Grupo Santander’s HR transformation in response to the future of work
We are doing well as a Bank...and we have **successfully completed our 3 year plan**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyal customers (Mn)</td>
<td>13.6</td>
<td>19.9</td>
</tr>
<tr>
<td>Digital customers (Mn)</td>
<td>16.6</td>
<td>32.0</td>
</tr>
<tr>
<td>Fee income</td>
<td>-</td>
<td>~10%</td>
</tr>
<tr>
<td>Cost of credit</td>
<td>1.25%</td>
<td>1.12%</td>
</tr>
<tr>
<td>Cost-to-income</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>EPS growth</td>
<td>0</td>
<td>11.2%</td>
</tr>
<tr>
<td>DPS (€)</td>
<td>0.20</td>
<td>0.23</td>
</tr>
<tr>
<td>FL CET1</td>
<td>10.05%</td>
<td>11.30%</td>
</tr>
<tr>
<td>RoTE</td>
<td>10.0%</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

But, if *it* can happen to these firms, *it* can happen to Santander too…
If you were not yet scared enough, let's try this…

The evolution of corporate versus human life spans

The graph shows the relationship between the development in human life span (blue) and corporate life span (red) since 1960.
We are living a 4th industrial revolution…

Increased of time spent online
An Internet minute 2018

- 3.7Mn search queries
- 4.3Mn videos viewed
- 38Mn messages sent

Customers' expectations continue shifting
- Accessibility
- Simplicity
- Transparency
- Personalisation

New technologies playing a critical role
- Artificial intelligence
- Cloud-based solutions
- Robotics
- Biometrics ….

Change in competitive landscape
Now, the new titans are big tech companies

Top 5 US companies by market cap.

Alternative players to banks are proliferating

New business models putting banks at risk of disruption
- Lending 10-20%
- Investments 10-20%
- Payments 20-30%
- Insurance 5%

Profit pool at risk of disruption
Technology in itself, is not new…

People have always used technology to ease or replace physical labour

But, now automation will begin to displace human cognitive labour

And, drive productivity

But remember… jobs will be redefined, skills will change… new jobs will appear
...but, perhaps, the workplace changes

Companies are a pyramid of skills and experience – every level adds value

Could automation “hollow out” a layer?

The removal of supervisors for example could pose challenges…

...the labour market may have to change
In response to these difficult challenges, talent should remain the focus – and companies must be responsible in what and how they do things.
…so we set a clear aim for Human Resources: to be an employer of choice

Our Purpose
(we share the Group’s purpose)
Help people and businesses prosper

Our Aim

To be an employer of choice:
chosen for our purpose, culture and responsible way to achieve great results
To be an employer of choice

Chosen for our purpose, culture and responsible way to achieve great results

**HR STRATEGY**

<table>
<thead>
<tr>
<th>AIM</th>
<th>ENABLERS</th>
<th>PRIORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HR Digital Transformation</td>
<td>Culture &amp; Engagement</td>
</tr>
<tr>
<td></td>
<td>OneTeam Santander</td>
<td>The Santander Way</td>
</tr>
<tr>
<td></td>
<td>Strategic Workforce Planning</td>
<td>Attract &amp; Recruit</td>
</tr>
<tr>
<td></td>
<td>Talent for the future</td>
<td>New Employee Value Proposition</td>
</tr>
<tr>
<td></td>
<td>Our Common Culture</td>
<td>Retain &amp; Develop</td>
</tr>
<tr>
<td></td>
<td>The Santander Way</td>
<td>Young Leaders, ALPS</td>
</tr>
</tbody>
</table>

**PRIORITIES**

- **Culture & Engagement**
  - The Santander Way
  - Engagement Survey & Action Plans
  - Leadership Commitments
  - BeHealthy
  - Flexiworking
  - StarMeUp

- **Attract & Recruit**
  - New Employee Value Proposition
  - Digital Cellar
  - Value Creation and Enhanced Equity Compensation Schemes

- **Retain & Develop**
  - Young Leaders, ALPS
  - Learning Experience Platform – Dojo
  - Performance – MyContribution
  - Succession Planning
  - Global Mobility

- **Diversity & Inclusion**
  - D&I Principles
  - Gender Pay Gap
  - Equal Pay Gap

We have a clear strategy...
We have **3 key enablers** to help us achieve our aim

**A**
**HR Digital Transformation - Workday**
*Become “One Santander Team”*
- ✔ Data driven talent management & analytics
- ✔ Enhance **employee experience**
- ✔ Simplify **HR processes**

**B**
**Strategic Workforce Planning - Talent**
*Organization and capabilities for the future*
- ✔ “Fight” the **talent war**, closing skills gaps
- ✔ **Develop and attract** the **competences** required

**C**
**Our Common Culture - The Santander Way**
*To glue us together and underpin the transformation*
- ✔ Be a **responsible employer**, doing the right thing
- ✔ Benefit from the common culture “**virtuous circle**”
HR Digital Transformation

Workday

1 OneTeam at a glance
2 The value of OneTeam
1. OneTeam at a glance

+200k employees impacted
11 countries involved
1 way of working around the world

3 official languages
3 years programme
Security and Compliance always on audit
Workday helps us become “One Santander Team”

**Data driven talent management & analytics**
- Helps us **managing change** in a fast moving environment
- **Data access** and **accuracy** enable (HR and Business) **real time** data driven decisions

**Enhance employee experience**
- **Onmichannel** access to HR functionalities, a more **connected and visible organization**
- Improved **autonomy** in the **employee career development**
- **Manager** more empowered as a **people manager**

**Simplify HR processes**
- Enables more **transparency**
- Fosters greater **efficiency**
- Common processes create **“One Santander”**
Strategic Workforce Planning (SWP)
SWP aims to identify and quantify the competences and people required to achieve our vision.

The new digital environment is changing the capabilities and roles needed in the future workforce to be competitive as an international player.
Key challenges identified after the first SWP wave are the digital workforce Gap, the reskilling of current employees and the attrition management.

**Digital Workforce GAP**
Increasing demand of new digital skills will require Santander to acquire external 'hard to recruit' talent to cover the capacity gap.
- ✔️ Increasing competition for capturing digital talent
- ✔️ High levels of rotation in digital talent
- ✔️ Santander is not in the top of mind of digital profiles

**Workforce Reskilling**
Current workforce remaining employees requiring a reskilling effort to adapt to the new digital business environment in 2025.
- ✔️ Introduction of new technologies such as AI, robotization, etc.
- ✔️ New ways of working

**Attrition Management**
Different actions on attrition management depending on the geography situation.
- ✔️ Low levels of attrition should increase income areas in order to facilitate the reskilling needs
- ✔️ Higher attrition levels should be managed efficiently to facilitate the reskilling needs in some areas
Our Common Culture
The Santander Way
The Santander Way

Our Purpose
To help people and businesses prosper

Our Aim
To be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities

Our How
Living our values
Simple | Personal | Fair

With great Behaviours displayed

With great Leaders
Being Open & Inclusive
Encouraging the team to prosper

Inspiring and Executing Transformation
Leading by Example
Our people are embracing our culture transformation

Our employees embrace a shared purpose...

Percentage of employees who consider...

- **87%**
  
  My job gives me a sense of **meaning and purpose**

- **84%**
  
  I can contribute to our purpose of **helping people and business prosper**

...reflected in the level of engagement, which has improved over last years

Group employee survey results 2014-18

Survey result is an average of the following statements: I feel motivated to go beyond my formal job responsibilities, I feel proud to work for Santander, I would recommend Santander to family or Friends as a place to work.
Embedding a common culture that is truly changing the way we do things

Team engagement

75% (Embedding)
82% (Top 3 bank to work for in 10 geographies)

Simple

63% (Existing)
69% (avg. financial industry)

Personal

63% (Existing)
74% (Top 3 bank to work for in 7 of our 10 geographies)

Fair

75% (Embedding)
75% (Our Common Culture)

Top 3 bank to work for in 7 of our 10 geographies
Case Studies

1. Culture & Engagement
2. Attract & Recruit
3. Retain & Develop
4. Diversity & Inclusion
Our Listening Strategy has evolved this year

Global Engagement Survey

360 Feedback

Pulse Surveys
Common Leadership Commitments

Promoting diversity

Being open and inclusive

Inspiring and executing transformation

Having a clear strategic vision and delivering sustainable outcomes

Supporting the team to develop and make impact

Encouraging the team to prosper

Leading by example

...by always being SPF
BeHealthy is our wellbeing programme with the aim of making Santander one of the healthiest companies in the world.

The programme is structured under four pillars, with activity aligned to:

- Know Your Numbers
- Eat
- BeBalanced
- Move

“The health of our people is the health of our Company”
Adapting working conditions to the personal needs and preferences of our employees, so that they can achieve a **better work-life balance**, while fostering **new ways of working** that enables our transformation.

**Attracting and retaining talent**

Employees with met flexibility needs are more likely to **recommend Santander** to a friend or colleague **as a place to work** (eNPS) and more **unlikely to leave the company**.

**Flexibility measures**

The choice and implementation of these measures should be **adapted to suit the local needs** of each team, unit and society.

### Time Flexibility

<table>
<thead>
<tr>
<th>Team hours</th>
<th>Free days and holidays</th>
<th>Compensating Periods of heavier workload</th>
<th>Space Flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flex Friday</td>
<td>Holiday purchase</td>
<td>Travel</td>
<td>Flexible work</td>
</tr>
<tr>
<td>Special day</td>
<td>Flex holiday</td>
<td>Over-exertion</td>
<td>Teleworking</td>
</tr>
<tr>
<td>Flex day</td>
<td>Travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshift</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Santander**
Global recognition network that allows employees to appraise peers who exemplify corporate behaviours

**StarMeUp**

- **Launched**: December 2016
- **140,574** global active users
- **71%** of eligible colleagues are users
- **1,551,025** stars sent globally
- **28** participating countries
- **11** global campaigns launched
- **5** special stars have been created
Attract & Recruit

Our value proposition conveys what we are and how we want to be seen as employer both internally and externally.

The Employee Value Proposition (EVP) is composed of 5 attributes:

**Impact**
How our motivation and passion in the work we do have a significant and positive impact, both inside and outside the company.

**Transformation**
The importance of belonging to a solid and global organization that has successfully reinvented itself several times during its 160 years of history, and with its constant improvement and active attitude you will achieve everything you have ever imagined.

**Development**
Emphasizing the opportunities and advantages offered by Santander to all employees to grow personally and professionally.

**Great Colleagues**
Those inspirers that help create a creative and dynamic environment, that motivate their peers, promote collaboration and manage to create a great team.

**Respect**
The value of working in a company that respects people, society and the environment, involving employees in activities that take care of what matters most to them.
Talent Programmes

Action Learning Programme aims to boost leadership and generate business impact

A 9-month Santander Global Citizen experience...

✔ Involving participants in strategic business challenges
✔ Discovering and learning about the latest business trends
✔ Applying the agile framework to promote the bank transformation
A NEW WAY OF MEASURING EMPLOYEE PERFORMANCE

50% What? 50% How?

Corporate behaviours and…
…being Simple | Personal | Fair
Performance Management at Santander

Makes the **HOW matter besides the WHAT**, balancing objectives on culture/behaviours and functional and business objectives

✔ Fosters a **new mindset** to focus on individual & team development and sustainable improvement

✔ Proposes a performance management model based on **trust, meritocracy and transparency**
A clear Diversity & Inclusion plan

+ Succession Planning
+ Global Mobility

<table>
<thead>
<tr>
<th>Why</th>
<th>What (8 common actions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Better understand and react to customers needs</td>
<td>01 Foster Flexiworking in order to promote work / life balance</td>
</tr>
<tr>
<td>✓ Promote creativity and internal innovation</td>
<td>02 Talent Identification target more than 40% female pipeline</td>
</tr>
<tr>
<td>✓ Boost collaboration internally</td>
<td>03 Mentoring supporting diversity groups</td>
</tr>
<tr>
<td>✓ Attract and retain talent: employer of choice</td>
<td>04 D&amp;I Training and Awareness for all leaders</td>
</tr>
<tr>
<td></td>
<td>05 Talent Selection</td>
</tr>
<tr>
<td></td>
<td>06 Scorecard / KPIs for countries / units and leaders</td>
</tr>
<tr>
<td></td>
<td>07 Gender Pay Equality</td>
</tr>
<tr>
<td></td>
<td>08 Mothers and Maternity universal policies (maternity, return to work, working hours, nurseries…)</td>
</tr>
</tbody>
</table>
Thank you.

Our purpose is to help people and companies prosper.

Our culture is based on the belief that everything we do is how it should be.