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**SANTANDER CONSUMER FINANCE**  
**GENERAL REMUNERATION**  
**PROCEDURES – LOCAL UNITS**  
(adapted from SCF Procedures)



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## 1. Purpose

The purpose of these procedures is to set forth the remuneration decision proceedings to be followed by Santander Consumer Finance (hereinafter referred to as “SCF”) local units for all the employees of SCF, including staff designated either as Material Risk Takers (pursuant to CRD IV and the applicable local regulation) and the direct reports of the Country Head, or any other regulated group of employees, and to share the normative tree that is relevant to SCF remuneration.

## 2. Scope

These procedures have been created by Human Resources at Santander Consumer Finance units and approved by the units’ Human Resources Committee.

These procedures apply to the unit, setting out the proceedings that are applicable to SCF remuneration, that all the units shall comply with.

The SCF unit will adopt these procedures and are responsible, taking this document as a reference, of creating and approving at the corresponding governing bodies the local internal development that allows the application of the procedures included hereby, with the adaptations that are essential to comply with local regulatory requirements or follow recommendations from supervising bodies.

## 3. Supporting documents

These procedures should be considered in conjunction with the following documents:

- Rules and regulations of the SCF Unit Board of Directors (“the Board”)
- SCF Unit Human Resources Committee (HRCO) Charter

All these documents must be considered jointly with the documents of SCF which are the base for these procedures:

- Rules and regulations of SCF Board of Directors (“the Board”)
- SCF-Subsidiary Governance Model and Guidelines for Subsidiaries
- SCF Internal Regulations and Reference Documents Policy
- SCF Human Resources Committee (HRCO) Charter

## 4. Definitions

To the purposes of these procedures, the following terms and definitions are applicable:

- Grupo Santander or Group: the Group consisting, at any time, of Banco Santander, S.A. and other companies consolidated therewith.
- SCF: unit formed by Santander Consumer Finance and its affiliates, branches and other entities
- Unit: any company of SCF including subsidiaries, branches, and other legal types of entities.
- Faro: the employees in the Group's more relevant roles that have been nominated so by the Human Resources Committee (HRCO).
- Solaruco: the employees identified so by the units with the oversight of the HRCO.
- Material Risk Takers: the employees whose professional activities have a material impact on the Group's risk profile as per the Group Remuneration Policy

## 5. Governance and approval of this document

The SCF Human Resources Committee owns these procedures that will be reviewed and updated as necessary in the event of material changes or at least on annual basis. Furthermore, these procedures will be updated according to the changes introduced in the SCF procedures which may be applicable to this document.

## 6. Governing bodies

### Governing bodies of the SCF Unit

The main SCF Unit internal governing bodies on remuneration are the following:

- Board of Directors (BoD)
- Remunerations committee (RemCo)
- Human Resources Committee (HRCO)

The role of the Board of Directors and the Remuneration Committee with regards to remuneration is described in the Board of Directors' regulations.

All the above governing bodies are supported in discharging their responsibilities by the global human resources function and its Global Compensation Team ("GCT"), as well as by other control or support functions as necessary.

### Human Resources Committee ("HRCO") of the SCF Unit

The Human Resources Committee (hereinafter referred to as "HRCO") is an internal committee established in YYY 2018. It is regulated by the HRCO Charter.

The HRCO is led by the Country Head of the SCF Unit. Meets, at least, on quarterly basis.

The purpose of the HRCo is to participate in the decision making process, make proposals to the relevant governing bodies, approve the SCF Unit's normative documents on human Resources and monitor application within SCF. The HRCo responsibilities with regards to remuneration are the following:

- Approving and periodically reviewing the global human resources policies including, among others, the remuneration policy, those on corporate executive segments, those on performance evaluation, etc., as well as submitting to the corresponding committees or governing bodies the policies and its updates that, due to their strategic nature or impact on Material Risk Takers, its approval is reserved to the Board of Directors or other governing bodies;
- Checking that, whenever necessary due to their nature and conditions, the global remuneration policy and decisions taken in executing them are reviewed or reported by the control functions;
- Proposing positions, identifying the incumbents, in the Solaruco segment, which approval is reserved to the HRCo. Submitting proposals for inclusion in corporate segments which approval is reserved to other governing bodies.
- Submitting to the RemCo the proposals for setting or modifying the basic contractual conditions, as well as individual remuneration, which approval is the responsibility of the Board of Directors;
- Approving the contractual conditions and individual remuneration of employees and executives in cases that do not have to be submitted to the Board of Directors and for which the committee reserves approval. This committee shall review all the variable remuneration allocations of the identified group that do not have to be approved by the Board of Directors, in accordance with the basic components set by the Board.
- Reviewing the results, calibrating the metrics and proposing the calculation of the bonus pool according to the scope determined in each policy; as well as ensuring the correct risk assessment for the remunerations. This competence is exercised by calling the SCF Unit heads of the risks, compliance & conduct, audit, financial accounting and finance functions, as well as others that may be considered relevant, to a committee meeting.
- Submitting the bonus pool proposal to the RemCo, or any other corresponding committee, according to the regulation and corresponding approvals in the Group for subsequent approval by the Board of Directors.
- Evaluating the application of malus and clawback provisions for Material Risk Takers according to the remuneration policy, or other actions derived from the monitoring of remuneration risk, in accordance with the provisions of the regulations governing the respective remuneration plans, according to the SCF Unit's remuneration policy. This competence is exercised by calling the heads of the risks, compliance & conduct, audit, financial accounting and finance functions, as well as others that may be considered relevant, to a committee meeting.
- Reviewing actions included in the remuneration policies and programs for the effective implementation of the Group culture.
- Analyzing the relevant information for the global compensation function and supervising the application of the remuneration policy in the local units.
- In the remuneration matters for which the committee is responsible, collaborating with the compliance function to supervise global and local compliance with legislation and the recommendations of the supervisory authorities, as well as monitoring the internal audit recommendations in this area.

## 7. Remuneration normative tree

### SCF Unit remuneration normative tree

Is made of the following documents:

- Human Resources Corporate Framework
- SCF Unit Remuneration Policy.
- SCF Remuneration procedures. They are also part of the scope of the Internal Regulations and Reference Documents Policy.
- SCF Guidelines and other documents.

The following table shows the responsibilities of the SCF Unit governing bodies depending on the document hierarchy described above.

	Board	RemCo	BRC	HRCo	Global HR - GCT	SCF Control functions	Units
<b>Group policy</b>	Approval Oversight	Proposal to Board Oversight	Examination of policy (with RemCo) Oversight	Proposal to RemCo	Design and review Oversight of implementation	Review and report to Corporate HR and HRCo	Implementation as per internal governance. Review. When requested, design in co-creation with Corporate HR
<b>Group procedures</b>				Approval when deemed necessary	Approval (if not HRCo), design and review. Oversight of implementation	Review and report to Corporate HR and HRCo when deemed necessary	Implementation as per internal governance. Review. When requested, design in co-creation with Corporate HR
<b>Group guidelines and other supporting documents and tools</b>				Approval when deemed necessary	Approval (if not HRCo), design and review	When requested, review and report to Corp HR and HRCo	Implementation as per internal governance. Review. When requested, design in co-creation with Corporate HR

THS SCF units must adopt the SCF normative documents, taking them as a reference, of creating and approving at the corresponding governing bodies the local internal regulations that allows the application of their content, with the adaptations that are essential to comply with local regulatory requirements or follow recommendations from supervising bodies.

In case of exceptions to the local implementation of any significant element of the SCF normative tree, in particular the SCF Remuneration Policy, the Global Compensation Team will inform of the procedure to be followed to review and validate exceptions.

## Local remuneration normative tree

Each SCF Unit will construct or adapt its own remuneration normative tree. The documents will be approved as per the local governance and local structure of documents. The subsidiaries functions developing the remuneration documents are expected to consult with local control functions and any other relevant function or business when developing their normative tree.

## 8. Individual remuneration decisions

This section of the procedure is provided as a guidance element on conflict resolution when assessing which body has ultimate responsibility for approval of remuneration decisions for individuals. It is understood that all individual remuneration decisions are taken under the provisions of the SCF Unit Remuneration Policy and any other documents that are applicable at any given moment.

### Main actions on individual remuneration decisions

The following tables show the responsibilities of the governing bodies depending on the relevant individual remuneration decision. The different responsibilities are the following:

- **Approval (A):** it means the sign-off of an element without the need to resorting to any higher body and will allow for its execution.
- **Validation (V):** it applies to anybody with conjoint sign-off responsibility of an element. It typically refers to the sign-off of variable remuneration proposals for local heads of control and management control functions as identified (“Key positions”) in the SCF-Subsidiary Governance Model.
- **Proposal (P):** it generally refers to the body that has authority to formally propose a decision, irrespective of who is interested in its adoption.
- **Oversight (O):** it refers to the general supervision exercised by any particular body.

## Individual remuneration decisions for Faro segment

All decisions in remuneration matters concerning SCF employees in the Faro segment will be taken in compliance with the Group's general procedures.

## Individual remuneration decisions for Material Risk Takers and direct reports to the Country Head

Material Risk Takers (other than Promontorio or Faro segments)	HRCO	HR SCF	SCF Function Head (1)(2)(3)	Units
Annual objectives			A (30%)	P / A
Annual Performance management			A (30%)	P / A
<b>Compensation &amp; Benefits</b>				
Individual hiring/promotion base pay		V		A
Base pay annual review framework		V		A
Individual base pay review		V		A
Individual hiring/promotion target bonus		V		A
Unit bonus target review framework		V		A
Individual bonus target review		V		A
Individual bonus award	A	A/V	V	P / A
Guaranteed, sign-on, buy-outs		V		A
Pension plan (4)		V		A
Other benefits				A
<b>Other contractual terms</b>				
Severance agreements/pay (5)		V		A
Other contractual T&C (5)		V		A

- (1) If "Key position" (Control and Management Control local Head) under the SCF-Subsidiary Governance Model.
- (2) Under the SCF-Subsidiary Governance Model, the Group functional heads set 30% of the objectives of the subsidiaries' Key Positions (control and management control functions) and Support Functions and assess them at the year end
- (3) When "Key positions" (control and management control function), the SCF function head validates the variable remuneration proposal.
- (4) If different to SCF Remuneration policy, it must be discussed with HR SCF.
- (5) If different to SCF Remuneration policy, legal severance or local practice, case should be discussed with the SCF HR function.



## 9. Ownership, interpretation, effectiveness and review

- Approval of this document corresponds to HR Committee of the SCF Unit, which will adapt it to the changes that the HRCO may make to the General Remuneration procedures.
- The interpretation of this document corresponds to the SCF HR function
- This document will take effect on the date of its publication. Its contents will be subject to periodic review, being made or if appropriate, any changes or modifications deemed appropriate



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