

Santander London Branch Remuneration Disclosure

This disclosure is intended to provide information on the remuneration policies and practices of Banco Santander, S.A. London Branch ("**SLB**").

As a third country branch, SLB is authorised by the Prudential Regulation Authority ("**PRA**") and subject to regulation by the Financial Conduct Authority ("**FCA**") and limited regulation by the PRA. As such, SLB is required to comply with certain remuneration requirements set out in the PRA Rulebook and the FCA Handbook of Rules and Guidance and, in doing so, has regard to the European Banking Authority's guidelines on sound remuneration policies ("**EBA Guidelines**"). In particular, SLB is subject to the PRA's Remuneration rules and the FCA's Dual-regulated firms Remuneration Code (SYSC 19D) and the MiFID Remuneration Code (SYSC 19F) (together, the "**Remuneration Codes**").

Banco Santander S.A. has put in place a general remuneration policy (the "**Group Remuneration Policy**") to meet the remuneration obligations to which the Santander Group is subject. The Group Remuneration Policy applies to all entities in the Santander Group and, therefore, also to SLB. In accordance with the Group Remuneration Policy, all entities belonging to the Santander Group are entitled and required to adopt the decisions and policies necessary to comply with any local remuneration requirements applicable to any such entities while preserving the principles of the Group Remuneration Policy.

To comply with the Remuneration Codes, SLB has established and implemented a remuneration policy (the "**SLB Remuneration Policy**"). The SLB Remuneration Policy has been designed to support the delivery of the group's objectives by attracting, retaining and motivating key talent by suitably rewarding performance within an appropriate risk management framework and is based on principles and practices that are similar to and compatible with the Group Remuneration Policy and the EBA Guidelines.

The Remuneration Codes recognise that not all remuneration principles apply to firms equally and introduce a concept of proportionality, which enables a firm to apply the requirements in a way that it is appropriate to a firm's size, internal organisation and the nature, scope and complexity of its activities. The PRA and the FCA have defined a high-level proportionality framework split into three tiers based on a firm's relevant total assets. SLB applies the proportionality principle in accordance with the general expectations and guidance of the PRA and the FCA for firms of proportionality level one.

SLB recognises that there is a clear link between remuneration principles, the assessment of behaviours and performance, and reward and has therefore established a remuneration system with the objective of rewarding staff fairly and appropriately for their contribution to the success of the business and the level of service and performance delivered to customers, while promoting sound and effective risk management and discouraging risk-taking that exceeds SLB's risk appetite.



The SLB Remuneration Policy is designed to accomplish a suitable balance of fixed and variable components of total remuneration and to enable a fully flexible policy on variable remuneration, including the possibility to pay no variable remuneration. To achieve this, the remuneration of staff is annually reviewed for compliance with the remuneration policies and procedures and total remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned, group performance and overall results, with individual performance measured against qualitative and quantitative, financial and non-financial criteria.

The SLB Remuneration Policy incorporates measures to avoid conflicts of interest and to ensure the appropriate involvement of control functions in the remuneration process including in the setting of individual awards, where appropriate. SLB has appropriate risk adjustment mechanisms in place to ensure that all types of current and future risks are taken into account when paying variable remuneration.

Material Risk Takers are identified at least annually in line with the qualitative and quantitative criteria laid out in the Remuneration Codes. Material Risk Takers are subject to additional requirements in relation to the award of variable remuneration, including minimum deferral determined in accordance with the applicable regulatory requirements, payment of a portion of variable remuneration in instruments and malus and clawback provisions, pursuant to which variable remuneration may be cancelled or reduced or be required to be repaid.