

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

CHAPTER 1. Introduction and Purpose

Article 1. Goal and interpretation

These Regulations (hereinafter, the "Regulations") set down the rules for the internal operation and functioning of the board of directors of Santander Consumer Finance, S.A (hereinafter, the "Company") in performance of its legal and bylaw mandated duties. This document establishes the principles of conduct and rules of behaviour for its members.

The board of directors will interpret these Regulations in accordance with legal and bylaw provisions, as well as the good governance principles and recommendations applicable at any given time.

CHAPTER 2. Mission and duties 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 Company's highest decision-making body.

Without prejudice to the foregoing, 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, directly and without the power of delegation, the responsibilities entailed in this function, as set forth in law, the bylaws and these Regulations, particularly:

- a) Oversight of the effective operation of any committees it has set up and of the performance of the representative bodies and of any executives it has appointed.
- b) Determination of the general policies and strategies of the Company.
- c) Authorisation or waiver of obligations deriving from the duty of loyalty, pursuant to the provisions of Article 230 of the Spanish Limited Liability Companies Law or any law that may replace it in the future.
- d) Its own organisation and operation, specifically the approval and amendment of the Regulations that define its operational rules and internal system.
- e) The drawing up of the financial statements and their submission to the General Shareholders' Meeting.
- f) The drawing up of any type of report legally required from the governing body provided that the operation to which the report refers cannot be delegated.
- g) The appointment and removal of the Company's chief executive officers, as well as establishing the terms and conditions of their contracts.
- h) The drawing up and oversight of the policy on selecting directors and of succession plans for directors.
- i) The selection and continuous appraisal of directors.

- j) Guaranteeing effective oversight of senior management, including the power to appoint and remove executives who report directly to the board or any of its members, and to define the basic terms and conditions for their contracts, including their remuneration.
- k) Decisions relating to the remuneration of directors, within the framework established by the bylaws and, as the case may be, by the remuneration policy approved at the General Shareholders' Meeting. Approval of contracts governing the provision by directors of services to the Company other than their duties as directors, and the applicable remuneration for these services.
- l) Calling the General Shareholders' Meeting and drawing up the agenda and the motions to be voted on.
- m) The policy on own shares or holdings.
- n) Crisis management and resolution planning of the Company
- o) Regulatory compliance policy, including the approval of codes of conduct, the conflict of interest policy, the policies for the prevention of money laundering and financing of terrorism, as well as the adoption and implementation of organisational and management models that include appropriate measures for oversight and control in order to prevent crimes or significantly reduce the risk of commission thereof (policy on criminal risk prevention). The board shall also be responsible for the implementation of an internal information system for the reporting of conduct that violates the rules identified in the applicable whistleblower protection legislation and internal implementing regulations, including the approval of the policy governing its operation, the procedure for handling reported information and the appointment of the person in charge thereof.
- p) 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.
- q) Oversight, control and periodic 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.
- r) Responsibility for administering and managing the Company, approving and overseeing the application of its strategic objectives as well as its risk strategy and internal governance.
- s) Guaranteeing the integrity of accounting and financial information systems, including financial and operating control and compliance with applicable legislation.
- t) Oversight of the process for disseminating information and issuing communications about the Company.
- u) Supervision of the development of the Responsible Banking Agenda.

Notwithstanding the above, when duly justified grounds of urgency so advise and the law so permits, the executive committee or any director with delegated powers may adopt decisions relating to the matters referred to in the preceding paragraphs, subsequently reporting thereon to the board for ratification at the first board meeting held.

The board of directors may delegate all other powers to one or more chief executive officers and, where appropriate, an executive committee in addition to any commission and committees it must create pursuant to current regulations.

Article 3. Powers of representation

The power to represent the Company, in court and out of court, is vested in the board of directors acting collectively. The board of directors will be entrusted with the broadest powers to manage and administer the Company, with no limitations or reservations.

The chairman of the board of directors also has the power to represent the Company.

The secretary of the board of directors and the vice-secretary, if any, have the exclusive powers to register the resolutions adopted by the shareholders at a General Shareholders' Meeting and the resolutions of the board of directors as a public deed, and to have such deed recorded.

The provisions above 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 set by the bylaws, either directly or indirectly as per the resolutions on appointing and removing directors made by the General Shareholders' Meeting.

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

Under its power to present proposals to the General Shareholders' Meeting, the board of directors ensures that its composition includes the minimum number of executive directors necessary, and that the directors meet the requirements of honour, experience and good governance defined in current regulations.

CHAPTER 4. Structure of the board of directors

Article 5. Chairman and vice-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 provided for by law, the Bylaws and these Regulations. The chairman will also perform any duties assigned by the board of directors.

The chairman will ensure that directors receive sufficient information before board meetings and will chair the debates.

The board of directors may appoint one or more vice-chairmen from among its members. These vice-chairmen will be numbered in order, standing in for the chairman in the event of their absence, impossibility to attend or illness.

Article 6. Secretary of the board of directors

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

The secretary will assist the chairman in their duties and help the board operate correctly. Specifically, the secretary will offer the directors the necessary advice and information; safeguard corporate documentation;

appropriately record the meetings in the minutes, including opinions that were asked to be recorded in the minutes; and confirm the board's resolutions by certifying their content.

The secretary will always: ensure the formal and substantive legality of all actions undertaken by the board; guarantee that the good governance recommendations applicable to the Company are observed; and ensure that governance procedures and rules are observed and regularly reviewed.

The secretary will also act as secretary for all board committees.

Article 7. The vice-secretary of the board of directors

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 their duties in the event of the secretary's absence, impossibility to attend or illness.

Unless otherwise decided by the board of directors, the vice-secretary may attend the meetings of the board and its committees in order to assist the secretary in their work and in drafting the minutes of the meeting.

If the secretary and vice-secretary are absent or not able to attend the meeting, they may be substituted by a director appointed by the board from among those present.

CHAPTER 5. Committees

Article 8. Committees of the board of directors

Without prejudice to the delegation of authority to the chairman, the chief executive officer or any other director in an individual capacity, and of the power to establish committees for specific areas of activity, the board of directors will have the committees required by law at any given time, with or without delegated powers.

Pursuant to the above, the board shall create (i) an audit committee, (ii) a risk supervision, regulation and compliance committee, (iii) a nomination, corporate governance and responsible banking committee and (iv) a remuneration committee, all of which shall have the functions of supervision, information, advice and proposal in the matters determined in the bylaws, the regulations in force and the following articles of these Regulations.

Article 9. Executive committee

Notwithstanding the power to appoint one or more chief executive officers or to delegate powers to the chairman, the board of directors may delegate its powers to an executive committee, with the exception of any powers that cannot be delegated as per the law or Bylaws.

The power of representation held by the executive committee will be governed by the provisions of the delegation agreement. Unless otherwise stated, this power is awarded collectively.

The organisation and functioning of THE EXECUTIVE COMMITTEE shall be governed by the following:

1. The executive committee will comprise a minimum of three and a maximum of seven directors. The chair of the executive committee shall be appointed by the board of directors from among its members.

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. Any permanent delegation of powers to the executive committee and all resolutions adopted for the purpose of appointing its members will require the affirmative vote of at least two thirds of all board members.
4. Permanent delegation of the powers of the board of directors to the executive committee will include all of the powers of the board, except those that cannot be delegated by law or under the Bylaws or these Regulations.
5. The executive committee shall meet as often as called by its chairman or a vice-chairman acting in their place. As a general rule, the executive committee shall meet every two weeks.
6. The executive committee shall be validly constituted if more than half of its members are present or represented; and it shall adopt its resolutions by a majority of those present or represented, with the chair having the casting vote. Committee members may grant proxies to other members.

Article 10. Audit committee

The audit committee shall be composed of a minimum of three and a maximum of seven directors, all of whom shall be independent, and one of whom shall be the chair. The chair of the audit committee shall have the casting vote in the event of a tie vote on a resolution after due deliberation.

The board of directors will appoint the members of the audit committee, bearing in mind their knowledge, aptitude and experience in accounting, auditing or risk management, so that, overall, the members of the committee have all the relevant technical knowledge in relation to the sector of activity in which the Company participates.

The board of directors shall appoint a chair for the committee from among the independent directors who sit on it; this director must have the capacity and availability to dedicate themselves more fully to the committee than its other members do. The chair of the audit committee shall be replaced every four years, and may be re-elected after a period of one year has elapsed since the end of their term of office.

The audit committee shall, in all cases, be chaired by an independent director who is a financial expert and who therefore has knowledge and experience in accounting and auditing matters. The chair of this committee is allowed to be the chair of the risk supervision, regulation and compliance committee.

The audit committee shall have the following functions and any others attributed to it by applicable legislation:

1. Have its chair and/or secretary report to the shareholders at the General Shareholders' meeting on matters raised therein by shareholders regarding its powers and, specifically, the audit results, how the audits contribute to the integrity of the financial information and the role of the committee in the process.

2. Review the financial statements of the Company and the Group, monitor compliance with legal requirements and the proper application of generally accepted accounting principles, and report on proposals for amendments to the accounting principles and standards suggested by management.
3. In connection with the Company's external auditor:
 - (i) With respect to the appointment thereof, the audit committee shall have the following powers: (1) Submit proposals to the board of directors for the selection, appointment, re-election and replacement of the external auditor; and (2) Ensure that the Company gives public notice of the change of external auditor, attaching to such notice a statement regarding the possible existence of disagreements with the outgoing external auditor and, if any have existed, regarding the content thereof; and in the event of the resignation of the external auditor, examine the circumstances giving rise thereto.
 - (ii) With respect to the conduct of the audit, the audit committee shall: (1) Establish appropriate relations with the external auditor so as to receive information regarding matters that might jeopardise its independence, in order to examine such information, and any other information relating to the auditing process, as well as all other communications pursuant to legislation on the auditing of financial statements and audit standards; and serve as a communication channel between the board and the external auditor, evaluating the results of each audit and the management team's responses to the recommendations contained therein, mediating in cases of discrepancy between the auditor and the board with regard to the principles and criteria applicable in preparing the financial statements. Specifically, the committee shall seek to ensure that the financial statements prepared by the board are presented at the General Shareholders' meeting without reservations or qualified opinions; and (2) Oversee the fulfilment of the audit contract, endeavouring to ensure that the opinion on the annual financial statements and the main contents of the audit report are set forth in a clear and accurate fashion.
 - (iii) And with respect to the independence of the auditor and the provision of non-audit services, the audit committee shall ensure that the Company and the external auditor comply with applicable regulations regarding the provision of such services, the limits on the concentration of the external auditor's business and, in general, all other regulations governing independence of the external auditor. For the purposes of ensuring the independence of the external auditor, it will take note of those circumstances or issues that might risk such independence and any others related to the performance of the auditing procedure. Specifically, it will ensure that the remuneration of the external auditor for its work does not compromise the quality and independence thereof, and will verify the percentage that the fees paid for any and all reasons represent out of the total income of the audit firm, as well as the length of service of the partner who leads the audit team in the provision of such services to the Company. Likewise, the audit committee must endorse any decision to contract services other than audit services which not prohibited by applicable regulations, having first properly assessed any threats to the auditor's independence and the safeguard measures applied in accordance with said regulations. The annual report will include the fees paid to the audit firm, including information relating to fees paid for professional services other than auditing. In any event, the audit committee should receive from the external auditor annual written confirmation of the latter's independence from the Company and any institutions directly or indirectly related to it, as well as detailed and itemised information on additional services of any kind provided by the aforementioned auditor or by persons or institutions related

thereto and the fees received from such entities, pursuant to the regulations governing the auditing of accounts. Likewise, prior to the issuance of the external auditor's report, the committee will issue an annual report expressing an opinion on whether the independence of the external auditor is compromised. This report must contain a substantiated opinion on the provision of each and every additional service discussed in the previous paragraph.

4. Oversee the internal audit function and, in particular: (i) propose the selection, appointment and removal of the chief audit executive (CAE); (ii) participate in the process of setting the objectives of the head of Internal Audit, validate the evaluation of their performance and participate in the assessment of his variable remuneration together with the remuneration committee; (iii) approve the proposed guidance and the annual internal audit working plan submitted to the board, ensuring that internal audit activities are primarily focused on the Company's significant risks, and review the annual activities report; (iv) ensure the independence and effectiveness of the internal audit function; (v) propose the budget for this service, including the necessary material and human resources; (vi) receive periodic information regarding its activities; and (vii) verify that senior management and the board take into account the conclusions and recommendations set forth in its reports.
5. Oversee the process for gathering financial information and the internal control systems. In particular, the audit committee shall: (i) supervise the preparation and presentation of relevant financial information concerning the Company and ensure that such information is complete, reviewing compliance with regulatory requirements, the proper definition of the consolidation scope and the correct application of accounting criteria; (ii) monitor the effectiveness of internal control systems, periodically reviewing them so as to adequately identify, manage and divulge risks; y (iii) discuss with the external auditor any significant weaknesses in the internal control system uncovered in the course of the audit. As a result of its activities, the audit committee may submit recommendations or proposals to the board of directors. In any event, the performance of the duties established herein will not affect the independence of the internal audit function.
6. Report to the board, before the latter makes relevant decisions with regard to: (i) the financial information the Company must disclose periodically, as appropriate, ensuring that said information is prepared in accordance with the same principles and practices as the annual financial statements; (ii) the creation and acquisition of shareholdings in special-purpose vehicles or entities with registered offices in countries or territories that are considered to be tax havens; (iii) the approval of transactions with related parties.
7. Find out about and respond, as necessary, to initiatives, suggestions and complaints filed by shareholders with regard to the committee's duties and submitted to it by the Company's corporate bodies. The committee will also: (i) Receive, process and keep a record of complaints received by the Company with regard to issues relating to the process of generating financial information, auditing and internal controls. (ii) Establish and supervise a mechanism whereby Group employees may communicate, confidentially and anonymously, potentially significant irregularities with regard to matters within its area of authority, especially of a financial and accounting nature.
8. Receive information concerning structural or corporate modification operations planned by the Company, for analysis and reporting to the board of directors in relation to the economic conditions of such activities and their accounting impact and, in particular and where relevant, the proposed exchange ratio of shares.

9. Receive information from the head of the Company's Tax Department on the tax policies applied, at least prior to the preparation of its annual financial statements and the filing of its corporate income tax return, and, where applicable, on the tax consequences of the operations or matters submitted to the board of directors or executive committee for approval, unless these bodies have been directly informed of said operations or matters, in which case these will be explained to the committee at its next meeting. The audit committee is tasked with passing the information received on to the board of directors.
10. Monitor and assess regulatory proposals and new regulatory developments that may be applicable in matters within its competence (including audit, accounting and internal control), and possible consequences for the Company.
11. Evaluate, at least once a year, its operation and the quality of its work.
12. And those duties specifically laid down in these Regulations.

The Company's internal audit function will report to the audit committee and respond to requests for information that it receives from the committee when performing its duties. Notwithstanding the foregoing, as an independent unit, the internal audit function will periodically report to the board of directors and, in any event, at least two times per year. It also has direct access to the board when it deems it appropriate.

The audit committee will approve an annual meeting schedule. In any case, the audit committee will meet whenever convened, either by agreement of the committee itself or by its chair. The relevant documentation for each meeting (draft agenda, presentations, reports, minutes of previous meetings and other supporting documentation) shall be provided to the members of the committee, through mechanisms provided for this purpose and which ensure the confidentiality of the information, sufficiently in advance of each meeting, unless reasons of urgency prevent this deadline from being met, in which case the information shall be provided to the members as soon as possible.

Any members of the Company's management team or staff who are required to do so shall be obligated to attend its meetings and to cooperate with it and provide it with access to the information available to them. These members shall appear on the terms established by the committee. The committee may also request that the external auditor be present.

The audit committee shall be validly constituted when at least half of its members are present or represented, and shall adopt its resolutions by a majority of those present or represented. Committee members may delegate their representation to another member but no member may assume more than two proxies, in addition to their own vote. The resolutions of the audit committee will be recorded in a minutes book, with each set of minutes being signed by the chair and the secretary.

The audit committee will inform the board of directors of its activities via its chair. This will take place at the board meetings scheduled for this purpose. However, where the committee's chair deems it necessary due to the urgency and importance of the matters in question, the information will be provided to the board during the first session after the committee's meeting. A copy of the minutes of the committee's meetings will be delivered to all directors.

In all matters not provided for in these Regulations, the structure, duties and operation of any committees and commissions will be governed by their specific regulations, which will be approved by the board of directors; if there are no specific regulations, the applicable regulations will take precedence.

Article 11. Risk supervision, regulation and compliance committee

The risk supervision, regulation and compliance committee will consist of a minimum of three and a maximum of seven directors, all non-executive, with a majority of independent directors, one of whom shall be the chair. The chair of the risk supervision, regulation and compliance committee shall have the casting vote in the event of a tie vote on a resolution after due deliberation.

The board of directors shall appoint the members of the risk supervision, regulation and compliance committee with regard to their knowledge, skills and experience so that, overall, the members of the committee have all the relevant technical knowledge in relation to the sector of activity in which the Company participates.

The board of directors shall appoint a chair for the committee from among the independent directors who sit on it; this director must have the capacity and availability to dedicate themselves more fully to the committee than its other members do.

The risk supervision, regulation and compliance committee must, in all cases, be chaired by an independent director. The chair of this committee may also be chair of the audit committee.

The risk supervision, regulation and compliance committee shall have the following functions and any others attributed to it by applicable legislation:

1. Support and advise the board in defining and assessing the risk policies affecting the Company and in determining the current and future risk propensity and the risk strategy. The Company's risk policies must include: (i) The identification of various types of financial and non-financial risk (operational, technological, tax, legal, social, environmental, political, reputational, compliance and behavioural, among others) that the Company faces, including, among financial or economic risks, contingent liabilities and others which are off-balance sheet; (ii) Setting the risk appetite that the Company and the Santander Group consider acceptable; (iii) The planned measures to mitigate the impact of identified risks, in the event that they materialise; and (iv) The information and internal control systems that will be used to control and manage such risks, including tax risks.
2. Support for the board as regards overseeing implementation of the risk strategy and its alignment with strategic commercial plans as well as approving the capital and liquidity strategy and overseeing its enforcement.
3. Know and assess the risks deriving from the macroeconomic environment and the economic cycles affecting the Company's activities, systematically reviewing exposure to key customers, economic sectors, geographical areas and risk types.
4. Oversee the risk function, without prejudice to the direct access of the latter to the board of directors.

5. Understand and assess the management tools, improvement measures, development of projects and other relevant activity related to risk control, including the policy on internal risk models and their internal validation.
6. Determine, together with the board of directors, the nature, amount, format and frequency of the risk-related information to be received by the committee itself and by the board of directors. In particular, the risk supervision, regulation and compliance committee will receive periodic information from the chief risk officer (CRO).
7. Participate in the process of setting objectives and the appointment/dismissal of the chief risk officer (CRO) and the Chief Compliance officer (CCO) and validate the CRO's performance evaluation, which will be reported to the remuneration committee for the determination of their variable remuneration.
8. Cooperation in establishing rational remuneration policies and practices. for this purpose, without prejudice to the duties of the remuneration committee, the committee will determine 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 risk supervision, regulation and compliance committee will also conduct a subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, based on how risks previously assessed actually materialised.
9. Supervise and regularly evaluate the operation of the Company's compliance programme, governance rules and the Compliance function, making such proposals as may be required for the improvement thereof. To this end, the risk supervision, regulation and compliance committee shall: (i) supervise compliance with the general code of conduct, the manuals and procedures for the prevention of money laundering and the financing of terrorism and other sectoral codes and regulations applicable to or followed by the Company, (ii) receive information and, where appropriate, issue reports on disciplinary measures to members of senior management, (iii) supervise the adoption of the actions and measures resulting from the reports or inspection actions of the administrative supervisory and control authorities, (iv) supervise the operation of and compliance with the criminal risk prevention model approved by the board. For the performance of this task, the committee will have its own autonomous initiative and control powers. These include, without limitation, the power to obtain any information it deems appropriate and to call on any officer or employee of the Company, including, in particular, 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 risk supervision, regulation and compliance committee will periodically evaluate the operation of the prevention model and its effectiveness in preventing or mitigating the commission of crimes, for which purpose it may rely on external advice when it deems it appropriate, and will propose to the board of directors any changes to the criminal risk prevention model and, in general, to the compliance programme that it deems fit in view of such evaluation.
10. Track and evaluate proposals for changes to rules and regulations that may be applicable and the potential consequences for the Company.
11. Evaluate, at least once a year, its operation and the quality of its work.

The risk supervision, regulation and compliance committee shall be validly constituted when at least half of its members are present or represented, and it shall adopt its resolutions by a majority of those present or represented, with the chair having the casting vote. Committee members may delegate their representation to another member but no member may assume more than two proxies, in addition to their own vote. The resolutions of the risk supervision, regulation and compliance committee will be recorded in a minutes book, with each set of minutes being signed by the chair and the secretary.

The risk supervision, regulation and compliance committee will approve an annual meeting schedule. The committee will meet whenever convened, either by agreement of the committee itself or by its chair. The relevant documentation for each meeting (draft agenda, presentations, reports, minutes of previous meetings and other supporting documentation) shall be provided to the members of the committee, through mechanisms provided for this purpose and which ensure the confidentiality of the information, sufficiently in advance of each meeting, unless reasons of urgency prevent this deadline from being met, in which case the information shall be provided to the members as soon as possible.

Any members of the Company's management team or staff who are required to do so shall be obligated to attend its meetings and to cooperate with it and provide it with access to the information available to them. These members shall appear on the terms established by the committee.

The risk supervision, regulation and compliance committee will inform the board of directors of its activities via its chair. This will take place at the board meetings scheduled for this purpose. However, where the committee's chair deems it necessary due to the urgency and importance of the matters in question, the information will be provided to the board during the first session after the committee's meeting. A copy of the minutes of the committee's meetings will be delivered to all directors.

In matters not provided for in these Regulations, the structure, functions and rules of operation of these committees and commissions shall be developed, where appropriate, in the specific regulations of such committees or commissions, which shall be approved by the board of directors and, in the absence of specific provisions, shall be governed by the provisions of the applicable regulations.

Article 12. Nomination, corporate governance and responsible banking committee

The Nomination, corporate governance and responsible banking committee will consist of a minimum of three and a maximum of seven directors, all of whom will be non-executive directors, with a majority of independent directors. The chairman of the nomination, corporate governance and responsible banking committee shall have the casting vote in the event of a tie vote on a resolution after due deliberation.

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 tasks.

The board of directors shall appoint a chair for the committee from among the independent directors who sit on it; this director must have the capacity and availability to dedicate themselves more fully to the committee than its other members do.

The nomination, corporate governance and responsible banking committee shall, in all cases, be chaired by an independent director, with the possibility that it may be the same person who chairs the remuneration committee.

The nomination, corporate governance and responsible banking committee shall have the following functions:

- (a) Propose and review the policy for the selection of directors and the succession plan approved by the board and the internal criteria and procedures for the selection of those to be proposed for the position of director, as well as for the continuous evaluation of directors, and report on such continuous evaluation.

In particular, the nomination, corporate governance and responsible banking committee will:

- (i) Evaluate the balance of knowledge, skills, capacity, diversity and experience necessary and existing on the board of directors and draw up the corresponding skills matrix and description of the functions and aptitudes necessary for each specific appointment, assessing the time and dedication necessary for the proper performance of the position.
 - (ii) Receive for consideration proposals of potential candidates to cover vacancies that may be made by the directors.
 - (iii) Periodically, and at least once a year, evaluate the structure, size, composition and performance of the board of directors, the functioning and compliance with the director selection policy and the succession plan, making recommendations to the board on possible changes.
 - (iv) Assess, prior to their appointment and periodically thereafter, at least once a year, the suitability of the members of the board of directors and of the board of directors as a whole, and report to the board of directors accordingly.
 - (v) Establish a representation target for the under-represented gender on the board of directors and develop guidance on how to increase the number of persons of the under-represented gender with a view to reaching this target. The target, the guidelines and the application thereof will be published pursuant to applicable regulations.
-
- (b) Apply and supervise the succession plan for the directors approved by the board of directors, in coordination with the chairman of the board.
 - (c) Prepare reasoned proposals for the appointment, re-election and ratification of directors, proposals for the removal of directors and, where appropriate, proposals for the appointment of members to each board committee.
 - (d) Annually verify the classification of each director (as executive, non-executive, representing substantial shareholders, independent or external) for due legal purposes.
 - (e) Report on proposals for appointment or removal of the secretary of the board and, if applicable, the vice-secretary, prior to submission thereof to the board.
 - (f) Propose and review internal policies and procedures for the selection and continuous evaluation of senior executive vice presidents or similar officers and other employees responsible for internal control functions or who hold key positions for the day-to-day conduct of banking activities, as well as the succession plan for such officers, reporting on their appointment and removal and their continuous evaluation and making any recommendations it deems appropriate.
 - (g) Ensure compliance by the directors with the duties set down in these Regulations, prepare the reports provided for herein and receive information, and, if applicable, prepare a report on the measures to be adopted with respect to directors in the event of non-compliance with these obligations or with the code of conduct on the securities markets applicable to the Company.

- (h) Examine the information provided by the directors regarding their other professional obligations and assess whether such obligations might interfere with the dedication required of directors for the effective performance of their work.
- (i) Evaluate performance and quality of work, at least once a year.
- (j) Report on the self-assessment process of the board and of its members and assess the independence of the external consultant hired pursuant to these Regulations.
- (k) Report on and supervise the implementation of the Company's succession planning policy, as well as any modifications thereto.
- (l) Support and advise the board in connection with the Company's and the Group's corporate governance and internal governance policy, and with regular assessment of the suitability of the Company's corporate governance system, in order to ensure that it carries out its purpose of promoting the corporate interest and that it takes into account, where applicable, the legitimate interests of other stakeholders.
- (m) Support and advise the board in its relations with supervisors and regulators in the various countries in which the Company operates.
- (n) Report on any proposed amendments to these Regulations prior to their approval by the board of directors.
- (o) Advise the board of directors on matters related to Responsible Banking including, among other things, the fulfilment of its oversight responsibilities with respect to the Company's responsible business strategy and sustainability issues.
- (p) And any other duties that are specifically provided for in these Regulations or assigned thereto by applicable law.

The chairman and any director may make suggestions to the nomination, corporate governance and responsible banking committee on matters falling within the scope of its powers. Lastly, the committee may hire external firms to help in the process of selecting candidates and in its other duties. All members of the management team and the Company's personnel, particularly including the members of the Company's risk function, and other areas of internal control, human resources, legal counsel, financial management and strategic planning shall be obliged to attend the meetings of the nomination, corporate governance and responsible banking committee, provide their cooperation and make available thereto such information as they may have in their possession, when so required and under such terms as the committee may establish.

The nomination, corporate governance and responsible banking committee shall be validly constituted when at least half of its members are present or represented, and it shall adopt its resolutions by a majority of those present or represented, with the chair having the casting vote. Committee members may delegate their representation to another member but no member may assume more than two proxies, in addition to their own vote. The resolutions of the nomination, corporate governance and responsible banking committee shall be recorded in a minute book, with each set of minutes being signed by the chair and the secretary.

The nomination, corporate governance and responsible banking committee will approve an annual meeting schedule. The committee will meet whenever convened, either by agreement of the committee itself or by its chair. The relevant documentation for each meeting (draft agenda, presentations, reports, minutes of previous meetings and other supporting documentation) shall be provided to the members of the committee, through mechanisms provided for this purpose and which ensure the confidentiality of the information, sufficiently in advance of each meeting, unless reasons of urgency prevent this deadline from being met, in which case the information shall be provided to the members as soon as possible.

Members of the Company's management and staff must attend the meetings, collaborate and provide the information they have in their possession when they are required to do so. The terms of their attendance will be set by the committee.

The nomination, corporate governance and responsible banking committee will inform the board of directors of its activities via its chair. This will take place at the board meetings scheduled for this purpose. However, where the committee's chair deems it necessary due to the urgency and importance of the matters in question, the information will be provided to the board during the first session after the committee's meeting. A copy of the minutes of the committee's meetings will be delivered to all directors.

In matters not provided for in these Regulations, the structure, functions and rules of operation of these committees and commissions shall be developed, where appropriate, in the specific regulations of such committees or commissions, which shall be approved by the board of directors and, in the absence of specific provisions, shall be governed by the provisions of the applicable regulations.

Article 13. Remuneration committee

The remuneration committee will consist of a minimum of three and a maximum of seven directors, all of whom will be non-executive directors, with a majority of independent directors. The chair of the remuneration committee shall have the casting vote in the event of a tie vote on a resolution after due deliberation.

The members of the committee shall be appointed by the board of directors, taking into account the knowledge, skills and experience of the directors and the duties of the committee, particularly in the areas of designing remuneration policies and plans for directors and senior officers and in the other duties of the committee.

The board of directors shall appoint a chair for the committee from among the independent directors who sit on it; this director must have the capacity and availability to dedicate themselves more fully to the committee than its other members do.

The remuneration committee shall in all cases be chaired by an independent director, with the possibility that it may be the same person who chairs the nomination, corporate governance and responsible banking committee.

The remuneration committee shall have the following functions:

- a) Prepare and propose decisions relating to remuneration to be made by the board of directors, including those that have an impact on the Company's risk and risk management.

In particular, the committee shall propose:

- (i) The remuneration policy for directors in their capacity as such, preparing the required reasoned report on this remuneration policy.
 - (ii) The individual remuneration of the directors in their capacity as such.
 - (iii) The individual remuneration of the directors for the performance of duties other than those in their capacity as such, and other terms of their contracts.
 - (iv) The remuneration policy applicable to the managing directors and other members of senior management in compliance with the provisions of law.
 - (v) The basic terms of the contracts and compensation of the members of senior management.
 - (vi) The essential elements of remuneration for other directors or employees who, although not members of senior management, do belong to the identified staff.
- b) Assist the board in supervising the observance of the remuneration policy for directors and, where appropriate, other members of the Identified Staff, as well as the other remuneration policies of the Company. Ensure that the Company's remuneration policies and practices are subject to a central and independent internal review at least once a year and report the results to the board. Propose a corrective action plan when periodic reviews reveal that remuneration policies and procedures are not working as intended.
 - c) Periodically review the remuneration programmes to ensure they are up-to-date, considering their adaptation and performance, ensuring that remuneration is in line with the criteria of moderation and the Company's results, culture and risk appetite; and that no incentives are offered to assume risk that exceeds the level tolerated by the Company, such that they promote and are compatible with adequate and effective risk management. For these purposes the mechanisms and systems adopted will be reviewed to ensure that remuneration programmes take into account all types of risk and all levels of capital and liquidity, and

- that remuneration is in line with the Company's and the Santander Group's business targets and strategies, corporate culture and long-term interests.
- d) Ensure the transparency of remuneration and the inclusion of information on directors' remuneration in the annual report, or other reports required by applicable legislation, submitting information to the board as relevant.
 - e) Evaluate the attainment of performance targets and the need to make "ex post" risk adjustments, including the application of reduction ("malus") or recovery ("clawback") systems.
 - f) Review possible scenarios in order to verify the effects of possible external and internal events on remuneration policies and practices, and perform, together with the risk supervision, regulation and compliance committee, a subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, taking into consideration how the previously evaluated risks have actually arisen.

The remuneration committee shall be validly constituted when at least half of its members are present or represented; and it shall adopt its resolutions by a majority of those present or represented, with the chair having the casting vote. Committee members may delegate their representation to another member but no member may assume more than two proxies, in addition to their own vote. The resolutions of the remuneration committee shall be recorded in a minute book, with each set of minutes being signed by the chair and the secretary.

The remuneration committee will approve an annual meeting schedule. The committee will meet whenever convened, either by agreement of the committee itself or by its chair. The relevant documentation for each meeting (draft agenda, presentations, reports, minutes of previous meetings and other supporting documentation) shall be provided to the members of the committee, through mechanisms provided for this purpose and which ensure the confidentiality of the information, sufficiently in advance of each meeting, unless reasons of urgency prevent this deadline from being met, in which case the information shall be provided to the members as soon as possible.

Any members of the Company's management team or staff who are required to do so shall be obligated to attend its meetings and to cooperate with it and provide it with access to the information available to them. These members shall appear on the terms established by the committee.

The remuneration committee will inform the board of directors of its activities via its chair. This will take place at the board meetings scheduled for this purpose. However, where the committee's chair deems it necessary due to the urgency and importance of the matters in question, the information will be provided to the board during the first session after the committee's meeting. A copy of the minutes of the committee's meetings will be delivered to all directors.

In all matters not provided for in these Regulations, the structure, duties and operation of any committees and commissions will be governed by their specific regulations, which will be approved by the board of directors; if there are no specific regulations, the applicable regulations will take precedence.

CHAPTER 6. Operation of the board of directors

Article 14. Meetings of the board of directors

The board of directors will meet as frequently as necessary to properly perform its duties. a call notice for the meeting must be sent out by the chairman or their substitute as per the bylaws.

The board of directors will approve the annual schedule of ordinary meetings, which must be held as often as necessary to perform its duties efficiently, and at least six times a year. Additionally, the board will always meet at the discretion of the chairman, or their substitute as per the bylaws, or at the request of at least one third of the directors, or at the request of the lead independent director (if any).

The call notice for the meeting will be sent by the secretary or, in their absence, the vice-secretary following the instructions of the chairman, or their substitute as per the bylaws. The call notice will be sent in written form (including fax or electronic and remote means), with a draft agenda for the meeting and any relevant information and documentation to be presented at the board meeting.

When a 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 suggest additional items to be added to the draft agenda proposed by the chairman, or their substitute as per the bylaws, 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. Furthermore, all directors will be entitled to gather and obtain the information and the advice necessary to perform their duties; their exercise of this right will be channelled through the secretary of the board.

The meetings of the board of directors may be attended by any person invited by the chairman, or their substitute as per the bylaws.

Article 15. Proceedings of the meetings

Regardless of any circumstances where a legal or bylaw provision requires a larger quorum, the board of directors will be validly constituted when more than half of its members are present, either in person or by proxy. The directors will strive to avoid non-attendance as much as possible.

When they are unable to attend the meeting in person, the directors may choose another director to be their proxy for all purposes. This shall be done for each individual meeting and in writing (including fax or electronic and remote means). A single director may exercise several of such proxies. The representation may be conferred with specific instructions, or giving the proxy the power to discuss and vote on the items on the agenda as they deem appropriate. Non-executive directors can only grant proxies to other non-executives directors.

A meeting of the board of directors may be validly constituted when the directors are not all at the same location, provided 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 connection and communications channel to be used will be specified in the call notice, in addition to the locations where the technical resources to attend and participate in the meeting are available. Resolutions are considered to have been adopted at the location of the chairman.

Exceptionally, and provided that no director is in disagreement, the meeting may take place in writing and without a formal gathering. In the latter case, the directors shall send their votes and any remarks they wish to record in the minutes via email to the attention of the secretary of the board of directors at their email address.

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

Except in instances in which a greater majority is specifically required pursuant to legal provisions, the bylaws or these Regulations, 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 chair and the secretary of the relevant meeting. The minutes shall be approved by the board of directors at the end of the meeting or at the following meeting, and they may be partially approved at the end of the meeting in the part where resolutions adopted are recorded, provided that the corresponding proposals have been previously distributed among the directors and have not been amended at the meeting or, if they have been, the final text approved has been read out. 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 vicechairman.

CHAPTER 7. Appointment, re-election, ratification and removal of directors

Article 16. 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 regulations, bylaws and these Regulations.

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 must be preceded by a proposal from the nomination, corporate governance and responsible banking committee.

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

The persons appointed as directors must meet the conditions and suitability requirements laid down by law and the Bylaws, and at the time of taking office must formally undertake to fulfil the obligations and duties provided therein and in these Regulations.

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

The nomination, corporate governance and responsible banking committee shall, in all cases, draw up a proposal for appointments to and positions on the board of directors and each of its committees or commissions.

The board of directors will create a training programme for new directors that provides swift and sufficient knowledge of the Company, including its governance rules. The board of directors will also organise a training and periodic refresher programme for directors.

Article 17. Term of office

The directors will hold their position for the term established by the General Shareholders' Meeting pursuant to the Bylaws; this term will be the same for every director. At the end of their term, the director may be re-elected one or more times for the same length of time.

Directors appointed by co-option shall be ratified in their role at the first General Shareholders' Meeting to be held after their appointment, in which case their term of office will end on the date on which the term of their predecessor would have ended.

Directors whose term expires or who cease their roles, for whatever reason, shall not hold a similar position in a competing company for two years. However, the board of directors may exempt the outgoing director from this obligation or shorten the duration of that period, as it deems fit.

Article 18. Removal 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 financial statements.

Directors must tender their resignation to the board of directors and formally resign from their position if the board deems this appropriate, after receiving a report from the nomination, corporate governance and responsible banking committee, in those cases in which their continued presence might negatively affect the operation of the board or the credit and reputation of the Company and, in particular, when they are involved in any of the circumstances of incompatibility or prohibition provided by law.

CHAPTER 8. Directors' right to information

Article 19. Right to information and inspection

Members of the board of directors have the broadest powers to obtain information regarding any aspect of the Company, to examine the books, registers, 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 any subsidiary companies and branches, whether domestic or foreign.

In order not to disrupt the day-to-day management of the Company, the exercise of the rights of information will be channelled through the secretary of the board of directors, who will respond to the requests made by the directors by directly providing them with the information, offering to put them in contact with the appropriate parties within the organisation or facilitating an on-site examination or inspection, as requested.

Article 20. Expert assistance

In order to be assisted in the performance of their duties, the directors can request, through the secretary of the board, the hiring of legal, accounting, financial or other experts, whose services will be paid for by the Company.

This request must refer to specific and particularly important or complex issues that may arise in the performance of their duties. The chairman will decide on whether the request should be accepted based on proportionality, objective justification and non-disruption of the Company's normal business.

CHAPTER 9. Remuneration of directors

Article 21. Compensation of directors

In this respect, the provisions of the applicable legislation, the Bylaws and these Regulations of the board shall apply, and the board shall proceed in accordance with their provisions.

Article 22. Information on director remuneration

The director remuneration policy must comply with the remuneration system provided for in the bylaws and shall be approved by the General Shareholders' Meeting as a separate item on the agenda, to be applied for a maximum period of three financial years. However, proposals for new director remuneration policies must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during such period shall be proposed by the board of directors and shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval. The proposal of the remuneration policy of the board of directors shall be duly reasoned and shall be accompanied by a specific report of the remuneration committee.

In addition, the annual report will list the individual remuneration of each director, if any, broken down as per legal requirements.

CHAPTER 10. Director's duties

Article 23. Obligations of the directors

Directors must fulfil all the duties and obligations inherent to their position, as set down in Law, the Bylaws and these Regulations, 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, the director will conduct themselves with the diligence of a prudent businessperson and a loyal representative, with the following obligations:

- Duty of diligent administration
 - 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 discussions 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, where appropriate, 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 in order to call an extraordinary meeting of the board of directors or include any items they deem necessary on the agenda for the next meeting, as per legal and bylaw provisions.
 - f) Object to any resolutions that breach the law or bylaws and ask for their position to be recorded in the minutes when necessary.
- Duty of confidentiality

Even after they cease their duties, directors shall not disclose any confidential information and are obliged to preserve the secrecy of information, data, reports, background information and resolutions they become aware of during the performance of their duties: this information must not be disclosed to third parties or disseminated. For directors that are legal entities, the duty of secrecy falls on their natural person proxy, without prejudice to the obligation to inform the legal entity they represent. This provision applies to all cases except those indicated in the Spanish Limited Liability Companies Law.

- Conflicts of interest

Directors will strive to avoid situations that might result in a conflict of interest between the Company and the directors. Directors must report to the board of directors any situation of conflict, whether direct or indirect, that they or persons related to them may have with the interest of the Company; specifically, they must consider potential conflicts of interest deriving 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, the Company itself, its parent company or companies in the same group; or
- c) A personal, professional or financial relationship with shareholders who control the Company, its parent company or its subsidiaries.

In addition to the aforementioned duty of information, the affected director must abstain from participating in the board's discussions and in approving resolutions or decisions by the board or its committees to which they belong, in relation to any situation, decision or operation to which the conflict of interest pertains.

Directors will disclose any direct or indirect stake they and their related persons may have in a company with activities that are the same as, similar to or complementary to the Company's corporate purpose; they will also disclose the position and duties they perform there, as per the legal and bylaw provisions and the best good-governance practices.

For the purposes of this Article, related persons will be considered: (i) The director's spouse or persons with a similar relationship; (ii) ascendants, descendants and siblings of the director or of the director's spouse; (iii) the spouses of the director's ascendants, descendants and siblings; (iv) Entities with which the director, either personally or through an intermediary, is in any of the situations described in section 1 of Article 42 of the Commercial Code.

- Use of corporate assets

The director may not make use of the assets of the Company or use their position in the Company to obtain a financial advantage unless they have given adequate consideration, and always without prejudice to the fulfilment of their duties as a director and compliance with the rules of these Regulations on conflicts of interest.

- Non-public information

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

- a) Using the information will not harm the Company in any way;
- b) The Company does not have an exclusive right or a legal position of similar significance over the information it wishes to use.
- c) Using the information does not breach the rules of conduct provided for in securities markets legislation or the obligations of the General Code of Conduct and the Code of Conduct on the Securities Market.

- Business opportunities

The director may not take advantage, for their own benefit or that of a family member, of a business opportunity of the Company, unless they have previously offered it to the Company, the Company decides not to proceed with it and the board of directors authorises the exploitation of such business opportunity.

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

For the purposes of the section above, a business opportunity means any possibility of making an investment or commercial transaction which has arisen or has been discovered in connection with the director's performance of their duties, or through the use of the Company's resources and information, or under circumstances such that it is reasonable to believe that the third party's proposal was in fact intended for the Company.

All of the above is without prejudice to the fulfilment of their duties as a director and compliance with the rules of these Regulations on conflicts of interest.

- Indirect transactions

The director shall be considered in breach of their duty of loyalty to the Company if, despite their prior knowledge, they allow or fail to disclose the existence of transactions carried out by their family members or by entities in which they hold an executive position or in which they have a significant shareholding, which have not been subject to the conditions and controls provided for in these Regulations.

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

- Information duties

The director must inform the Company of all positions they hold and activities they perform in other companies or entities, and, in general, of any fact or situation that may be relevant for the ongoing assessment of their suitability, the proper performance of their duties and the fulfilment of their obligations as a director.

CHAPTER 11. Relations of the board of directors

Article 24. Related party transactions

The board of directors shall be aware of transactions conducted by the Company, directly or indirectly, with directors, with significant shareholders or shareholders represented on the board of directors or with persons related thereto. Such transactions shall require the authorisation of the board of directors, subject to a favourable report from the audit committee. These transactions will be assessed from the point of view of equal treatment and market conditions and will be included in the public information under the terms provided for in the applicable regulations.

However, the authorisation provided for in the preceding sub-section will not be required for those transactions that simultaneously meet the following three conditions:

- 1) They are performed under contracts with standard terms and conditions that are normally applicable to customers that contract the type of product or service in question.
- 2) They are performed at prices or rates generally established by the party acting as supplier of the good or service in question or, when the transactions concern goods or services for which no rates are established, they are performed under customary market conditions, similar to those applied to commercial relationships with customers having similar characteristics.
- 3) The amount does not exceed 0.5% of the Company's annual revenue.

If the foregoing conditions are satisfied, the affected directors will not be required to report such transactions or to seek prior authorisation from the board of directors.

In general, the transactions covered by this article shall always comply with the regulations applicable to this matter and with the recommendations and criteria of the supervisory bodies.

Article 25. Relations with the auditor

1. The relations of the board of directors with the Company's auditor will be channelled through the audit committee.
Notwithstanding the above, the auditor shall attend the meetings of the board of directors on the date and at the time determined by the board to present its corresponding report, so that all directors have as much information as possible on the content and findings of the audit reports on the Company.
2. No services other than auditing will be commissioned from the auditing firm that might jeopardise the auditor's independence.
3. Notwithstanding the previous point, the board of directors will publicly disclose the overall fees the Company has paid to the auditing firm for services other than auditing during each audit period.
4. The board of directors will endeavour to prepare the financial statements in such a manner that they do not give rise to qualified opinions from the auditor. However, when the board of directors believes that its opinion must prevail, it will provide a public explanation, through the chair of the audit committee, of the content and scope of the discrepancy, and will also endeavour to ensure that the external auditor also discloses its considerations in this regard.