

**AUDIT COMMITTEE  
CHARTER OF  
SANTANDER CONSUMER FINANCE, S.A.**

**March 2019**

## **1. Introduction and scope of application**

Under the Corporate Governance System of **Santander Consumer Finance, S.A.** (hereinafter, either “**SCF**” or “**the Entity**”) and in compliance with Royal Legislative Decree 1/2010, of 2 July, approving the Consolidated Spanish Limited Liability Companies Law (“**LSC**”), the Board of Directors has created an Audit Committee (the “**Committee**”), which is subject to the regulations set forth in the by-laws, the Rules and Regulations of the Board and this Audit Committee Charter (the “**Charter**”).

This Charter applies to the Audit Committee and its members.

## **2. Approval, modification and prevalence**

The purpose of this Charter is to develop the regime under which the SCF Audit Committee operates internally, its principles for action, the basic rules governing its organisation and operation and the rules of behaviour for its members.

This Charter may be modified by resolution of the Board of Directors, on its own initiative or on the initiative of the Committee Chairman. Proposed modifications should be accompanied by an explanatory report.

This Charter develops and complements the regulations set forth in the By-Laws and the Rules and Regulations of the Board that are applicable to the Committee. The latter regulations shall prevail in the event of any contradiction.

## **3. Composition**

The Committee should be made up of a minimum of three and a maximum of seven directors, all external or non-executive, with a majority representation of independent directors; one of these will be appointed taking into account their knowledge and experience of auditing and/or accounting.

The members of the Audit Committee shall be designated by the Board of Directors, taking into consideration the knowledge, skills and experience of the directors and the Committee's tasks.

The Board of Directors shall appoint a Chairman for the Committee from among the independent directors who sit on it; this director should have the capacity and availability to dedicate him/herself more fully to the Committee than its other members do. The Chairman of

the Audit Committee shall be designated from among the independent directors on the committee, and shall be replaced every four years; however, they may be re-elected after a year has elapsed since they left the position.

The Board of Directors shall also appoint a Committee Secretary, who does not need to be a director.

Irrespective of its formal composition, members of the Entity's other business areas that are involved in tasks within the remit of the Committee may be invited to attend, with the right to speak, but not to vote.

#### **4. Term of office and dismissal**

Committee members shall be appointed for a maximum of three years, and may be reappointed for further periods of the same maximum length, providing that they continue to comply with the requirements set forth in the by-laws and this Charter.

Members shall leave the Committee under the following circumstances:

- When they cease to be directors of the Entity.
- When independent, external or non-executive directors lose their condition as such, even if they are still directors.
- When the period for which they were appointed expires without them being reappointed.
- By resolution of the Board of Directors.

#### **5. Responsibilities**

The Committee shall have the following responsibilities, in addition to any others attributed to it under prevailing legislation:

- a) To report to the General Shareholders' Meeting on any issues relating to the committee's area of responsibility, and particularly on the results of the audits, explaining how this has contributed to the integrity of the financial information presented, and the role played by the committee in the process.
- b) To supervise the efficiency of the company's Internal Control function, internal audit and risk management systems, and discuss with the auditor of the company's financial statements any significant weaknesses in the internal control system detected during the audit, while remaining independent at all times. For these purposes, any recommendations or proposals may be submitted to the management body, in addition to the corresponding monitoring term.

- c) To supervise the preparation and presentation of mandatory financial information and present recommendations and proposals to the governing body to safeguard its integrity.
- d) To submit to the Board of Directors all proposals for the selection, appointment, re-election or replacement of the auditor of the company's financial statements, taking responsibility for the selection process in accordance with article 16, sections 2, 3 and 5, and 17.5 of Regulation (EU) 537/2014, of 16 April, and the contracting conditions of the auditor, in addition to regularly collecting information on the audit plan and its execution, while preserving the independence of its functions.
- e) To establish suitable relations with the external auditor in order to receive information on any issues that might threaten its independence, so that this information may be examined by the Committee, and any other information related to the audit of the financial statements, and when necessary to authorise services other than those prohibited in accordance with article 5, sections 4, and 6.2.b) of Regulation (EU) 537/2014, of 16 April and under title I, chapter IV, section 3 of Law 22/2015, of 20 July, on accounts auditing, in relation to independence, and any other disclosures stipulated in audit legislation and auditing standards. Every year, the Committee shall receive from the external auditor a statement of its independence in its relations with the entity or entities to which it is linked directly or indirectly, in addition to detailed information on each additional service of any kind rendered and the corresponding fees received from these entities by the external auditor or persons or entities linked to the external auditor, pursuant to the regulations governing the audit of financial statements.
- f) To produce an annual report, prior to the issue of the audit report, expressing an opinion on whether the independence of the auditors or audit companies has been compromised in any way. This report must provide an assessment based on each of the additional services rendered referred to in the previous point, considered separately and as a whole, other than statutory audit services, and in relation to the system to ensure independence as well as any other audit regulations.
- g) To report to the Board of Directors on all issues stipulated by law, the by-laws and the Rules and Regulations of the Board, specifically regarding:

1. The financial information the company should publicly disclose on a regular basis.
  2. The creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories that are considered to be tax havens, and
  3. Transactions with related parties.
- h) Participate in any proposal to appoint and / or remove the Chief Audit Executive (CAE)
- i) Participate in the setting of objectives for the CAE, as well as the CAE's annual performance and variable remuneration assessment.

## **6. Audit Committee operating regime**

### **6.1 Notice and frequency for calling meetings**

The Committee shall meet as often as called by resolution of the Committee itself or of its Chairman, and at least twice a year.

The meeting shall be called by the Secretary, following the instructions of the Chairman, with at least 7 days' notice in writing (which may be by fax, e-mail or other electronic means).

The draft agenda proposed by the Chairman will be distributed together with the call notice. The directors will be provided with the information to be presented at the meeting sufficiently in advance.

When an unscheduled meeting is called, 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 with regard to the frequency of scheduled meetings and other formalities are not applicable.

There is no need for notice to be given for Committee meetings when all of its members are in attendance and unanimously agree to hold a meeting and to the items on the agenda.

### **6.2 Quorum and taking resolutions**

The Committee will be validly convened with the attendance, either in person or by proxy, of more than half of its members, with resolutions being adopted by a majority of those attending (in person or by proxy).

Committee members may grant proxies to other members.

### **6.3 Drawing up resolutions**

The Committee's resolutions will be recorded in a minutes book, which will be signed by the Chairman and the Secretary.

The Committee will report to the Board of Directors on its activities and work through its Chairman. A copy of the minutes of the Committee meetings will be made available to all directors.

#### **6.4 Appraisal**

The operation of the Committee, the quality of its work and the individual performance of its members, including the Chairman, shall be appraised by the Board of Directors once a year.

#### **6.5 Conflicts of interest**

When the issues to be dealt with in a Committee meeting directly affect any of its members, or persons to whom they are related, or when a member experiences a conflict of interest in general, they shall absent themselves from the meeting until a decision is reached. Their absence shall be discounted from the number of members of the Committee for the purposes of calculating the quorum and the majority for the issue in question.

### **7. Duties and powers of members**

In addition to the general duties set forth in the Rules and Regulations of the Board, the Committee shall have the following powers and duties.

#### **7.1 Access to information**

The Committee shall have free access, through the Secretary of the Board of Directors, to any information or documentation held by the Entity in relation to issues within the Committee's remit that it considers relevant to the performance of its functions.

#### **7.2 External assessment**

The Committee may request assistance and assessment from external professionals, who shall report directly to the Committee Chairman. This shall be at the expense of the Entity, with the Committee having the financial resources required for this.

#### **7.3 Duties of Committee members**

Committee members should act with independence of mind and action, and should undertake their work with the utmost diligence and professional competence.

The Committee members shall be subject at all times to the duties of directors as set forth in the Rules and Regulations of the Board, to the extent that they apply to the Committee's functions.

**7.4 Information for the Board of Directors**

The Committee Chairman shall report on the issues dealt with and the resolutions adopted at its meetings at the next meeting of the Board of Directors.

The Committee shall also submit a comprehensive report on its work in the period to the Board of Directors in the three months following the end of each financial year.