

**CHARTER FOR THE RISK SUPERVISION,
REGULATION AND COMPLIANCE
COMMITTEE 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 Law 10/2014, of 26 June, on the organisation, supervision and capital adequacy of credit institutions (“**LOSS**”) and Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June on the organisation, supervision and capital adequacy of credit institutions (“**RD 84/2015**”), the Board of Directors has established a Risk Supervision, Regulation and Compliance Committee (the “**Committee**”), which is subject to the regulations set forth in the by-laws, the Rules and Regulations of the Board and in the Regulations for the Risk Supervision, Regulation and Compliance Committee (the “**Regulations**”).

This Charter applies to the Risk Supervision, Regulation and Compliance Committee and its members.

2. Approval, modification and prevalence

The purpose of this Charter is to establish the regime for the Committee's internal operations, 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 of Directors that are applicable to the Committee. The latter regulations shall prevail in the event of any contradiction.

3. Composition

The Committee shall consist of a minimum of three and a maximum of seven directors, all of whom shall be external or non-executive directors. At least one third of these members shall be independent directors, including the Chairman.

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

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 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 support and advise the Board of Directors in defining and assessing the risk policies affecting the Entity and in determining its risk propensity and strategy.

The Entity's risk policies should include:

- Identification of the various types of risk (operational, technological, financial, legal, and reputational) that the Entity faces, with financial and economic risks being understood to include contingent liabilities and off-balance sheet liabilities;
- Establishing the risk appetite that the Entity deems acceptable;
- The planned measures to mitigate the impact of identified risks, in the event that they materialise; and
- The information and internal control systems that will be used to control and manage such risks, including tax risks.

- b) Assistance to the board in monitoring the implementation of the risk strategy, and the alignment thereof with Strategic Commercial Plans.
- c) To assist the board in approving capital and liquidity strategies and to supervise their implementation.
- d) Ensuring that the pricing policy for the assets and liabilities offered to customers is fully aligned with the Entity's business model and risk strategy. Where this is not the case, the committee shall submit a plan to correct the policy to the Board of Directors.
- e) To understand and assess the risks arising from the macroeconomic environment and the economic cycles that form the backdrop to the activities of the Company and the Group. Systematic review of exposure for major customers, economic activity sectors, geographic areas and risk types.
- f) Supervision of the risk function, without prejudice to the direct access of this to the Board of Directors. Specifically:
 - To report the Appointments Committee proposals for the appointment of the Chief Risk Officer (CRO).
 - To ensure the independence and effectiveness of the risk function;
 - To ensure that the risk function has the human and material resources needed for its work.
 - To receive regular information on its activities, including any weaknesses identified and breaches of established risk limits.
 - Annual appraisal of the risk function and the performance of the Chief Risk Officer (CRO).
- g) Support and assistance to the board in the performance of stress tests by the Company, in particular by assessing the scenarios and assumptions to be used in such tests, evaluating the results thereof and analysing the measures proposed by the Risk Function as a consequence of such results.
- h) To understand and assess the management tools, improvement measures, development of projects and other significant activity related to risk control, including the policy on internal risk models and their internal validation.
- i) To determine, together with the Board of Directors, the nature, amount, format and frequency of the risk information to be received by the Committee and the Board of Directors. In particular, the committee shall receive periodic information from the Chief Risk Officer (CRO).
- j) To assist in establishing rational remuneration policies and practices. For this purpose, without prejudice to the duties of the Remuneration Committee, the Committee

shall examine whether the incentives policy envisaged in the remuneration scheme takes into account risk, capital, liquidity and the probability and opportunity of profit. In conjunction with the Remuneration Committee, the Committee should also conduct subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, based on how risks previously assessed actually materialised.

- k) To supervise the compliance function and, in particular:
- To report the Appointments Committee proposals for the appointment of the Chief Compliance Officer (CCO).
 - To ensure the independence and effectiveness of the compliance function;
 - To ensure that the compliance function has the human and material resources needed for its work;
 - To regularly receive information regarding its activities;
 - Regular assessment of the operation of the Company's compliance programme, making the proposals required for its improvement, and an annual report on the performance of the Chief Compliance Officer (CCO). It is also responsible for overseeing the operation and compliance of the criminal risk prevention system. In the performance of this task, the committee will have autonomous initiative and control powers. This includes, without limitation, the power to obtain any information it deems appropriate and to call any officer or employee of the Group, specifically including the heads of the compliance function and of the various committees related to this area that may exist in order to assess their performance, as well as the power to commence and direct such internal inquiries as it deems necessary into events related to any possible non-compliance with the criminal risk prevention model.
Furthermore, the committee shall periodically evaluate the operation of the prevention model and the effectiveness thereof in preventing or mitigating the commission of crimes, for which purpose it may rely on external assessment when it feels this is appropriate, and shall propose to the Board of Directors any changes to the criminal risk prevention model and to the compliance programme in general that it deems fit in view of such evaluation.
 - To report on the approval of and modifications to the regulatory compliance policy, the General Code of Conduct, manuals and procedures for anti-money laundering and terrorist financing procedures and other sector codes and regulations requiring the approval of the Board of Directors, ensuring that these are suitably aligned with the corporate culture, and to oversee compliance with these.
 - To establish and supervise a mechanism that enables Group employees to confidentially and anonymously report breaches of regulatory requirements and internal governance, whether actual or potential, with specific procedures for receiving reports and their monitoring that ensure that the employee is adequately protected.
 - To receive information and, where applicable, issue reports concerning any disciplinary measures applied to members of senior management.

- To supervise the implementation of actions and measures resulting from reports and inspections by the administrative, supervisory and control authorities.
- l) Review of the Company's corporate social responsibility policy, ensuring that it is aimed at value creation for the Company, and monitoring of the strategy and practices in this field, evaluating the level of adherence thereto.
- m) To support and advise the Board in relation to the Corporate Governance System and the Company's internal governance, with regular assessment of the effectiveness of the Company's governance system.
- n) To support and advise the Board in relations with supervisors and regulators.
- o) To monitor and assess any regulatory proposals and new regulations that may be applicable.
- p) To report on any proposed amendments to this Charter prior to their approval by the Board of Directors.
- q) To evaluate, at least once a year, its operation and the quality of its work.
- r) Participate in any proposal to appoint and / or remove the Chief Risk Officer and the Chief Compliance Officer.
- s) Validate the performance objectives of the Chief Risk Officer and the Chief Compliance Officer.

To ensure the adequate exercise of its functions, the Entity shall guarantee that the Committee has access to information on the Company's risk situation and, where necessary, the Risk Management unit and specialist external assessment.

6. Regime under which the Risk Supervision, Regulation and Compliance Committee operates

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.

For the purpose of ensuring effective communication and coordination, the Committee may call occasional joint meetings with other committees, particularly the remuneration and audit committees, to ensure the effective exchange of information and coverage of all risks.

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 of Directors, 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 of Directors, to the extent that they apply to the Committee's functions.

The Risk and Compliance functions shall report to the Committee and respond to its requests for the information needed for the performance of its functions, without prejudice to their direct access and periodic reporting to the Board of Directors, where necessary, as independent units.

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.