

# CANAL ABIERTO POLICY

**Santander Consumer Finance Group**

**February 2021**

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## 1 INTRODUCTION

### 1.1 Purpose and context

An effective communication system strengthens our commitment to promoting an ethical and honest culture in line with the Global Corporate Culture policy, the Responsible Banking strategy, to which Santander Consumer Finance Group (SCF Group hereinafter) is firmly committed, and *The Santander Way*.

All SCF Group units will have an ethics line aligned to the Canal Abierto model, which aims to detect and act on any conduct that breaches the General Code of Conduct or violates our Simple, Personal and Fair values or our corporate behaviours, and also foster an atmosphere where employees can talk straight and be truly listened.

The legal regulations (section 1.2) that apply to SCF Group require it to have specific communication channels in place for reporting inappropriate practices in relation to accounting or auditing, internal control or inappropriate influence over external auditors, as well as any breaches of regulations on Anti-Money Laundering and Terrorist Financing.

This Policy for Canal Abierto aims to define the criteria that must govern the establishment and management of the ethics lines that each Group company makes available to their stakeholders<sup>1</sup>, in order to:

- Align them with the Canal Abierto model defined and promoted globally by SCF Group's senior management; and
- Guarantee that SCF Group's whistleblowing channels have solid, standardised procedures that allow coherent reporting of information to their respective governing bodies.

SCF Group actively encourages employees to report any irregularity.

### 1.2 Regulatory references

This policy is drawn up taking into consideration the following regulations and industry standards:

- Spanish Organic Law 10/1995, of 23 November, on the Criminal Code (Art. 31.bis)
- DIRECTIVE (EU) 2019/1937 of the European Parliament and of the Council, of 23 October 2019, on the protection of persons who report breaches of Union law.
- ISO Standard 19600 on Compliance Management Systems
- UNE Standard 19601 on Criminal Compliance Management Systems
- ISO Standard 37001 on Anti-bribery Management Systems
- CNMV Good Governance Code of Listed Companies (Spain)

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<sup>1</sup> Referring to personnel within SCF Group; directors; external parties, including customers, joint venture partners, consultants, suppliers, advisors, agents, intermediaries, and investors.

- Sarbanes-Oxley Act (2002)

### 1.3 Definition and scope

Canal Abierto is the mechanism through which to report suspicions about the following:

- Illegal acts in the workplace.
- Irregularities and breaches of the General Code of Conduct and its implementing regulations that may result in disciplinary action.
- Inappropriate accounting, auditing or internal control practices, or inappropriate influence on external auditors (SOX).
- Infringements of the anti-money laundering and terrorist financing regulations or the internal procedures to ensure their compliance.
- Acts or conduct presumed to breach the corporate behaviours in force at any given time within SCF Group.

**Appendix I** to this policy contains details and definitions of the types of conduct that can be reported via Canal Abierto.

### 1.4 Scope of application and transposition to subsidiaries

This policy has been drawn up by Santander Consumer Finance, S.A. (SCF), in its capacity as parent company for the SCF Group, implementing this Policy issued by Banco Santander S.A. Once approved by the competent governance body, requirements in this document will be directly applicable to SCF and its branches, without prejudice to any adaptation periods that may be required to update any local procedures or manuals and the execution of any action plans to change BAU processes.

SCF subsidiaries are responsible for developing and approving their own internal regulation whilst ensuring that they are compliant with any applicable external regulation. Any complimentary adaptation which entails a deviation from the requirements originally set out, will require the validation from SCF.

In case the activities or relationship types in scope of this policy are not applicable to a particular unit based on its business, decision for not implementing the policy must be adopted by the local committee competent for approving internal regulation. The inapplicability assessment will be reviewed periodically to ensure that the decision on the implementation is still valid overtime.

## 2 CRITERIA

Given that Canal Abierto is a global mechanism within SCF Group, it is structured into the following levels to achieve effective implementation:

- a) **Common standards (Section 2.1):** these are the pillars of SCF Group's Canal Abierto model. They have been designed taking into account international standards and the best practices adopted by the SCF Group's local units. **All channels must comply with these standards** in order to be considered aligned with the Canal Abierto global model.
- b) **Management criteria (Section 2.2):** these elements have been agreed globally in order to achieve standardised, consistent management of all channels and ensure Canal Abierto fulfils its purpose, not only as a tool for driving corporate culture, but for risk management and identification of the main concerns within SCF Group, so that they can be mitigated and reported to SCF Group's senior management.
- c) **Guarantees for the user (Section 2.3):** these are the guarantees that the Canal Abierto has with respect to the users who access it.
- d) **Local initiatives (Section 2.4):** local units will be able to put in place any initiatives they consider appropriate to encourage use and better management of the channels.

### 2.1 Common standards

The common standards that must be met by all SCF Group channels are as follows:

– Tone from the top.

The support and involvement of senior management in the existence and management of the Canal Abierto is key to ensure they work properly, and that employees and other stakeholders trust them.

It is a highly recommended best practice that sponsorship be carried out by the local CEO through internal communications and/or other forms of communication (videos, for example), highlighting the importance of using these channels to communicate irregularities that can be investigated and lead to improvements in the unit.

– Awareness-raising initiatives.

It is important to raise awareness of the existence of the channels among all employees so that they know how important it is to use them to create a positive working environment.

For this purpose, initiatives will be run periodically to raise awareness and/or provide training so that all employees can see the importance of this channel, its features and how it works.

– Easy access to the channel.

Access to Canal Abierto must be easily accessible and available via the local intranet, phone or any other electronic device appropriate and will be easy for any employee to locate.

– Information for employees on statistics, results and lessons learned from reports received via

Canal Abierto.

Employees will be informed, through general communications, about the management and consequences of reports received via Canal Abierto.

The aim of this initiative is to promote the use of the channel by showing actions are taken when issues are raised, to provide information on actions taken, and to ensure that the measures and improvements implemented in the unit can be used as an example to prevent similar behaviour in the future.

- Where the employee requests it, reports made through Canal Abierto will remain anonymous.  
Everybody who accesses the channel will be entitled to do so anonymously and this anonymity will be guaranteed via the appropriate mechanisms, to the extent allowable under law.  
All reports made will be completely confidential, whether or not they are anonymous.
- Possibility of reporting conduct that is not aligned with corporate behaviours via Canal Abierto<sup>2</sup>.  
Respect for our corporate culture and the behaviours and values that represent it is essential. The channel may therefore be used for reporting not only the most serious irregularities or breaches of the General Code of Conduct, but also any conduct in the professional area that is not aligned with SCF Group's corporate culture, including the corporate behaviours.
- Management of Canal Abierto by an external provider to ensure the confidentiality and anonymity of reports.  
As best practice, it is considered very useful to have platforms for receiving and managing reports that are managed by an external provider in order to ensure the confidentiality and anonymity of the reports.
- Enable mechanisms to prevent conflicts of interest during the investigation of reports received.  
One of the guarantees that this channel has is that of preventing conflicts of interest during investigations (Section 1.3), so it is vital that appropriate controls and mechanisms be established to mitigate these situations.
- Regular review of Canal Abierto by Internal Audit function.  
SCF Group channels will be reviewed by Internal Audit function and, as part of their functions, they will assess, periodically and according to its Risk Assessment and annual audit plan, whether the channels comply with these common standards, and more.

## 2.2 Management criteria

SCF Group's channels must have at least the following management criteria:

- Taxonomy of cases that can be reported via Canal Abierto  
**Annex I** details the taxonomies and definitions that should be used at the time of adoption of this

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<sup>2</sup> The corporate behaviours are as follows: show respect, truly listen, talk straight, actively collaborate, keep promises, bring passion, support people and embrace change.

policy. This taxonomy should be applied by all local units for the classification of cases reported through the Canal Abierto. The taxonomy may be reviewed by SCF Compliance function and modified by agreement of the SCF's Compliance Committee. The SCF Compliance function will communicate to the local Compliance functions any modifications that may occur in the same, in order to ensure a homogeneous classification of cases.

– Channels enabled for employees or for third parties (providers, customers, etc.)

Canal Abierto is enabled to receive reports made by employees. It can also be enabled for third parties, such as providers, customers, or investors and other stakeholders.

– Processing cases received by other internal sources (coming from the Human Resources function, Internal Audit function, control functions, etc.)

Canal Abierto receives all reports made by employees or third parties that have personally decided to report them via this medium.

The Compliance function, or the channel management function, may also include cases in this channel that it has learned of via other internal sources and that pose a presumed breach of the General Code of Conduct, without first needing to obtain the consent of the employee concerned<sup>3</sup>.

Communications or conversations that employees have with the members of the Human Resources or Labour Relations functions in relation to work matters or conduct that is not aligned with the corporate behaviours will not be included in Canal Abierto by the members of the Human Resources function unless expressly requested by the employee.

– Mechanisms for avoiding conflicts of interest during investigations

When managing cases that are received via Canal Abierto, the general principles for management of conflicts of interest will be considered: i) prevent; ii) disclose; and iii) abstain from participating in the decision.

When a potential conflict of interest is detected, the Compliance function will assign the case to another team, which will take charge of the investigation.

When the report received involves a person from the Human Resources function, the possible designation of Labour Relations function as the investigator will be assessed on a case-by-case basis, in order to avoid possible conflicts of interest.

In exceptional cases, it may be necessary to use an external investigator.

– Rights of the accused party

The fundamental rights of the accused person will always be respected during the internal investigation. This person will be informed of the contents of the complaint and will be given the opportunity to reply and to rebut the claims.

This duty to inform the accused party shall not apply in cases where the complaint is unfounded,

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<sup>3</sup> Non-compliance that is identified by the Compliance function while performing their usual controls will not need to be included.

is not directly processed through this channel or refers to cases of money laundering and terrorist financing that shall be governed by current legislation and internal regulations in this area, especially with regard to non-disclosure in relation to reports and examination of transactions. Nor will it be applicable when said report necessarily implies compromising the confidentiality of the complainant, in accordance with the provisions of article 23.3 of Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights.

– Maximum duration of the investigation and resolution of cases received

Cases received via Canal Abierto must be processed within a maximum of 60 days, unless there are exceptional circumstances or valid reasons to justify it taking longer.

Each unit's Chief Compliance Officer will be informed of cases where the investigation is taking longer than these 60 days.

– Processing cases received

All cases reported via Canal Abierto will be appropriately processed, without prejudice to their being deemed valid or unfounded during the process.

In cases where additional information is required from the complainant in order to begin or continue with the investigation, the information will be requested and must be received in 15 days or the case will be closed and classified as "insufficient information".

In the internal investigation it carries out, the Compliance function may gather all the information and documentation it considers appropriate from any functions or companies of SCF Group.

The Compliance function may also request the assistance it considers necessary from Internal Audit function or other functions.

– Oversight, reporting and escalation

- The local units must monthly report KPIs on all cases received via the Canal Abierto. Nonetheless, they must expressly specify which ones refer to cases reported by employees.
- If a member of senior management<sup>4</sup> is involved in a report, the local Compliance functions must escalate it to SCF Compliance function for their information, without prejudice to it being processed and investigated on a local level. The conclusions of the investigation will also be reported to the SCF Compliance function.
- Each Compliance function will analyse trends and patterns regarding measures adopted in the event of irregularities or breaches in order to identify fluctuations in the percentage of disciplinary measures that are being adopted at the local unit.

Where statistical outliers are identified, this will be reported to the competent governing bodies.

- The local Compliance functions must report in due time and proper form when reports are received regarding irregularities in the area of accounting or auditing, and also escalate them to the local audit committee, sending the resolution to the SCF Compliance function for submission to the SCF Audit Committee.

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<sup>4</sup> Understood to be the Faro and/or Promontorio Group.



- Disciplinary system

Upon completion of the investigation and verification of the facts, disciplinary or other actions may be taken against persons involved in the communication.

Likewise, measures may be adopted to improve the procedures, policies or tools of the local unit to avoid the reoccurrence of the detected irregularity, as well as to promote the culture of Simple, Personal and Fair and the compliance with the corporate behaviours or applicable regulations.

## 2.3 Guarantees for the user

The guarantees that define the Canal Abierto are as follows:

- Open Door Policy

Employees can report any of the situations above directly to Canal Abierto, regardless of which SCF Group company it takes place in.

- Confidentiality and anonymity

Reports made via Canal Abierto will be confidential and, if preferred, anonymous.

In confidential reports, SCF Group will preserve the identity of the person reporting the irregularity, notwithstanding the legal obligations and protection of rights of individuals or legal entities accused in bad faith.

Both Compliance function and Human Resources function will ensure the maintenance of confidentiality. For this, they will identify possible conflicts of interest or other circumstances that could compromise this confidentiality and take the necessary steps to resolve them.

All employees who are aware of the reports made through Canal Abierto are obliged to maintain professional secrecy about the complainant's identity, as well as facts and circumstances related to the report.

If court or administrative proceedings are initiated as a result of the report made, it may be necessary to inform the competent authority of the complainant's identity.

- No reprisals

Employees who report presumed irregularities in good faith will be protected against any type of discrimination and penalisation due to the complaints made. It is strictly prohibited to adopt any measure against the complainant which constitutes a reprisal or any kind of negative consequence for having reported an action or offence that is presumed to be in breach of existing corporate behaviours or illegal.

Although, as indicated in the preceding paragraph, reprisals are not permitted, appropriate disciplinary measures may be taken if the complainant's report proves to be unfounded and have been made in bad faith or the complainant was found to have breached corporate behaviours or acted illegally.

– Managing conflicts of interest<sup>5</sup> in investigations

Those responsible for managing the reports received through Canal Abierto will not take part in the investigation and resolution of any cases where they may be involved in a possible (or potential) conflict of interest with the people involved in the complaint. In addition, any potential conflicts of interest with the complaint respondent or the complainant will also be identified, in those cases where the support of people from other functions is required during the investigation.

To prevent any conflicts of interest, the provisions of the Conflict of Interest Policy will be taken into account and, at least, those mechanisms listed in the previous Section 2.2 will be articulated.

It is mandatory for all employees to report to the Compliance function any allegedly unlawful act or breach of the General Code of Conduct or its internal implementing regulations they may become aware of while performing their professional duties.

## 2.4 Local initiatives

Local units may run their own initiatives independent of Canal Abierto in their respective geographies. These initiatives will be shared with the SCF Compliance function to promote best practices, sharing and learning among SCF Group units.

## 3 GOVERNANCE AND FACULTIES

The governing bodies in the Corporation with powers with respect to the Canal Abierto are as follows:

### 3.1 Risk Supervision, Regulation and Compliance Committee (RSRCC)

The powers of this Committee, in relation to the Compliance function, include the power to establish and supervise a mechanism that allows SCF Group employees to confidentially and anonymously report breaches of regulatory and internal governance requirements that are actual or potential.

SCF Compliance must report, at least once per year, qualitative and quantitative information about the concerns, the result of the investigations and the decisions taken by the Irregularities Assessment Committee.

Pursuant Sarbanes-Oxley Act, concerns related to financial, accounting or auditing matters, after Compliance finish the investigations, must be escalated also to the **Audit Committee** by Compliance on timely manner. The Audit Committee will decide on the appropriate measures in this case and the decisions will be conveyed

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<sup>5</sup> For the purpose of this policy, there will be understood to be a conflict of interest whenever the following exists between the people on the team of investigators and the respondent or the complainant, to the extent known: i) a personal bond of friendship or enmity; ii) a family connection; iii) a close professional relationship between both parties and whenever there is or has been hierarchical dependency; or iv) a direct financial relationship or one that exists through a legal entity. There will also be understood to be a conflict of interest if these criteria apply to direct relatives or up to second-degree relatives of either party.

to the Group's Audit Committee.

### **3.2 Compliance Committee**

It is responsible for controlling and supervising the Compliance-related risks and deciding on relevant issues in this area that could generate a risk for SCF Group.

SCF Compliance function will regularly provide the Compliance Committee with quantitative and qualitative information on the cases received through the Canal Abierto in SCF Group's units.

### **3.3 Irregularities Assessment Committee**

The Irregularities Assessment Committee shall assess the extent of breaches of internal and external regulations and of irregularities detected or reported by employees whenever the nature of the breach or irregularity is serious and relates to matters falling within the scope of the General Code of Conduct, other codes or manuals, or its implementing regulations.

It shall also decide on disciplinary measures for breaches or breaches of contracts as provided for in internal regulations, and on measures additional to disciplinary measures, whether administrative or criminal, and which may also result from non-compliance or irregularity, in accordance with applicable labour law.

## **4 OWNERSHIP, INTERPRETATION, VALIDITY AND REVIEW DATE**

### **4.1 Ownership and interpretation of the policy**

The Compliance function is responsible for approving and interpreting this policy.

### **4.2 Validity and review date of the policy**

This policy will come into force on the date it is published. The content of the limits or benchmark levels will be subject to regular review, and any changes or amendments deemed appropriate will be made.

## 5 APPENDIX I: TYPES OF CASES THAT CAN BE REPORTED VIA CANAL ABIERTO AND DEFINITIONS

Category	Sub-category	Definition
General Code of Conduct	Marketing of products and services	Marketing products or services without fulfilling the obligation of treating the customer fairly by acting honestly, impartially, and professionally.
	Conflicts of interest/activities outside SCF Group	Situations where the personal or financial interests of an employee, or of their direct relatives or any person with whom the employee has a significant relationship, interferes in any way with their ability to serve the best interests of the Group, its customers and/or its stakeholders.
	Gifts and invitations / corruption and bribery	An act of corruption may arise when an employee abuses their role within the Group by offering, delivering, requesting or accepting any type of gift, benefit/consideration, or invitation to obtain a personal advantage for him/herself or for a third party.
	Anti-money laundering and terrorist financing and Sanctions	Money laundering is: (i) converting or transferring assets, knowing that such assets derive from a criminal activity, or from involvement in a criminal activity, with the aim of concealing or disguising the illegal origin of the assets or of helping the people involved to avoid the legal consequences of their actions; (ii) concealing or disguising the nature, origin, location, availability, movement or actual ownership of assets or rights over assets, knowing that such assets derive from a criminal activity, or from involvement in a criminal activity; (iii) acquiring, owning or using assets, knowing that, when they were received, such assets derived from a criminal activity, or from involvement in a criminal activity; (iv) engaging in any of the activities mentioned above, forming associations to perform this type of activity, attempting to engage in them and helping, encouraging or advising a third party to engage in or facilitate this type of activity.
	Market abuse (insider trading)	Engage in trading based on inside information. Recommend trading in the securities market based on inside information. Disclose and use inside information illegally. Manipulate the market by trading or spreading fake news or rumours about people or companies in order to change or maintain the price of a security or financial instrument.
	Antitrust	Conduct that prevents, restricts or distorts free, effective competition to the detriment of the market, of the Group's customers and of anyone with whom a business and/or professional relationship is maintained. This conduct includes exchanging sensitive information with competitors, price fixing, fixing market share, and rigging bids and tenders.

Category	Sub-category	Definition
	Privacy/information security/confidentiality of information	The privacy and protection of information involve abstaining from disclosing information to third parties, e.g. personal data relating to customers or employees (salaries, leave, etc.), Santander's strategic/security-related information, or information relating to the entities with which Santander has a business relationship. These obligations remain even after the employment has terminated and the confidential information may not be used to obtain financial benefit.
	Internal fraud	Fraud attempted or perpetrated by one or several internal parties against the organisation, i.e. one of the organisation's employees or subsidiaries, including cases where an employee acts in collusion without external parties.
	Cyber breaches	Cybersecurity risks are: i) unauthorized access to or misuse of information or systems (e.g. theft of personal information, M&A plans or intellectual property); ii) Financial fraud and theft (e.g. payments redirection, compromise of client accounts, credit card fraud, identity theft); iii) disruption of business activity (e.g. sabotage, extortion, denial of service).
	Equal opportunities and non-discrimination	Conduct that is not aligned with Santander's basic principles in relation to providing equal opportunities regarding access to employment and professional promotions, ensuring there is no discrimination at any time for reasons of gender or sexual orientation, race, religion, disability, origin, marital status, age or social condition.
	Sexual harassment	Disrespectful behaviour or undesired conduct of a sexual nature that is bothersome and generates an intimidatory, offensive or hostile working environment.
	Workplace harassment	Systematically hostile or offensive treatment in the working environment that provokes an intimidatory, offensive or hostile environment.
Fraud	External fraud	The type of fraud attempted or perpetrated by an external party (or parties) against the organisation of the customer under the bank's responsibility. There may be cases where an internal party is also involved in the fraud.
Accounting and Auditing	Accounting and auditing	Alteration or falsification of financial information, inaccuracies in financial statements, intentionally false information, undue influence over auditors, questionable practices in accounting, auditing or internal financial controls.
Work issues and breach of Corporate behaviours	Breach of corporate behaviours	Unprofessional conduct by work colleagues or management that is not aligned with the Simple, Personal and Fair corporate behaviours.
Labour relations	Breach of labour regulations	Any breach of SCF Group's internal (legal or conventional) regulations, policies or procedures that involves non-compliance with a labour obligation or any obligations categorised in the collective bargaining agreement currently in effect.

Category	Sub-category	Definition
	Other	Any breach of SCF Group's internal regulations, policies or procedures in relation to functional or organisational aspects not mentioned in the previous categories.