal regulation for the subsidiaries to ensure a common approach throughout the Group for employee training (including vulnerable customers), recognition of vulnerable customers (Metrics to identify and address the needs of customers in vulnerable circumstances), case escalation, product and service design, recoveries, fraud management and assistance for senior citizens and people with disabilities.
- Variable pay to commercial workforce is based on customer satisfaction and quality metrics. In 2023, we rolled out these pay schemes to our call centres.
- Strategy to serve vulnerable customers, and specially to prevent over-indebtedness.
- Customer protocol for senior citizens and people with disabilities to prevent exclusion and enhance their experience.

Human rights in corporate lending

- Embedding Environmental, Social & Climate Change (ESCC) factors into credit risk.
- ESG training to employees, including materiality assessments, scenario analyses, physical risk, and analysis of sectors subject to ESCC factors.



Beyond these, Santander has implemented additional control measures covering other activities such as Supplier Privacy & Data Protection Management, Employee Accessibility, Working Conditions and Employee Health & Wellbeing, Bribery & Corruption, Fraud and Money Laundering, Indigenous Rights, Internal Human Rights Governance, Management and Grievance Channels, Employee Privacy & Data Protection Management, Financial Distress & Customer Wellbeing, Customer Accessibility, Financial Inclusion and Customer Privacy & Data Protection Management.

The Human Rights Due Diligence is an iterative and dynamic exercise, and Santander will continue to assess adverse human rights impacts potentially arising in the value chain, operations and business relationships, as well as monitoring the effectiveness of the processes, corrective actions and internal risk management systems. Stakeholder engagement is fundamental to Santander's business, so Santander will work on maintaining an open and ongoing dialogue with key stakeholders on potential human rights issues related to the business.

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Annexes



Annex 1. SOURCES OF REFERENCE

- Universal Declaration of Human Rights (UDHR, 1948)
- ILO Declaration on Fundamental Principles and Rights at Work (ILO, 1998)
- United Nations Global Compact (UNGC, 2000)
- United Nations Guiding Principles on Business and Human Rights (UNGP, 2011)
- OECD Due Diligence Guidance for Responsible Business Conduct (OECD, 2018)
- Minimum Social Safeguards of the European Taxonomy (MSS, 2020)
- Sustainable Finance Disclosure Regulation (SFDR, 2021)
- Corporate Sustainability Reporting Directive (CSRD, 2022)
- Materiality Assessment Implementation Guidance Document (European Sustainability Reporting Standards -ESRS-, 2023)
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD, 2023)
- Corporate Sustainability Due Diligence Directive (CSDDD, 2024)

Annex 2. DEFINITIONS

Adverse human rights impact: the effect on individuals resulting from an abuse or violation of a human right⁷. Refers to both actual and potential human rights adverse impacts.

Actual adverse human rights impact: an adverse impact on human rights that has failed to be prevented and therefore has materialized in the Group. Because it has already occurred and/or is ongoing, it needs to be addressed with mitigation and remediation measures in order to neutralize, mitigate, eliminate and/or remediate its effects on individuals.

Potential adverse human right impact: an adverse impact on human rights that has not yet materialized in the Group and thus needs to be prevented. Because it has not yet happened it needs to be addressed with preventive measures but also mitigation and remediation (for the case in which it occurred).

⁷ More detail can be found in Annex 1 ; Part I; Section 1 and 2 of the Corporate Sustainability Due Diligence Directive.

Value chain: encompasses the activities that convert input into output by adding value. It includes entities with which it has a direct or indirect business relationship and which either (a) supply products or services that contribute to the company's own products or services or (b) receive products or services from the company.

Severity of an adverse impact: the scale, scope and irremediable character of the adverse impact, taking into account its magnitude, including the number of individuals that are or may be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact.

Likelihood of an adverse impact: refers to the probability of each potential adverse impact materializing, based on the analysis of the existence of previous violations and related backgrounds where the potential impact in question materialized and the existence of related cases in the Bank.

Salient human rights adverse impact: especially significant by its nature, scale, scope and irremediable character, and which may occur within a reasonable period or that have occurred in the past.

Remediation: restitution of the affected individual/s, communities or environment to a situation equivalent or as close as possible to that in which they would have been in the scenario in which the actual adverse impact would not have materialized.

Control measures: include all the measures for preventing, mitigating and remediating the materialization of adverse impacts.

Stakeholders: individuals or groups of people whose human rights may be either directly or indirectly affected by the Bank's activities and its supply chain. For the Group, these social actors are consumers and end-users, communities, the company's own workforce, and workers in the value chain.



 Santander

Thanks