

## Rules and Regulations of the Board of Directors of Santander Consumer Finance, S.A.

### **CHAPTER 1.- Introduction and purpose**

#### Article 1.- Purpose and Interpretation

This Charter (hereinafter, the "**Charter**") sets down the rules for the internal regime for the operation of the Board of Directors of Santander Consumer Finance, S.A (hereinafter, the "**Entity**") in accordance with applicable legal stipulations and by-laws. This document establishes the principles for action and rules of behaviour for its members.

The Board of Directors will interpret this Charter in accordance with legal provisions and by-laws, as well as the good governance principles and recommendations applicable at any given time.

### **Chapter 2.- Purpose and functions of the Board of Directors**

#### Article 2.- Management and supervisory powers

Except for matters that fall under the authority of the General Shareholders' Meeting, the Board of Directors is the Entity's highest decision-making body.

The Board of Directors shall have those powers legally reserved for its direct responsibility and which may not be delegated, together with such other powers as may be required for responsible exercise of its general supervisory function. It may delegate other functions to one or more executive officers or an executive committee.

Without prejudice to the above, the policy of the board is to delegate the day-to-day management of the Company to its executive bodies and management team. The board focuses its activity on its general supervisory function, assuming and discharging, without the power of delegation, the responsibilities entailed in this function, as set forth in law, the by-laws and this Charter, specifically the following:

- a) Approval of the Company's general strategies and policies and supervision of their application.
- b) The drawing up of financial statements and their submission to the General Shareholders' Meeting.
- c) The drawing up of any type of report legally required from the Board of Directors, provided that the operation to which the report refers cannot be delegated.
- d) Calling the General Shareholders' Meeting and drawing up the agenda and proposed resolutions.
- e) The definition of the structure of the Group of companies of which the Company is the dominant entity.

- f) Supervision, control and regular evaluation of the effectiveness of the corporate and internal governance system, and regulatory compliance policies, as well as the adoption of measures to address any weaknesses.
- g) Approval of the remuneration for each director, within the framework established in the by-laws and the director remuneration policy approved by the General Shareholders' Meeting.
- h) Approval of contracts governing the provision by directors of services other than their duties as directors, and the applicable remuneration for functions other than collegiate decisions and supervision as members of the board.
- i) The design and supervision of the policy on selecting directors and succession plans for directors.
- j) The selection and ongoing assessment of directors.
- k) Supervision of the development of the Responsible Banking Agenda.
- l) Any powers that the General Shareholders' Meeting has delegated to the Board of Directors, unless it has expressly been authorised by the General Shareholders' Meeting to sub-delegate them.
- m) Determining its own organisation and operation, specifically the approval and amendment of this Charter.
- n) And those duties specifically laid down in this Charter.

In the exercise of its risk management responsibilities, the Board of Directors should:

- a) Dedicate sufficient time to the consideration of issues related to risks. In particular, it should participate actively in the management of all material risks considered in capital adequacy regulations, ensuring that sufficient resources are allocated to manage these, being involved in asset valuations, the use of external credit ratings and internal models in relation to such risks.
- b) Approval and regular review of the risk culture and risk appetite framework of the Company and its Group, including policies and strategies for accepting, managing, supervising and reducing the risks to which the Entity is, or could be, exposed, including those deriving from the macroeconomic environment and the stage in the macroeconomic cycle, ensuring that these strategies and policies are in line with strategic, capital and financial plans and remuneration policies.

### Article 3.- Powers of representation

The power to represent the Entity, in court and out of court, is vested in the Board of Directors acting collectively.

The Chairman of the Board of Directors also has the power to represent the Entity.

The Secretary of the Board of Directors and any Vice Secretaries have the necessary representative powers to convert into public instruments the resolutions adopted by the General Shareholders' Meeting and the Board of Directors, and to apply for their registration.

The above provisions are without prejudice to any other powers of attorney, whether general or special, that may be granted.

### **CHAPTER 3.- Composition of the Board of Directors**

#### Article 4.- Quantitative and qualitative composition

The Board of Directors will have the number of directors determined by the General Shareholders' Meeting, within the limits established in the By-Laws, numbering no fewer than 5 and no more than 15, either directly or indirectly, pursuant to resolutions by the General Shareholders' Meeting on appointing and removing directors.

The Board of Directors will propose to the General Shareholders' Meeting the most appropriate number of directors to ensure it is duly representative and for its efficient operation, in accordance with the Entity's changing circumstances.

The Board of Directors shall endeavour to ensure that external or non-executive directors represent a large majority over executive directors among its members, and that a reasonable number of the former are independent directors.

Under its power to present proposals to the General Shareholders' Meeting, the Board of Directors shall ensure that its members meet the requirements of honourability, experience and good governance defined in current regulations.

### **CHAPTER 4.- Structure of the Board of Directors**

#### Article 5.- The Chairman of the Board of Directors

The Board of Directors will choose one of its members to become the Chairman. The Chairman's duties will be as set forth in the By Laws and this Charter. The chairman will also perform any duties assigned by the Board of Directors.

The Chairman will ensure that directors receive sufficient information before meetings of the Board of Directors and will chair the debates.

The Board of Directors may appoint one or more Vice Chairmen from among its members for an indefinite period. These Vice Chairmen will be numbered in order, standing in for the chairman in the event of absence, impossibility to attend or ill health.

#### Article 6.- The Secretary of the Board of Directors

The Board of Directors will choose a secretary from among its members or from outside the board; in the latter case, the person must possess the skills to perform the duties that the position involves, and will have the right to voice their opinion but not to vote.

The Secretary will assist the Chairman in his/her duties and help the board work correctly. Specifically, the secretary will: offer the directors the necessary advice and information; safeguard corporate documentation; record the meetings appropriately in the minutes, including opinions that were asked to be recorded; and witness the board's resolutions.

The Secretary shall oversee the formal and material legality of all of the Board's actions.

The Secretary of the Board shall also act as the legal advisor to the Entity, advising the Board on the legality of its resolutions and decisions.

The Board of Directors may appoint a Vice Secretary, who does not need to be a director, to assist the secretary of the Board of Directors or substitute the secretary in the performance of his/her duties.

#### Article 7.- Executive Committee

1. The Executive Committee will be composed of a minimum of five and a maximum of seven directors. The Chairman of the Board of Directors will also preside over the Executive Committee.
2. The Board of Directors will seek to ensure that the size and qualitative composition of the Executive Committee reflects the guidelines for the composition of the board and efficiency criteria.
3. The permanent delegation of powers to the Executive Committee and resolutions relating to the appointment of its members require a favourable vote of at least two thirds of the members of the Board of Directors.
4. Permanent delegation of the authority of the Board of Directors in favour of the Executive Committee will include all of the powers of the board, except those that cannot be delegated by law, under the by-laws or this Charter.
5. The Executive Committee shall meet as often as called by its Chairman or a Vice Chairman acting in his/her place. In general, the Executive Committee will meet on a weekly basis.
6. The Executive Committee will be validly convened with the attendance, either in person or by proxy, of more than half of its members. Its resolutions shall be adopted by a majority of those attending (in person or by proxy), with the Chairman having the deciding vote. Committee members may grant proxies to other members.

#### Article 8.- Committees of the Board of Directors

The Board of Directors shall have the committees and commissions, whether with delegated powers or not, required by law at all times. Alternatively, the Board of Directors may resolve to adhere to the delegated and advisory committees of the Board of Directors of Banco Santander, S.A., providing this is permitted under applicable regulations. The Board of Directors may also create other committees and commissions with the delegated powers and functions that it deems appropriate.

The structure, functions and operating regime for such committees and commissions will be as set forth in their specific regulations, which will be approved by the Board of Directors, or the Board of Directors of Banco Santander, S.A., as appropriate.

### **CHAPTER 5.- Operation of the Board of Directors**

#### Article 9.- Meetings of the Board of Directors

The Board of Directors will meet as frequently as necessary to properly perform its duties, when called by the Chairman.

The Board of Directors will approve the annual schedule of its meetings, which must be held as often as necessary to perform its duties efficiently, and at least four times a year. The Board will also meet when convened by the Chairman, at the Chairman's initiative or at the request of at least one third of the directors.

Call notices will be issued by the Secretary, or the Vice Secretary acting in his/her place, at the instruction of the Chairman, and will be sent in writing (including by fax or electronic or remote means). Relevant documentation for each meeting (draft agenda, presentations, minutes of previous meetings) will be furnished to directors at least 4 business days in advance of the meeting, except where urgency prevents this, in which case the information will be provided as soon as possible.

When an extraordinary meeting is called outside the annual schedule, it must be convened with as much notice as possible and may be called by telephone. In such cases, the provisions of the preceding paragraphs pertaining to scheduled meetings are not applicable.

The agenda will be approved by the Board of Directors at the meeting itself. All directors may propose the inclusion of other points not included on the draft agenda proposed by the Chairman to the Board of Directors.

The directors will be provided with any information or clarification they deem appropriate in relation to the items included on the agenda, during and/or following the meeting. All directors will be entitled to collect and obtain the information and advice needed to perform their duties, exercising this right through the Secretary of the Board of Directors.

The Heads of the Internal Control functions (those independent of Risk Management, Compliance and Internal Audit) shall have free and unrestricted access to the meetings of the Board of Directors and its committees.

The meetings of the Board of Directors may be attended by any person invited by the Chairman.

The functions of the Board of Directors and its committees, the quality of their work and the individual performance of their members, including the Chairman and the Chief Executive Officer or Officers, shall be appraised by the Board of Directors once a year.

#### Article 10.- Meetings

The Board of Directors will be validly constituted when more than half of its members attend in person or by proxy. The directors will always do their best to avoid non-attendance.

When directors cannot attend in person, they may grant a proxy for each meeting in writing to any other director to represent them at that meeting for all purposes; a director may act as a proxy for more than one director. Non-executive directors may only grant proxies to other non-executive directors.

A meeting of the Board of Directors may be validly constituted when the Directors are not all in the same room, providing that interactivity and communication among them in real time, and therefore the unity of the meeting, is ensured by audiovisual means or by telephone. In this case, the communications channel to be used will be specified in the call notice, in addition to the sites housing the technical equipment from which the meeting may be accessed, where applicable. Resolutions are considered to have been adopted where the Chairman is located.

Exceptionally and providing that no director is in disagreement, the Meeting may take place in writing and without a formal gathering. In this case, directors may send their votes and any considerations they wish to add to the minutes by e-mail.

The Chairman will lead the debates and encourage the participation of all the directors in the meetings and deliberations of the Board of Directors, safeguarding their freedom to adopt positions and express their opinions.

Except where a greater majority is specifically required pursuant to legal provisions, the by-laws or this Charter, resolutions will be adopted by absolute majority of the directors attending in person or by proxy.

The resolutions adopted by the Board of Directors will be recorded in minutes signed by the Chairman and the Secretary. The resolutions of the Board of Directors will be certified by the Secretary or, where appropriate, the Vice Secretary with the approval of the Chairman or, as the case may be, the Vice Chairman.

### **CHAPTER 6.- Appointment, re-election, ratification and dismissal of directors**

#### Article 11.- Appointment, re-election and ratification of directors.

Directors shall be appointed, re-elected or ratified by the General Shareholders' Meeting or by the Board of Directors, as applicable, in accordance with the provisions of the applicable regulation and the By-Laws.

The proposals for appointment, re-election and ratification of directors, regardless of their status, that the Board of Directors submits to the shareholders for consideration at the General Shareholders' Meeting and the appointment decisions adopted by the Board itself should be preceded by a proposal from the corresponding Appointments Committee.

When selecting a potential director the following criteria should be considered: recognised commercial and professional repute; the suitable knowledge and experience to perform the duties, i.e. training at the correct level and in the correct profile, specifically banking and financial services; and extensive experience in the financial sector.

Persons appointed as directors should meet the conditions laid down by Law and in the By-Laws, and should formally undertake to fulfil the obligations and duties set forth therein and in this Charter when they take office.

There is no age limit for appointment as a director or for performing this role.

The Board of Directors will create an information programme for new directors that provides swift and sufficient knowledge of the Entity and its Group, including its governance rules. The Board of Directors will also organise an ongoing training and refresher programme for directors.

#### Article 12-. Term of office

Directors will hold their positions for the term established by the General Shareholders' Meeting; this term will be the same for every director and will be three years in each case. At the end of their term, directors may be re-elected one or more times for the same maximum periods.

Directors whose mandate expires or who cease their roles, for whatever reason, shall not provide similar services in a competing company for two years.

The Board of Directors, where it deems it to be appropriate, may exempt the outgoing director from this obligation or shorten the duration of that period.

#### Article 13.- Dismissal of directors

Directors will cease to hold office when the period for which they were appointed has elapsed, and when the General Shareholders' Meeting so decides in exercise of the authority vested in it. In the first case, the directors will effectively cease their duties on the day of the first General Shareholders' Meeting after their term ends, or on the expiry date of the legal period for convening the General Shareholders' Meeting to approve the previous year's accounts.

### **CHAPTER 7.- Director's information**

#### Article 14.- Powers of information and inspection

Members of the Board of Directors have the broadest powers to obtain information regarding any aspect of the Entity, and to examine books, ledgers, documents, and other

records of corporate transactions, and to inspect all of its premises and facilities. The right to receive information also applies in respect of subsidiary companies, whether domestic or foreign.

In order not to disrupt the Entity's day-to-day management, the exercise of the powers of information should be channelled through the Secretary of the Board of Directors, who shall respond to requests by directors by directly providing them with the information, identifying the appropriate contacts at the suitable level of the organisation and taking steps so that the directors may carry out any on-site examination or inspection they require.

#### Article 15.- Expert assistance

Directors may request the hiring of legal, accounting, financial or other experts to assist them in the performance of their duties, through the General Secretary. These services will be paid for by the Entity.

The engagement should concern specific issues of special significance or complexity arising during the performance of their duties.

### **CHAPTER 8.- Director remuneration**

#### Article 16.- Director remuneration

Directors may receive remuneration for the performance of the functions they undertake simply as a result of their appointment as members of the Board of Directors.

The remuneration of members of the Board of Directors shall be subject to prevailing legislation, the By-Laws and the provisions of the applicable remuneration policy.

#### Article 17.- Information on director remuneration

The Board of Directors shall approve an annual report on the remuneration policy, setting out the criteria and basis for determining director remuneration related to the previous and current period. This report will be made available to the shareholders with the call notice for the General Shareholder's Meeting and will be voted on during this meeting on a consultative basis.

The annual report will list the individual remuneration for each director, broken down as per legal requirements.

### **CHAPTER 9.- Director's duties**

#### Article 18.- Obligations of directors

Directors should fulfil all of the duties and obligations inherent in their position as such, as set down in law, the by-laws and this Charter, including the following:

- **General obligations**

The director shall be guided by the corporate interest and shall strive to defend and protect the best interests of all shareholders.

While performing their duties, directors will conduct themselves with the diligence of a prudent businessperson and a loyal representative, and specifically shall:

- a) Gather information and prepare diligently for meetings of the Board of Directors and other representative bodies to which they belong.
- b) Attend the meetings of bodies of which they are members and participate actively in debates so that their opinions contribute effectively to decision making.
- c) When, for a justified reason, the director is unable to attend the meetings to which they have been called, the director may delegate a proxy to another director, issuing specific instructions.
- d) Perform any specific task assigned by the Board of Directors that is reasonably within the scope of their commitment.
- e) Call on the persons with the power to convene a meeting to call an extraordinary meeting of the Board of Directors or include any items they deem necessary on the agenda for the next meeting.
- f) Object to any resolutions that breach the Law or By-Laws and ask for their position to be recorded in the minutes when necessary.

- **Duty of confidentiality**

Directors shall respect the confidentiality of the deliberations of the Board of Directors and the representative bodies to which they belong, and, in general, refrain from disclosing any information to which they have access in the performance of their duties.

This confidentiality obligation shall continue after they have left their position.

- **Conflicts of interest**

Directors will strive to avoid situations that may result in a conflict of interest between the Entity and the directors. Directors should report to the Board of Directors any conflicts, whether direct or indirect, that they or persons related to them may have with the interests of the Entity; specifically, they should consider potential conflicts of interest arising from:

- a) Positions held in the past or currently at the same Entity or in other private or public bodies; or
- b) A personal, professional or financial relationship with other members of the Board of Directors, the Entity, its parent company or its subsidiaries; or

- c) A personal, professional or financial relationship with shareholders who control the Entity, its parent company or its subsidiaries.

The director should refrain from taking part in resolutions or decisions relating to the operation affected by a conflict of interest.

Directors should disclose any direct or indirect interests they or persons related to them hold in the capital of an entity engaged in a line of business that is the same as, or analogous or complementary to the corporate purpose of the Entity, and should disclose the positions and functions they exercise in these.

For the purposes of this Article, related persons will be considered to be: (i) the director's spouse or people with an analogous emotional relationship; (ii) forbears, descendants and siblings of the director or their spouse; (iii) spouses of the forbears, descendants or siblings of the director; and (iv) companies where the director, personally or by proxy, is in any of the positions set forth in Article 42 section 1 of the Commercial Code.

#### - **Use of corporate assets**

The director may not use the Entity's assets or use their position within the Entity to gain any advantage, except in exchange for due consideration.

#### - **Non-public information**

The director may only use non-public corporate information for private purposes if the following conditions are met:

- a) Using the information will not harm the Entity in any way;
- b) The Entity does not hold a right of exclusivity or a legal position with an analogous meaning with regard to the information to be used.

In addition to the condition in the previous section, directors should observe the rules of behaviour set forth in securities market legislation at all times.

#### - **Business opportunities**

Directors may not, for their own benefit or that of a family member, leverage a corporate business opportunity unless: the opportunity was first offered to the Entity and the Entity decided not to proceed with it; and this has been authorised by the Board of Directors.

In this regard, the meaning of "family member" shall be as defined in the section on conflicts of interest.

For the purpose of the section above, a business opportunity is any investment or commercial opportunity that might have arisen or been revealed in connection with their duties as a director, or by using the Company's resources and information, or under such circumstances that it is reasonable to think that the third party's proposal was actually intended for the Entity.

- **Indirect transactions**

The director shall be considered in breach of the duty of loyalty to the Entity when, despite their prior knowledge, they allow or do not disclose the existence of transactions not compliant with the conditions and controls laid down in this Charter by their family members or companies in which they have an executive position or significant interest.

In this regard, the meaning of "family member" shall be as defined in the section on conflicts of interest.

- **Information duties**

The director should notify the Entity of all positions they hold and the activities they perform for other companies and, in general, of any fact or situation that may be relevant to their performance as a director.

## **CHAPTER 10.- Board of Directors relationships**

### Article 19.- Related party transactions

The Board of Directors shall be aware of any transactions conducted by the Entity, directly or indirectly, with directors, significant shareholders or shareholders with board representation, or persons related thereto. These transactions should be authorised by the Board of Directors on the basis of a favourable report by the corresponding appointments and remuneration committee. Such transactions shall be assessed from the perspective of equality of treatment and market conditions.

This authorisation shall not be required for transactions that are considered routine and that are carried out at generally acceptable prices.

The transactions covered by this article shall always observe all applicable regulations.

### Article 20.- Relations with the external auditor

1. The relations of the Board of Directors with the company's External Auditor will be channelled through the Audit Committee. Notwithstanding the above, the external auditor shall attend the meetings of the Board of Directors and the Audit Committee at least twice a year to present its reports on the financial statements and six-monthly financial information, so that the directors have as much information as possible about the content and findings of the audit reports with regard to the Company and the Group. For these purposes, at one of these meetings the External Auditor shall report on the work undertaken and the Company's accounting and risk situation.
2. The Board of Directors shall refrain from appointing audit firms as the external auditor whose total fees for all work would exceed the legally established limits at the time.
3. No services other than auditing will be commissioned from the auditing firm that may jeopardise the auditor's independence.

4. The Board of Directors should report the total fees paid to the audit firm in the annual report, including information on fees paid for professional services other than auditing.
5. The Board of Directors will endeavour to prepare the financial statements in such a manner that they do not give rise to qualifications or reservations on the part of the auditor. However, when the board believes that its opinion should prevail, it will provide a public explanation, through the Chairman of the Audit Committee, of the content and scope of the discrepancy, and will also endeavour to ensure that the External Auditor likewise discloses its considerations in this regard.