

Company and Sector Performance

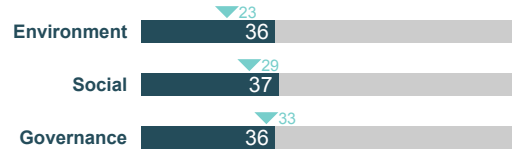
Company performance Sector average performance Sector performance

ESG OVERALL SCORE

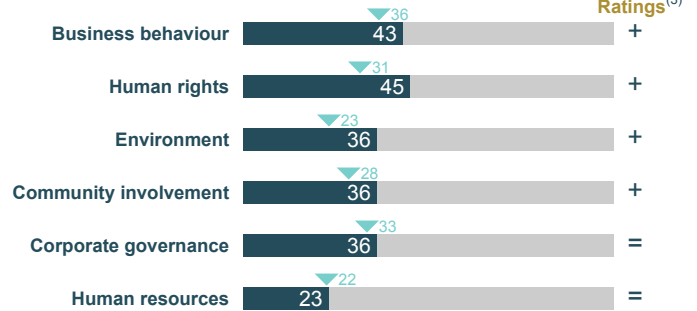


Information rate	75%
sector average	54%
Cooperation level ⁽²⁾	Not responsive
High severity controversies	No
Rank in Sector	16/97
Rank in Region	141/904
Rank in Universe	1106/4482

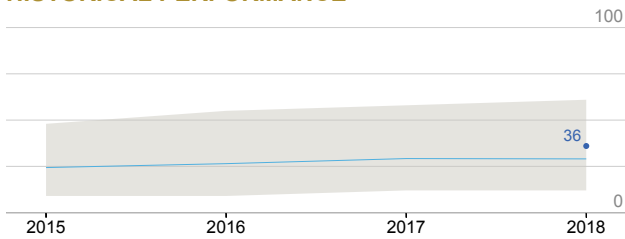
ESG PERFORMANCE (/100)



6 DOMAINS PERFORMANCE (/100)



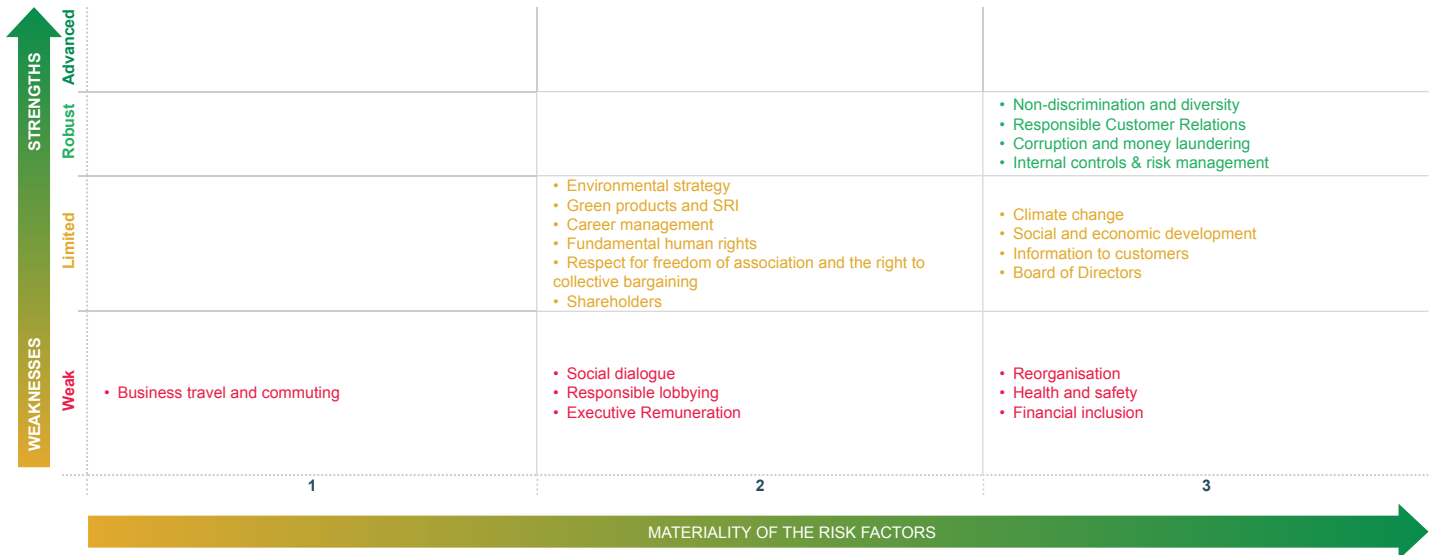
HISTORICAL PERFORMANCE



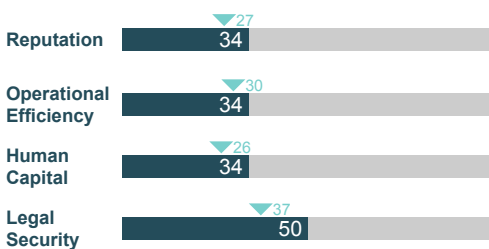
Company inclusion in Vigeo Eiris indices⁽⁴⁾: No

Management of risks and opportunities

MATERIALITY & PERFORMANCE MATRIX



RISK MITIGATION INDEX (/100)



ANALYST FOCUS

TOPIC	COMMENT	TREND
Ownership of commitments	Most of the Company's commitments come from its parent company (Banco Santander SA). In this regard, in most of the commitments adheres, it is unclear who is in charge of the them in Banco Santander Mexico.	
Legal Risks	The Company has an advance performance in terms of legal risks, mainly due to its performance in business ethics, Responsible customer relations and information to customers matters.	
Cybersecurity	Although Santander Mexico reports trainings to its employees in cybersecurity, however no more information is disclosed in this regard,	

Carbon Footprint and Energy Transition*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

Goods and services contributing to sustainable development*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

Involvement in controversial activities*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

For more information please contact us at customer.service@vigeo-eiris.com

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "+", "+"
 (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

Weight		Overall score 36/100		Trend	Score	Leadership	Implementation	Results
		Environment			36	40	32	22
E	ENV2.2	3	Climate change		34	41	44	16
E	ENV1.1	2	Environmental strategy		49	65	32	N/A
E	ENV1.3	2	Green products and SRI		38	33	15	65
E	ENV2.7	1	Business travel and commuting		10	0	30	0
		Human Resources			23	19	15	36
S	HRS2.3	3	Reorganisation		12	0	0	35
S	HRS3.2	3	Health and safety		23	42	6	22
S	HRS1.1	2	Social dialogue		18	0	12	43
S	HRS2.4	2	Career management		45	30	56	50
		Human Rights			45	49	29	58
S	HRT2.4	3	Non-discrimination and diversity		50	53	48	49
S	HRT1.1	2	Fundamental human rights		45	39	30	65
S	HRT2.1	2	Respect for freedom of association and the right to collective bargaining		39	53	0	65
		Community Involvement			36	39	24	45
S	CIN1.1	3	Social and economic development		44	46	30	55
S	CIN2.1	3	Financial inclusion		28	32	18	35
		Business Behaviour (C&S)			43	45	31	53
S	C&S1.2	3	Information to customers		49	49	32	65
S	C&S1.3	3	Responsible Customer Relations		50	51	46	53
G	C&S3.1	3	Corruption and money laundering		52	65	37	53
G	C&S3.3	2	Responsible lobbying		12	0	0	35
		Corporate Governance			36	41	22	46
G	CGV1.1	3	Board of Directors		32	41	14	40
G	CGV2.1	3	Internal controls & risk management		54	44	52	65
G	CGV3.1	2	Shareholders		37	58	9	44
G	CGV4.1	2	Executive Remuneration		16	20	0	27

■ Weak (0-29/100)
 ■ Limited (30-49/100)
 ■ Robust (50-59/100)
 ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

**Benchmark
Position versus sector peers**

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
MA0000011835	BMCE Bank of Africa	++	++	++	++	++	+	61
BRSANBCDAM13	Banco Santander Brasil	++	++	++	++	++	++	54
COB07PA00086	BanColombia	++	+	++	++	+	+	49
MA0000010811	BMCI	++	++	++	+	+	++	49
TW0002892007	First Financial Holdings	+	+	++	++	++	+	49
TRAGARAN91N1	Garanti Bank	++	+	++	+	+	=	49
ZAE000004875	Nedbank Group	++	+	+	++	=	++	48
TW0002891009	CTBC Financial Holding	+	++	+	=	+	+	45
INE528G01019	Yes Bank	++	+	+	++	+	+	43
ZAE000109815	Standard Bank Group (South Africa)	+	=	+	+	=	+	42
MA0000011884	BCP	+	+	++	+	+	=	40
MXP370711014	Grupo Financiero Banorte	+	+	+	+	=	=	40
KR7055550008	Shinhan Financial Group	=	+	+	+	+	+	40
ZAE000174124	Barclays Africa Group	=	=	+	+	=	+	38
CLP321331116	Banco de Credito e Inversiones	++	+	=	+	=	+	37
MA0000011926	Attijariwafa Bank	+	+	++	++	=	-	36
ID1000096605	Bank Negara Indonesia Persero	=	+	+	=	=	=	36
MX41BS060005	Banco Santander Mexico	+	=	+	+	+	=	36
KR7105560007	KB Financial Group	=	=	=	-	+	+	36
KR7138930003	BNK Financial Group	+	+	+	=	++	=	35
MX01GE0E0004	Genera	=	=	+	++	++	=	35
TH0015010R16	Siam Commercial Bank	+	+	=	=	=	=	35
AEA000201011	Abu Dhabi Commercial Bank	=	+	=	=	++	+	34
MYL1155OO000	Malayan Banking	=	=	=	=	+	+	34
TRAAKBNK91N6	Akbank	=	=	=	=	+	=	33
EGS60121C018	Commercial International Bank (Egypt) S.A.E.	=	-	=	=	+	=	33
KR7086790003	Hana Financial Group	=	=	=	+	=	+	33
CLP0939W1081	Banco de Chile	-	+	=	+	+	=	32
ID1000095003	Bank Mandiri	=	=	+	=	+	=	32
PLBIG0000016	Bank Millennium	=	+	+	=	=	=	32
MYL1023OO000	CIMB Group Holdings	-	+	=	-	=	=	32
BRITSAACNPR7	Itausa	+	=	=	=	+	-	32

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
TRAI5CTR91N2	Turkiye Is Bankasi	=	=	=	+	=	=	32
ID1000118201	Bank Rakyat Indonesia	=	=	=	=	=	=	31
TRETHAL00019	Turkiye Halk Bankasi	=	=	+	-	-	+	31
PEP116001004	BBVA BANCO CONTINENTAL	+	+	+	+	=	-	30
KR7139130009	DGB Financial Group	+	=	=	+	=	=	30
CL0002262351	Itau CorpBanca	+	=	+	-	=	+	30
TW0002887007	Taishin Financial Holdings	+	+	=	=	-	=	30
US46630Q2021	VTB Bank	=	-	-	-	=	+	30
ID1000094204	Bank Danamon	+	=	=	=	=	=	29
TH0023010000	Bank of Ayudhya	=	=	=	-	=	+	29
TW0002883006	China Development Financial Holdings	=	=	=	-	-	=	29
INE040A01026	HDFC Bank	-	=	=	=	=	++	29
INE238A01034	Axis Bank	=	=	=	=	=	+	28
PHY0967S1694	Bank of the Philippine Islands	=	=	=	+	=	=	28
INE001A01036	Housing Development Finance	-	=	=	=	=	=	28
INE090A01021	ICICI Bank	-	=	-	=	=	=	28
MYL1295OO004	Public Bank	-	-	=	-	-	+	28
ID1000109507	Bank Central Asia	=	-	=	=	-	-	27
PLBH00000012	Bank Handlowy	=	-	=	+	=	=	27
PLPEKAO00016	Bank Pekao	-	-	-	-	+	=	27
HU0000061726	OTP Bank	-	-	=	=	=	=	27
TRAYKBNK91N6	Yapi ve Kredi Bankasi	=	=	=	=	+	-	27
INE028A01039	Bank of Baroda	=	-	=	+	=	=	26
PLBZ000000044	BANK ZACHODNI WBK	=	=	=	-	=	+	26
CNE100001QW3	China Everbright Bank	+	-	=	=	-	=	26
TW0002884004	E.Sun Financial Holdings	=	=	=	=	=	=	26
INE115A01026	LIC Housing Finance	-	-	-	+	+	+	26
TREVKFB00019	Turkiye Vakiflar Bankasi	=	=	+	-	=	=	26
TH0001010014	Bangkok Bank	=	-	-	=	=	-	25
MA0000010381	CDM	=	-	=	=	=	-	25
TH0150010R11	Krung Thai Bank	-	=	=	-	-	+	25
PLPKO0000016	PKO Bank Polski	-	=	-	=	-	=	25
BRBBHIACNOR9	Banco BBM	=	=	=	-	+	--	24
MYL1066OO009	RHB Bank	-	-	-	--	+	+	24
TW0002890001	SinoPac Financial Holdings	=	-	-	-	-	=	24

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
MYL2488OO004	Alliance Financial Group	-	=	-	=	=	=	23
BRBRSRACNPB4	Banco Do Estado do Rio Grande do Sul	-	=	=	-	=	=	23
USP07785AF85	Banco BMG	-	-	=	-	=	=	23
CNE1000002M1	China Merchants Bank	-	-	-	=	-	=	23
BMG2519Y1084	Credicorp	-	-	-	-	=	-	23
MYL5819OO007	Hong Leong Bank	-	-	=	-	-	+	23
PLBRE0000012	MBank	-	=	-	=	=	-	23
BRBSAFACNOR4	Banco Safra	=	=	=	-	-	--	22
MYL1082OO006	Hong Leong Financial Group	-	-	=	-	-	=	22
PAP5626F1020	InterCorp Financial Services	-	-	=	-	+	-	22
TH0068010R15	TMB BANK	=	=	-	-	-	=	22
PLALIOR00045	ALIOR BANK	-	=	=	-	-	-	20
BRDAYCACNOR5	Banco Daycoval	-	-	=	-	-	-	20
PHY077751022	Banco de Oro Unibank	=	-	-	-	-	-	20
TW0002801008	Chang Hwa Commercial Bank	-	-	-	-	=	=	20
CNE100000X44	Chongqing Rural Commercial Bank	-	-	-	-	-	=	20
TW0002886009	Mega Financial Holding	-	-	-	--	-	-	20
PHY6028G1361	Metropolitan Bank & Trust	-	=	-	-	-	=	20
XS0300998779	Russian Agricultural Bank	-	-	-	=	-	--	20
TW0002834009	Taiwan Business Bank	=	-	-	=	-	--	19
TW0005880009	Taiwan Cooperative Financial Holdings	=	-	-	-	-	-	19
KR7000030007	Woori Bank	-	-	-	+	--	--	19
MA0000011454	CIH	-	-	-	=	-	-	18
KR7024110009	Industrial Bank of Korea	-	=	=	=	-	--	18
QA000A0M8VM3	Masraf Al Rayan	-	-	-	--	--	=	18
BRABCACNPR4	Banco ABC Brasil	-	-	-	--	-	=	17
XS0906946008	Gazprombank	-	-	-	-	--	-	16
TW0002880002	Hua Nan Financial Holdings	-	--	--	--	-	-	16
MXP370641013	Grupo Financiero Inbursa	-	-	-	-	--	--	13
AED000201015	Dubai Islamic Bank	-	-	-	--	--	--	12

General information

Banco Santander Mexico SA is a Mexico-based financial institution. The Company was founded in 2004 and is headquartered in Mexico City, Mexico. The Bank offers personal and corporate loans, saving accounts, deposits,

credit cards, mutual funds, lease financing, investment facilities, and business consulting services. Banco Santander Mexico operates as a subsidiary of Banco Santander.

Selected financial data

Key data	Revenues	EBIT	Employees
2017	MXN 55,844m	MXN 33,141m	17,826
2016	MXN 49,130m	MXN 12,924m	16,976
2015	MXN 42,988m	MXN 25,291m	17,144
2014	MXN 37,570m	MXN 22,354m	16,427
2013	MXN 35,847m	MXN 23,035m	14,260

Main shareholders	2018
Grupo Financiero Santander Mexico	74.96%

Geographical Breakdown	Turnover 2017	Employees
Mexico	100%	100%

Main economic segment	Turnover 2017
Retail Banking	85.9%

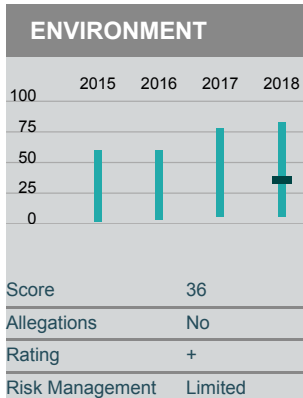
Main economic segment	Turnover 2017
Corporate Banking	14.1%

Selected ESG Indicators

	2017
Non-executive Board member(s) responsible for CSR issues	No Info
Executive remuneration linked to CSR performance	No Info
Percentage of independent Board members	11.7
Percentage of women on Board	5.8
Percentage of women in Executive team	5.8
Percentage of women in workforce	N/A
Transparency on lobbying budget	No
Percentage of employees covered by collective agreements on working conditions	24
3 year trend for safety at work	N/A
Involvement in armament	No

CSR performance per domain

■ Sector performance
■ Company performance
Rating : min- / max ++

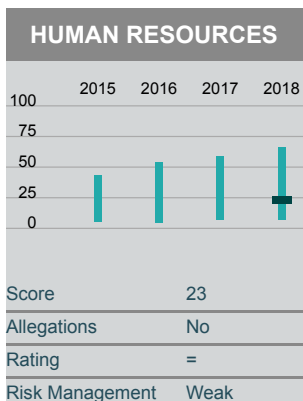


Key issues

The integration of environmental factors in the allocation of resources to companies and individuals is relevant to influence them towards more environmentally responsible behaviours (ENV1.3). With the Paris agreement, climate change remains the focus of the debate (ENV2.2), which is why the scope of the analysis has been enlarged to cover banks' efforts to reduce their own carbon footprint, their financed emissions, and to support the energy transition. Financial institutions can also address their direct impacts by minimizing the CO2 consumption of their own operations (ENV2.2 and ENV2.7) and by implementing an Environmental Management System (ENV1.1).

Company performance

- Banco Santander Mexico's performance in the Environmental domain is limited in absolute terms.
- The Company's policy to address environmental issues comes from its parent Company (Banco Santander SA) and covers the majority of its responsibilities in this regard. Regarding its direct impacts, 43% Company's energy comes from green sources, however the CO2 emission per employees increased over the past two years. In terms of indirect impacts, the Company assess its financed projects according to the Equator Principles, but the Company does not report indicators on the evolution of the share of loans of these projects. Finally, the Company implemented some measures to reduce pollution and improve the mix in transport of personnel.

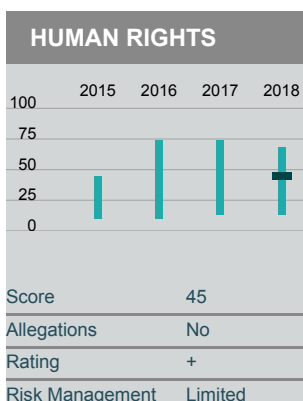


Key issues

Cost reduction strategies, including job cuts, affect the financial industry since after the financial crisis. This calls for banks to responsibly manage restructurings (HRS2.3) to mitigate social consequences for employees and safeguard their human capital base. The unstable external and internal environment, characterised by an increased work pressure, lack of job security and an increased demand for flexibility, requires an effective health & safety policy (HRS3.2) to deal properly with many stress factors.

Company performance

- Banco Santander Mexico's performance in the Human Resources domain is weak in absolute terms.
- Only 24% of the Santander Mexico's employees are covered by collective bargaining agreements. Banco Santander Mexico conducts awareness raising programmes to address a health and safety system but there is no information about the management of stress at work. Finally, there is a lack of reporting on the way the Bank mitigates impacts of reorganisations on its employees.



Key issues

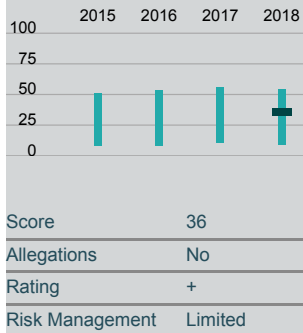
The financial industry is characterized by a high-qualified workforce, with a high proportion of men in managerial positions and significant gender pay disparities. As a consequence, non-discrimination (HRT2.4) is a relevant issue for the sector. Financial companies may also be exposed to human rights abuses through their financing and investment activities (HRT 1.1).

Company performance

- Banco Santander Mexico's performance in the Human Rights domain is limited in absolute terms.
- Banco Santander Mexico is committed to respect and promote human rights, and adopted the exclusion of business relations with sectors violating the human rights. The Company has a commitment to respect for freedom of association, but allocated measures are not disclosed. Finally, Banco Santander Mexico discloses some measures set up to back up the Group's commitment to prevent discrimination, and the share of women in management positions shows a stable trend on the 3-year period, close to 43%.

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

COMMUNITY INVOLVEMENT



Key issues

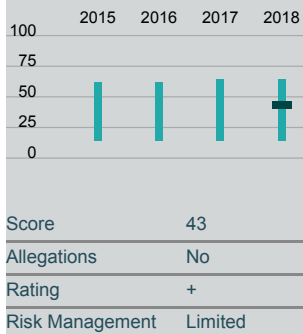
The main role of banks is to enhance the social and economic development by supporting the real economy and to mitigate risks resulting from activities with negative impacts for society (CIN1.1). As tax revenues are key for sustainable development, companies have the responsibility to ensure fairness and transparency in their tax strategies (CIN1.1). Financial inclusion and the support of clients in financial distress are also a key responsibility for banks (CIN2.1).

Company performance

- Banco Santander Mexico's performance in the Community Involvement domain is limited in absolute terms.

- The Company is committed to promote local entrepreneurship; however, it is not clear if programs allocated to promote the social and economic development go beyond 'SME Advance' program dedicated to start-ups. In addition, the Company is committed to promote access to basic banking services and support customers in financial distress and has allocated financial education programmes to community at large and access to credit programmes. However, there are no indicators reported to assess its performances in this regard. Finally, the Company reports transparently its taxes paid.

BUSINESS BEHAVIOUR (C&S)



Key issues

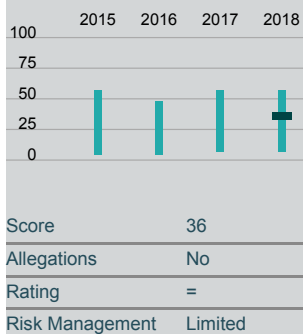
Banks' responsibility is to provide comprehensive and suitable advice to customers on their products and associated risks (C&S1.2), as well as to ensure fair relations with them. Cybersecurity and the protection of clients' information are emerging as key issues for a responsible management of clients and therefore recently included in the dedicated driver (C&S1.3). Companies' effort to create an internal culture of responsible business conduct is also crucial in a sector that has been heavily affected by controversies related to unethical behaviour (C&S3.1).

Company performance

- Banco Santander Mexico's performance in the Business Behaviour domain is limited in absolute terms.

- Banco Santander Mexico has issued a formalised commitment and deployed some measures to address issues related to information to customers and responsible customer relations such as conducting customer's satisfaction surveys, products approval processes and procedures to approve marketing initiatives. Yet, there is a lack of quantitative data on KPI's related to clients' complaints. As to business ethics and money laundering issues, the Bank's policy is visible and it has implemented training programmes, internal controls to prevent ethics risks and some measures to prevent money laundering issues. Finally, there is no disclosure on lobbying strategies and practices.

CORPORATE GOVERNANCE



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Directors are evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

- Banco Santander Mexico's performance in the Corporate Governance domain is limited in absolute terms.

- The Board is 11.7% independent, which is less than the recommended level and CSR issues do not appear to be reviewed regularly at the board level. The Audit Committee has a comprehensive role and the internal control systems cover some CSR issues, including business ethics and consumer privacy. The Company respects the one share - one vote principle, but an explicit anti take-over device is identified. Finally, there is a lack of transparency on rules guiding the allocation of executives' remuneration.

CSR performance per criterion

Detailed Analysis

Environment	12
ENV1.1 Environmental strategy	12
ENV1.3 Development of green products and services	14
ENV2.2 Minimising environmental impacts from climate change	16
ENV2.7 Management of environmental impacts from transportation	18
Human resources	19
HRS1.1 Promotion of labour relations	19
HRS2.3 Responsible management of restructurings	21
HRS2.4 Career management and promotion of employability	22
HRS3.2 Improvement of health and safety conditions	24
Human rights	26
HRT1.1 Respect for human rights standards and prevention of violations	26
HRT2.1 Respect for freedom of association and the right to collective bargaining	28
HRT2.4 Non-discrimination	30
Community involvement	32
CIN1.1 Promotion of the social and economic development	32
CIN2.1 Societal impacts of the company's products / services	34
Business behaviour (C&S)	36
C&S1.2 Information to customers	36
C&S1.3 Responsible Customer Relations	38
C&S3.1 Prevention of corruption and money laundering	40
C&S3.3 Transparency and integrity of influence strategies and practices	43
Corporate governance	45
CGV1.1 Board of Directors	45
CGV2.1 Audit & Internal Controls	48
CGV3.1 Shareholders	50
CGV4.1 Executive Remuneration	52

-  Involvement in allegations
-  Involvement in allegations with evidence of corrective measures

Environment

Score: 36

ENV1.1 Environmental strategy

(score: 49, weight: 2)



Visibility of the commitment to environmental issues

The Company has issued a formalised commitment to environmental protection in its Santander Global Climate Change Policy, Santander Group Sustainability Policy and in its Sustainability Report. In addition, the Company is a signatory of the Global Compact and communicates on this principle. Moreover, Santander Mexico has set the target to reach the 50% of energy consumption comes from green sources during the 2018.

The company commits to the majority of its responsibilities in terms of environmental protection:

- Measuring and monitoring direct environmental impacts
- Minimising environmental impacts from transportation
- Introducing environmental factors in the credit risk assessment
- Incorporate ESG considerations in investments strategies
- Reducing indirect impact on climate change, through credit/ lending activity

Relevance of environmental strategy

- *Measuring and monitoring direct environmental impacts: the Company is committed to monitor and control the consumption and saving of energy, water and paper, as well as the treatment and disposal of waste and the emissions that Santander Mexico generates.*
- *Incorporate ESG considerations in investments strategies: In the Santander Group Climate Change Policy, the Company is committed to develop socially responsible investment (SRI) channels.*
- *Introducing environmental factors in the credit risk assessment & Reducing indirect impact on climate change, through lending activity : The Company states that Santander Mexico follows the framework in integrating environmental criteria (including climate change) from the Environmental and Social policy from Grupo Santander SA (Parent Company) in its credit activities.*

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

The Company has a Sustainability Committee (executive), which is in charge of implementing the Santander's Sustainability Policy in Mexico.

Means allocated to environmental management system

The company has allocated significant resources to environmental management.

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

The company has implemented the ISO 14001:2015 which includes these tasks. In

addition, PwC provides the external verification of reporting on environmental performance.

Means allocated to employees environmental engagement

The company has set up some employees environmental engagement initiatives.

- Awareness raising
- Training on ways to reduce their environmental impact in their daily operations
- "Green teams" or environmental dedicated task forces
- Remuneration based on environmental performance (bonuses and awards)

- Awareness raising: On intranet, the company publish several articles on environmental issues such as fossil fuels, efficient use of energy, water consumptio, etc.

- Training on ways to reduce their environmental impact in their daily operations: the company carries out training sessions on the adequate use of electric power and drinking water.

Coverage of certified environmental management systems

Less than 25% of the company's sites/offices have a certified environmental management system.

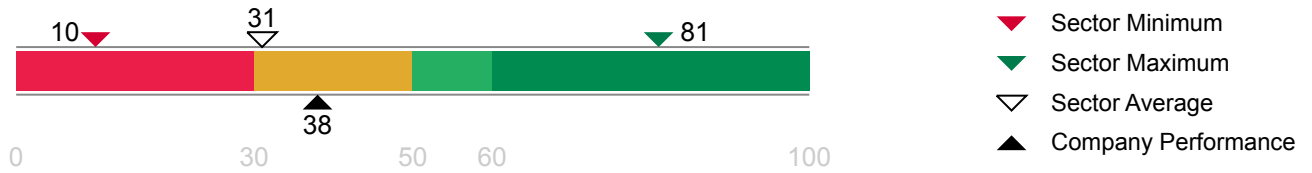
The company has certified its Santa Fe Corporate Center and the Technological Operation Center Santander under the ISO 14001:2015. However, the exact coverage is not disclosed.

Leadership	65
Visibility	65
Relevance	65
Ownership	65

Implementation	32
Means & resources	49
Coverage	0

ENV1.3 Development of green products and services

(score: 38, weight: 2)



Relevance of the company's commitment to integrate environmental issues in its lending and investment activities

The Company states that Santander Mexico follows the framework in integrating environmental criteria from the Environmental and Social policy from Grupo Santander SA (Parent Company). In addition, the the Company has policies in sensitives sectors such as energy, mining and metals, soft commodities and armament. Of note, although Santander Mexico is not signatory of Green Bond Principles, Equator Principles III nor UNPRI, it follows these principles since the Parent Company is signatory.

Ownership of the commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure responsible for these policies is set at Santander Mexico.

Means allocated to the integration of environmental issues in lending activities

The bank has adopted processes to identify, assess, classify environmental risks of clients/ projects.

Santander Mexico assess all the projects financed over the USD \$10 millions according to the Equator Principles in order to determine, assess and manage the social and environmental risks of projects financed. The financial analysis of the financing process is complemented by a socio-environmental study performed by an external advisor.

Coverage of the measures in place to integrate environmental issues in lending

The process covers the transactions as defined in the EP III version

Means allocated to the integration of environmental factors in investment activities

Information provided by the company and obtained from public sources regarding means allocated to the development of sustainable investment strategies is insufficient

- Exclusionary screening
- Positive screening (including best-in-class approach)
- Thematic funds
- Engagement with the companies
- Voting policies covering ESG issues

Coverage of the measures in place to integrate environmental factors in investment activities

Information provided by the company regarding the coverage of means allocated to the development of sustainable investment strategies is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

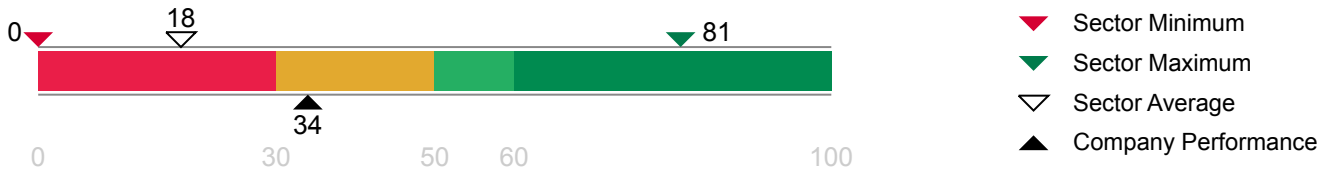
Leadership	33
Relevance	65
Ownership	0

Implementation	15
Means & resources	16
Coverage	15

Results	65
Performance	65

ENV2.2 Minimising environmental impacts from climate change

(score: 34, weight: 3)



Relevance of the company's commitment to reduce its energy consumption/ CO2 emissions

The company has set quantified targets with regard to its energy consumption/ CO2 emissions, but these do not cover the entire group.

The Company is committed to generate solutions that allow to the Company builds a sustainable economy that respects the environment and they work to reflect this commitment in its daily activities. In addition, the company has set the target to reach the 50% of energy consumption comes from green sources during the 2018.

Relevance of the company's commitment to reduce climate change trough its financing activities

The Company states that Santander Mexico follows the framework in integrating environmental criteria from the Environmental and Social Policy from Grupo Santander SA (Parent Company). Santander Group considers and assess the impacts that financing projects have on climate change, as well as the measures to take in order to eliminate or reduce harmful emissions. Moreover, the company is committed to financing of renewable energy and energy efficiency projects.

Means allocated to assess climate risks in financing activities and to support a low carbon economy

The company has processes to systematically consider climate risks in its financing activities

Santander Mexico assess all the projects financed over the USD \$10 millions according to the Equator Principles in order to determine, assess and manage the social and environmental risks of projects financed (including climate risks). The Global Corporate Banking area and Project Finance is in charge of coordinate the environmental due diligence for each project. In addition, Santander Mexico put special attention to keep control and record the possible risks associated with the development of infrastructure and energy projects.

Coverage of the means allocated to assess climate risks

The company has allocated these means in part of its activities

The process covers the transactions as defined in the EP III version.

Means allocated to reduce the company's own energy consumption and CO2 emissions

The company has set up measures addressing energy efficiency and it purchases "green electricity"

43% of the company's energy consumption are from green sources.

Coverage of the means in place to reduce the company's own energy consumption and CO2 emissions

The company has taken such measures in the majority of the company

The measures put in place to reduce the energy consumption in its own operations are implemented in all the company's sites in Mexico.

Performance indicators on the company's own CO2 emissions related to energy consumption

The company's CO2 emissions linked to energy consumption, normalised to Number of employees have increased over the past two years by 21% from 0.0041 KtCO2 per employee in 2016 to 0.0049 KtCO2 per employee in 2017.

Trend of CO2 emissions linked to the company's portfolio

Information obtained from company and public sources regarding CO2 emissions linked to financing activities is insufficient

Evolution of the share of loans to support the energy transition

Information on the percentage of loans to finance the energy transition are not disclosed

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	41
Visibility	65
Relevance	30

Implementation	44
Means & resources	41
Coverage	50

Results	16
Performance	0
Trends	19

ENV2.7 Management of environmental impacts from transportation

(score: 10, weight: 1)



Relevance of the company's commitment with regard to the environmental impacts related to the transport of its products and/or personnel

The company does not disclose any commitment with regard to the environmental impacts related to the transport of its products and personnel.

Means allocated to minimising the environmental impacts

The company has set up some relevant measures to reduce its environmental impacts related to the transport of its personnel:

- Measures to reduce pollution (car maintenance, alternative fuels, driver training, etc.)
- Rationalisation of transport flows (promotion of conference calls, train travels, etc.)
- Improvement of personnel transport mix/commuting (promotion of public transport, cycling, financing job tickets, car sharing, etc.)
- Cooperation with local authorities (involvement in transport infrastructures, mobility plans, etc.)

- *Measures to reduce pollution: the Company made efforts to reduce the GHG emissions from business travel by changing some Company's buses by new models which generate less emissions.*
 - *Improvement of personnel transport mix/commuting: the Company has collective transport routes for the personnel of its Corporate Santa Fe, in order to optimize their transfers and contribute to reducing emissions from the use of private vehicles.*

Coverage

There is no evidence that the measures put in place covers the majority of the Company's employees.

Energy consumption or CO2 emissions related to transportation

Information obtained from company and public sources regarding CO2 emissions or energy consumption from transportation is insufficient.

Of note, the Company reports its emissions related with the transport (Scope 3: 14.106 tCO2) in 2017. However historical data is not disclosed if this is the case.

Trend in transport mix

Information obtained from company and public sources regarding the company's transport mix is insufficient to determine a trend.

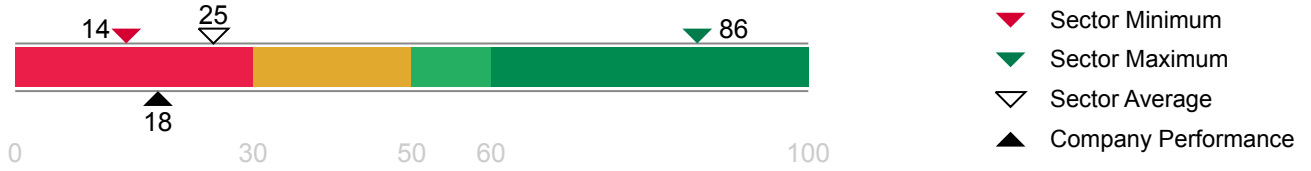
Leadership	0	Implementation	30	Results	0
Relevance	0	Means & resources	30	Performance	0
		Coverage	30	Trends	0

Human resources

Score: 23

HRS1.1 Promotion of labour relations

(score: 18, weight: 2)



Visibility of commitment

The company does not disclose any commitment to promote labour relations.

Relevance of commitment

The company does not disclose any commitment to promote labour relations.

Ownership of commitment

The company does not disclose any commitment to promotion of labour relations.

Coverage of employee representative bodies

Information obtained from company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.

Subjects covered by collective bargaining

Collective bargaining between the company and employee representatives deals with subjects related to working conditions, including:

- health & safety
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- age conscious human resources management
- stress management
- equal opportunities

Banco Santander Mexico negotiates salaries with its union on an annual basis and benefits every two years, as required under Mexican law.

Employee representative bodies in countries with restrictive legislation

The company engages with non-independent employee representative bodies in countries with restrictive legislation.

The Company negotiate with employee labour unions which is affiliated with the National Federation of Bank Unions.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Coverage of collective agreements on working conditions

Collective agreements on working conditions cover less than 25% of its employees.

24% of the Company's employees are covered by the bargaining agreements.

Leadership	0	Implementation	12	Results	43
Visibility	0	Means & resources	30	Performance	43
Relevance	0	Scope	30		
Ownership	0	Coverage	0		

HRS2.3 Responsible management of restructurings

(score: 12, weight: 3)



Relevance of commitment to manage reorganisations responsibly

The company does not disclose any commitment to manage reorganisations responsibly.

Involvement with employee representatives

The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

Means allocated to prevent and manage reorganisations

Information obtained from company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

- significant financial compensation
- early retirement
- outplacement services
- individualised follow-up of employees
- reduction of labour time
- internal mobility programme
- re-training

Coverage

Information obtained from company and public sources regarding the percentage of sites where such measures are taken is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

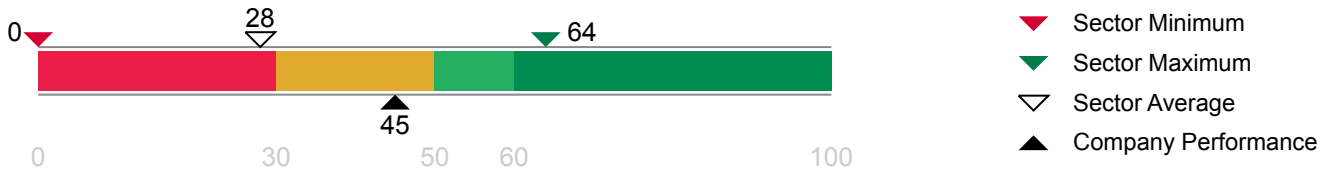
Result of the company's commitment to manage reorganisations responsibly

The company does not provide any information on the impacts of reorganisations on employment.

Leadership	0	Implementation	0	Results	35
Relevance	0	Means & resources	0	Performance	35
Ownership	0	Coverage	0		

HRS2.4 Career management and promotion of employability

(score: 45, weight: 2)



Visibility of commitment

The company makes some general statements promoting career management and training in its:

Sustainability Report.

Relevance of commitment

The company's commitment to promoting career management and training is general.

- Anticipate short and long-term employment needs and skill requirements
- Adapt employees' skill sets to their career paths
- Elaborate individual development plans
- Promote age conscious training and development

Training is one of the cornerstones of the Group's professional development drive.

Ownership of commitment

The Head of HR is part of the company's Board or Executive Committee. However line managers do not appear to be evaluated on their performance in terms of HR management.

Mr. Enrique Mondragón, Deputy General Director of Human Resources, is part of the Company's management team.

Career management systems

The company has set up an internal job opportunity marketplace and/or has formalised the skill requirements for the various job positions. Moreover employees have regular performance assessment interviews.

The Company has formalised the skill requirements for the various job positions in its job website. Banco santander Mexico has 2 types of evaluations: 'Performance evaluation' and '360° evaluation' to identify weaknesses and/or strengths and thus aligning the work objectives of employees with those of Santander Mexico.

Coverage of career management systems

These career management systems cover a between 50 and 74 percent of the company's employees.

56% of the employees were assessed with the 360° evaluation process.

Types of training provided to non-managers

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills. Risk management and compliance issues are part of the common training curriculum.

Banco Santander Mexico has implemented several training programmes, such as

'from the management to leadership', 'negotiation tools', 'Project management', 'talent Management' among other. The training can be divided in 'development of technical skills', 'Development of management skills' and for 'Compliance knowledge'. In addition, 100% of the employees were trained on anticorruption practices.

Means allocated to training for all employees

The number of training hours per employee has decreased by 27% over the past 3 years from 65.01 hours trained per employee in 2015 to 47.24 hours trained per employee in 2017. The amount of the annual training budget has remained stable over the past 3 years, standing at EUR 6.25 millions

Mobility / turnover

The Employee Turnover Rate has increased by 4 percentage points over the past three years from 14.4 in 2015 to 18.4 in 2017.

Training delivered during the year under review

All the company's employees received training during the year under review.

The Company has trained 99% of the employees.

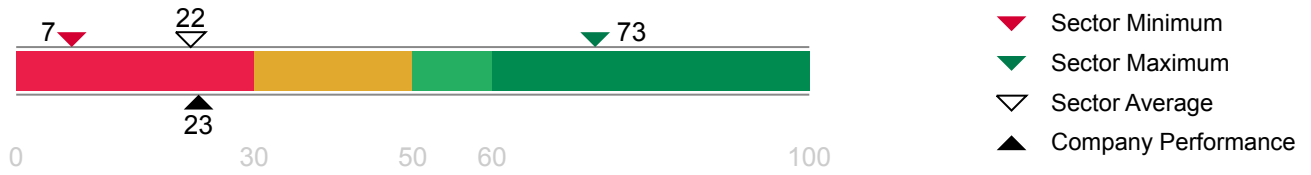
Leadership	30
Visibility	30
Relevance	30
Ownership	30

Implementation	56
Means & resources	53
Coverage	65

Results	50
Performance	50

HRS3.2 Improvement of health and safety conditions

(score: 23, weight: 3)



Visibility of health & safety commitments

The company has made references to health and safety issues in its: *Global Code of Conduct.*

Relevance of commitment

The company's commitment is general.

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- prevent occupational disease
- reduce stress/promote well-being
- improve ergonomics
- reduce the rate of absenteeism

Santander considers that the occupational health and safety of the Persons Subject to the Code are fundamental to achieve a comfortable and safe working environment, the constant improvement of working conditions being a priority objective.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure or local managers are held accountable.

The global Code of Conduct was approved by the Board of Directors of Banco Santander SA (parent Company). In addition, the Company has a local committee in charge of the Civil Protection, safety and health which is formed by the areas of Labor Relations, Human Resources and Prevention and Safety.

Means allocated to health and safety

The company has allocated means to address health and safety issues, including:

- training/awareness raising programmes
- internal monitoring
- risk assessments
- internal H&S audits
- H&S competitions
- remuneration based on H&S performance
- OHSAS 18001 certifications

- awareness raising programmes: the Company carries out a programme called 'Behealthy' which promote a healthy life.

Means allocated to reduce stress at work

Information obtained from company and public sources regarding means allocated

to mental health is insufficient.

- Employee assistance programme / hotline (stress only)/counselling
- Job redesign (work organisation)
- Training on stress for managers
- Monitoring of absenteeism/rate of occupational disease; assessment of stress through analysis of internal H&S data
- Awareness campaigns and information
- Training on stress for employees
- Measures to improve ergonomics
- Detection of stress: Identification of stress sources/risks assessments
- Avoidance of overtime
- Employee oriented flexibility (work/life balance)
- Employee participation tools (opinion surveys, dedicated teams, workshops)

Coverage of means allocated to address mental health Information obtained from company and public sources regarding the percentage of employees that benefit from health and safety training and/or audits is insufficient.

Accident frequency rate The company does not disclose quantitative data on accident frequency rates.

Other health and safety indicators The company does not disclose quantitative data on occupational disease rates.

Stakeholders' feedback A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

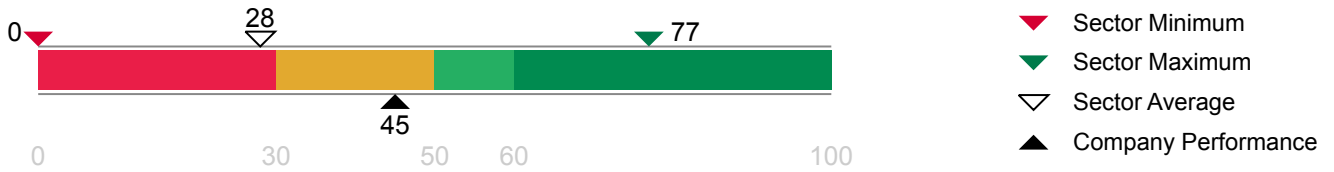
Leadership	42	Implementation	6	Results	22
Visibility	30	Means & resources	30	Performance	22
Relevance	30	Scope	0		
Ownership	65	Coverage	0		

Human rights

Score: 45

HRT1.1 Respect for human rights standards and prevention of violations

(score: 45, weight: 2)



Visibility of commitment to support human rights in the business

Banco Santander Mexico has issued a formalised commitment to respect and promote human rights in society in its Grupo Santander Human Rights Policy. The company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to respect and promote human rights addresses the majority of its business activities

The Company is committed to follow the frame of Human Rights policy used by its parent Company (Banco Santander SA). The Policy refers to including a social and environmental dimension and human rights protection in the Bank's asset management policy in a progressive manner and to accepting, in line with the commitment assumed by the Bank in the Equator Principles, the obligation to analyse, identify and correct, during its financial activities' risk analysis and following the guidelines approved by the International Financial Corporation, any negative social impacts, including those affecting local communities. Developing specific policies that, in line with the Equator Principles, determine Banco Santander's requirements for providing finance to sectors, activities or potential clients that pose special social or human rights risks. Santander policy refers to The International Bill of Human Rights, The International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Tripartite declaration of principles of the International Labour Organization concerning multinational enterprises and social policy; The United Nations Guiding Principles on Business and Human Rights and OECD guidelines for multinational companies. Finally, in its Sustainability Policy Santander refers to rights of Indigenous peoples.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure is in place at Santander Mexico.

Means allocated to manage human rights risks in business activities

The company has adopted few measures, including:

- Dedicated training for staff
- External review
- Awareness raising/ assistance programs for clients
- Mapping of risk exposure of clients, sectors, projects, markets
- Dialogue/ engagement with companies/ countries/ sectors on human rights
- Exclusion of business relations with clients, sectors, countries violating human rights
- Set up of grievance mechanism through which stakeholders affected can voice their concerns (directly to the bank)
- Consultation/ cooperation with stakeholders

- Exclusion of business relations with sectors violating human rights: The defence policy provides that Banco Santander will not maintain, under any circumstance, any type of business relationship with organisations (and their subsidiaries) that manufacture, commercialise or distribute: cluster bombs, chemical or biological weapons, nuclear weapons and ammunition containing depleted uranium, irrespective of their business activity.

Coverage

The company only takes into account human rights related risks factors in its financing activities (Equator principle) and asset management.

Stakeholders' feedback

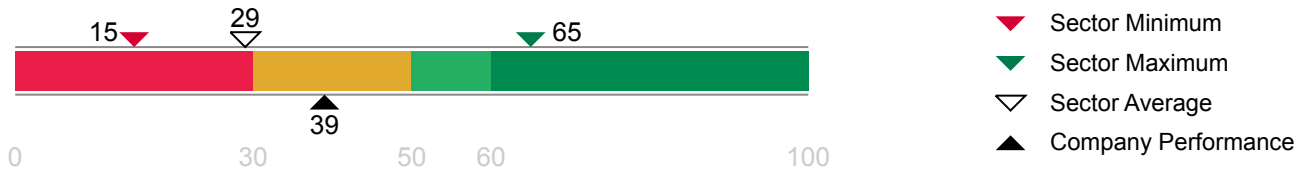
A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	39	Implementation	30	Results	65
Visibility	65	Means & resources	30	Performance	65
Relevance	65	Coverage	30		
Ownership	0				

HRT2.1 Respect for freedom of association and the right to collective bargaining

(score: 39, weight: 2)



Visibility of commitment

Banco Santander Mexico has issued a formalised commitment to freedom of association and the right to collective bargaining in its Grupo Santander Human Rights policy. Grupo Santander is a signatory of the Global Compact and communicates on this principle.

The company's commitment is detailed and addresses most of its responsibilities:

- protection of freedom of association and the right to organize
- respect of the right to collective bargaining
- respect and protection of workers' representatives

Relevance of commitment

In its Human Rights Policy, Grupo Santander recognises the fundamental right of each worker to set up unions or representative bodies and be a member of them. The Bank also guarantees respect for the freedom of expression, union activity, collective bargaining and the recognised protection of workers' representatives in accordance with each country's labour legislation. The Group will respect the internationally recognised right to collective bargaining, as well as the activities of the unions and/or organisations representing workers, carried out in accordance with their legally attributed duties and responsibilities.

Ownership of commitment

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure is in place at Santander Mexico.

Monitoring

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations (e.g.: through external verification, risk mapping, audits, etc.)

- occasional risk mapping
- occasional internal audits
- on-going monitoring of labour rights risks
- regular internal audits
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

Promotion of collective bargaining

Information obtained from company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

Coverage

Information obtained from company and public sources the percentage of the company where such labour rights systems and programmes are in place is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

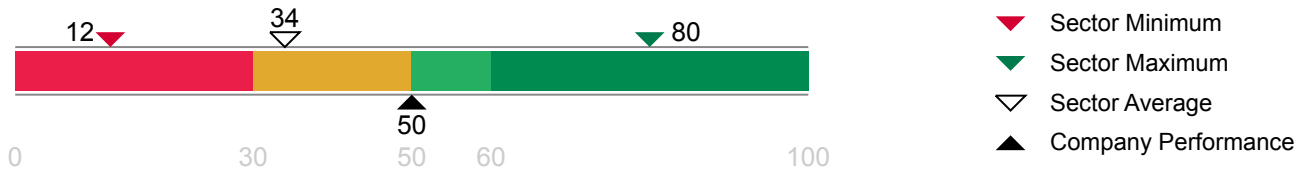
Leadership	53
Visibility	65
Relevance	100
Ownership	0

Implementation	0
Means & resources	0
Coverage	0

Results	65
Performance	65

HRT2.4 Non-discrimination

(score: 50, weight: 3)



Visibility of commitment

Banco Santander Mexico has issued a formalised commitment to non-discrimination in its General Code of Conduct and its Grupo Santander Human Rights Policy. Banco Santander Mexico is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to non-discrimination explicitly defines most of the categories and the management processes to which these apply:

- gender
- sensitive medical conditions
- trade union membership or activities
- other (please define)
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- political opinion
- age

One of Grupo Santander's basic principles is to provide equal opportunities in hiring, selection and/or professional promotion.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure is in place at Santander Mexico.

Means allocated

The company has set up significant measures to prevent discrimination and promote diversity:

- awareness raising
- maternity pay (greater than the statutory requirement)
- paternity pay (greater than the statutory requirement)
- job sharing initiatives
- child care facilities/child care subsidies
- training
- monitoring

- confidential reporting system / grievance procedures
- disciplinary procedures / corrective measures
- affirmative action programmes
- flexitime
- monitoring of salary disparities
- career break opportunities

- awareness raising/ training: the Company communicates its efforts to reach a gender equality through trainings, internal communication and the development of an internal culture on this matters.
 - monitoring: the Company monitors the breakdown of job categories by gender and age (including women in management position).
 - flexitime: the Company has implemented the programme Flexiworking to promote the life/work balance.
 - Maternity and Paternity pay: the Company has implemented maternity and paternity leave for the parents whom adopt childs as well.

Coverage

The company has set up programmes to promote diversity (eg: training, awareness-raising, etc.) in a minority of its operations.

There is no evidence that the measures put in place covers the majority of the company's employees.

Results in terms of gender distribution

The share of women in management positions remained stable over the past three years Standing at 43.2% of women in management position in 2017.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

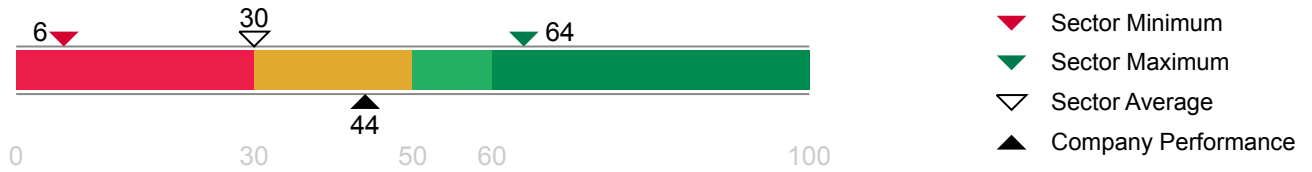
Leadership	53	Implementation	48	Results	49
Visibility	65	Means & resources	65	Performance	65
Relevance	100	Coverage	30	Trends	30
Ownership	0				

Community involvement

Score: 36

CIN1.1 Promotion of the social and economic development

(score: 44, weight: 3)



Visibility of the commitment to support local development

The company has issued a formalised commitment to the promotion of local social and economic development in its:

Grupo Santander Global Sustainability Policy and in its Sustainability Report.

Relevance of the commitment

The company's commitment to promote local social and economic development addresses its main responsibilities:

- Promote local entrepreneurship through SME financing
- Support to community investments
- Implement a responsible tax strategy (as a company)
- Encourage responsible tax practices by clients (as tax services providers)

- Promote local entrepreneurship through SME financing: the Company is committed to bring courses designed by prestigious universities on key issues that will contribute to the competitive development of the SME.
 - Implement a responsible tax strategy: the Company is committed to adopt good practices that allow an adequate prevention and reduction of fiscal and reputational risks, in order to generate greater legal and economic security for the entity and for the community.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure is in place at Santander Mexico.

Means allocated

The company has allocated few means to address social and economic development, including:

- Support to SME's and/or business start-ups (investment, logistical support, training, advices)
- Impact investing actions (dedicated social impact funds, social bonds, social/ societal investments)
- Support local development through investee companies (for ex. thematic investment funds, private equity, etc.)
- Support to public and/or community development/investments
- Support to micro-finance providers (through, for ex. dedicated investment vehicles)
- Cooperation with NGO's or other relevant stakeholders on local development
- Support the financial infrastructure in developing countries

- Support to SME' s and/or business start-ups: the Company has a programme called 'SME Advance' which support the development, financing and the search of talents for the SME.

Geographical coverage

There is no evidence that these means are allocated in the majority of the company sites.

Trend of indicators measuring the "impact" of the company's community development engagement

The company does not monitor/report indicators on social and economic development

Transparency of tax reporting

The Company reports significantly on taxes paid. Reporting covers:

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations
- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

- taxes paid in key countries of operations: the Company reports its taxes paid in Mexico, where it has all its operations.
 - sales, operating profit and employees per zone.

Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

The Company does not operate in any location considered by the IMF as 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	46	Implementation	30	Results	55
Visibility	65	Means & resources	30	Performance	75
Relevance	65	Coverage	30	Trends	0
Ownership	0				

CIN2.1 Societal impacts of the company's products / services

(score: 28, weight: 3)



Visibility of the company's commitment to promote financial inclusion

The company has issued a formalised commitment to address the accessibility of its products/services in its:

Santander Group Global Sustainability Policy.

Relevance of commitment

The company's commitment addresses part of its responsibilities:

- promote access to basic banking services for weaker customers
- promote access to credit for weaker customers
- support customers in financial distress
- prevent clients' discrimination

- promote access to basic banking services for weaker customers: the company is committed to develop products aimed to promote the financial and social inclusion.
 - support customers in financial distress: Santander will monitor situations that may arise and have an impact on certain clients in order to offer them alternative solutions, in particular, among those groups at risk or in a situation of social exclusion.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure is in place at Santander Mexico.

Means allocated to promote access to basic financial services:

The company has allocated few measures to promote access to basic financial services

- Access to basic banking services
- Access to credit
- Financial education (to community at large)
- Systems to prevent the discrimination of customers
- Specific training for sales personnel
- Development of expertise through cooperation with stakeholders (long term and stable partnerships)

- Access to credit: the Company has implemented the financial inclusion programme 'Tuiio' for low-income clients to support them through the offer of micro-credits for them.
 - Financial education: The company has a programme called 'ABC of your Finances' in its website. This programme aims to improve the financial concepts to the community, in order to take better financial decisions.

Information obtained from company and public sources regarding measures allocated to manage the negative impacts of its products/services.

Means question on programs to support customers in financial distress

- Monitoring of weaker customers (early warning system)
- Specific product training for sales personnel
- Support programs in case of financial distress (debt restructuring)
- Specialised departments/business units
- Development of expertise through cooperation with stakeholders

Coverage of means allocated to promote access to basic financial services:

There is no evidence that these means are allocated in the majority of the company sites

Trend of indicators measuring company efforts to promote financial inclusion

The company does not disclose indicators on financial inclusion

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

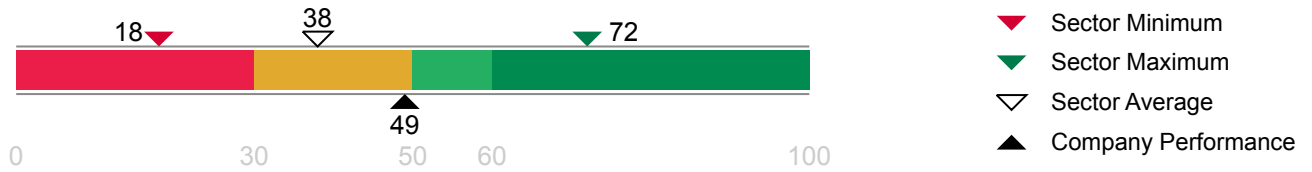
Leadership	32	Implementation	18	Results	35
Visibility	65	Means & resources	15	Performance	65
Relevance	30	Coverage	30	Trends	0
Ownership	0				

Business behaviour (C&S)

Score: 43

C&S1.2 Information to customers

(score: 49, weight: 3)



Visibility of commitment to adequately informing customers about products/ services

The company has issued a formalised commitment to adequately inform customers about its products/services in its:

Santander Group Global Sustainability Policy and in its Sustainability Report.

Relevance of the commitment

The company's commitment addresses its main responsibilities:

- provide customers with detailed information about product risks/benefits
- ensure that suitable products are sold to clients (products in line with their risk profile)
- avoid misleading marketing messages
- avoid mis-selling practices
- avoid coercive tied selling/inertia selling

- provide customers with detailed information about product risks/benefits: the Company is committed to transparent all the information of its products, conditions, restrictions and labeling of Company's products and services, including its fees.
 - ensure that suitable products are sold to clients: Grupo Santander aims to offer simple products and services, personalized, adapted to the needs and risk profile of its customers and providing accurate, sufficient and adequate information.
 - avoid misleading marketing messages: the Company is committed to promote a responsible behaviour through the use of a responsible marketing practices.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Banco Santander, S.A.'s Board of Directors (Parent company) is the titleholder of this policy, which it approves following a proposal put forward by Grupo Santander's Sustainability Committee. However, there is no evidence that a dedicated structure is in place at Santander Mexico.

Systems to monitor information to customers

The company has set up few measures to ensure customers are informed properly:

- educational tools at disposal of customers
- initiatives directly addressing transparency also in cooperation with stakeholders
- procedures to approve/monitor marketing and/or contracts material internally or externally
- systems to overcome information asymmetry (i.e. comparison tools)
- ensuring customers' suitability
- products approval processes

Of note, in order to ensure the sustainability of the company's marketing

campaigns, all the methodological activity in marketing follow the frame dictated by entities such as the National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF), the Bank of Mexico (Banxico) and the National Banking and Securities Commission (CNBV).

- products approval processes: Banco Santander Mexico has a regulatory framework for the process of approval and monitoring of all products and services offered in Mexico. In this framework, approval and monitoring processes are established

of products and services in Santander in order to minimize the entity's exposure to behavioral and reputational risks arising from commercialization.

- procedures to approve marketing initiatives: All the advertising campaigns that the company spreads require the review of the Legal Area, in order to guarantee compliance with the different regulatory standards, both internal and external, before reaching the customer.

Employees training and awareness raising

Information obtained from company and public sources regarding responsibility in marketing and commercial practices is insufficient.

Coverage of systems to monitor information to customers

The company has set up such systems throughout the company

All the new products of the Company has to be approved by the local committee of commercialization.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	49
Visibility	65
Relevance	65
Ownership	0

Implementation	32
Means & resources	17
Coverage	65

Results	65
Performance	65

C&S1.3 Responsible Customer Relations

(score: 50, weight: 3)



Visibility of commitment to responsible customer relations.

The company has issued a formalised commitment to responsible customer relations in its:

Santander Group Global Sustainability Policy and in its Sustainability Report.

Relevance of commitment

The company commits to some of its responsibilities.

- prevent unfair contract terms
- enhance customer satisfaction
- listen to customers' complaints
- cooperate with consumer associations to improve banking services
- protect clients' information assets

- *enhance customer satisfaction: the Company strives to strengthen trust relationships with those they serve aiming to enhance the customer satisfaction, which is a key issue in its Global Sustainability Policy.*
 - *protect clients' information assets: the Company is committed to protect the personal data in all its processes: obtaining, storing, processing and transferring data.*

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The Central Unit of Attention of Clarifications and Customer Service resolves the complaints, suggestions, doubts and comments that the Company receive on its different platforms.

Means allocated to ensure responsible relations with customers

The company has set up few measures:

- staff awareness and training
- measuring performance against customer satisfaction surveys and be acting on the results
- linking the remuneration of sales staff to customers' satisfaction
- cooperating with consumer association on customers related topics (fairness of contracts, for ex.)

- *measuring performance against customer satisfaction surveys and be acting on the results: the Company carries out customers satisfaction surveys. In addition, the company implemented new processes depending on the results of these surveys.*

Complaints management system for customers

There is a formalised and accessible system to handle complaints, with detailed

disclosure on procedures.

In its sustainability Report, the Company shows the different channels to receive complaints and suggestions. In addition, the Company reports the process of the system, depending on the channel used by the client.

Coverage of means allocated to ensure responsible relations with customers

The company has set up such systems throughout the company
The Company carries out its satisfaction survey in all Mexico's branches.

Means allocated to address cyber security and to protect key information assets

The company has set up few measures:

- There is a chief information security officer (CISO) that sets the security strategy and initiatives
- The CISO has a direct reporting relationship with the CEO
- The CISO regularly briefs the board on cybersecurity strategy
- An incident management plans (including disaster recovery and business continuity) is established
- There is security team and a dedicated security budget
- Effective communication/ training of security requirements is provided to all employees

-training of security requirements is provided to all employees: Santander Mexico conducts a preparation of employees who have contact with personal data through training processes in charge of Human Resources.

Results: trend of complaints received

The company does not disclose complaint-related indicators

Stakeholders' feedback

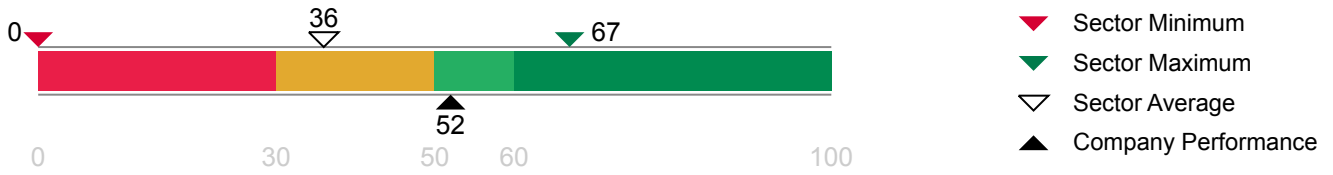
A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	51	Implementation	46	Results	53
Visibility	65	Means & resources	41	Performance	65
Relevance	30	Coverage	65	Trends	0
Ownership	65				

C&S3.1 Prevention of corruption and money laundering

(score: 52, weight: 3)



Visibility of commitment on business ethics and money laundering

The company has issued a formalised commitment to preventing business ethics risks in its Code of Conduct. In addition, the Company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment addresses its main responsibilities:

- giving / receiving bribes
- money laundering
- funds derived from suspicious activities
- gifts and invitations
- extortion
- fraud
- avoid financing oppressive corrupt regimes
- conflicts of interest
- illegal financing of political parties
- prohibition of facilitation payments
- restriction of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The Compliance officer is responsible of the implementation of the AML/FT measures.

Involvement of employees on business ethics

The company has instituted formal training programmes for relevant employees on business ethics risks prevention and management.

The Company strives to spread and keep a culture of ethics and legality within its daily operation. The Company provides its collaborators with the necessary mechanisms and training to ensure that their principles are understood, executed and recognized in each action, every day. In addition, in 2017, 100% of the employees were trained on the Global code of Conduct and the anticorruption practices.

Means allocated (business ethics)

The company has set up internal controls to prevent business ethics risks that include:

- internal audits (internal verification of compliance with the company's code of conduct etc.)
- approval procedures for gifts, etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly

& confidentially

- a dedicated confidential hotline or email address
- external audits (by an independent, external specialised organisation) AND/OR external investigations of allegations
- risk assessment of company vulnerability

Of note, any kind of invitation has to be reported and approved by the Compliance office.

-internal audits: Every 3 months, the compliance office (of the Parent Company in Spain) require a report about the indicators of the 'Corporate defense', which includes some indicators in the prevention of corruption. In addition, the Company counts with a system called 'Heracles', which allows to assess the 100% of the branches in matters of ethics and corruption risks.

- a dedicated confidential hotline or email address: the Company has an Ethic Line, which is managed by a third party.

Coverage (business ethics)

The measures implemented cover all significant parts of the company

Means allocated (money laundering)

The company has set up some measures to prevent money laundering that include:

- measures to establish the identity of its clients and identify the customers whose circumstances warrant additional diligence (e.g. PEPs identification)
- development of risk assessment policies (e.g. on company structures, the customer's reputation, source of wealth/funds, involvement in public contracts, expected account activity)
- updating of customers database on a regular basis to ensure consistency and completeness and appropriate record-keeping
- procedures for identification of and follow up on unusual or suspicious activities
- a dedicated confidential hotline or e-mail address
- involvement of relevant senior managers in decisions on entering or maintaining high-risk business relationships
- thorough assessment for jurisdictions with higher level of organised crimes, AML/CTF deficient legislations

- measures to establish the identity of its clients and identify the customers whose circumstances warrant additional diligence: the Company has identification policies and knowledge of the client based on validation processes that ensure that the records

they are integrated correctly.

- updating of customers database on a regular basis to ensure consistency and completeness and appropriate record-keeping: the Company has regular processes of updating of the database of its record-keeping.

- a dedicated confidential hotline or email address: the Company has an Ethic Line, which is managed by a third party.

Coverage (money laundering)

The measures implemented cover all significant parts of the company.

Reporting (business ethics and money laundering)

The company discloses quantitative data on the corruption and/or money laundering incidents reported internally:

During the 2017, no corruption cases were reported.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the

company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	65
Visibility	65
Relevance	65
Ownership	65

Implementation	37
Means & resources	40
Coverage	30

Results	53
Performance	53

C&S3.3 Transparency and integrity of influence strategies and practices

(score: 12, weight: 2)



Visibility towards stakeholders

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

Comprehensiveness of the commitment

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

- to prevent any contrast with public international conventions (UN, ILO, OECD)
- not obtain or try to obtain information, or any decision, dishonestly
- not to misrepresent themselves to mislead third parties and/or staff of public authorities
- openly declare the company's business interests
- ensure that information provided is up-to-date, complete and not misleading
- not induce staff of PA to contravene rules of behaviour applicable to them
- if the company employs former staff of PA, to respect their obligation of confidentiality
- to be transparent on the amounts of donations to political parties/organisations

Ownership of commitment

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

Involvement of employees

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

Measures allocated

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

- publication of detailed information on lobbying activities
- approval procedures for gifts, travel or other privilege by an independent department
- a dedicated confidential hotline or email address
- internal monitoring for lobbying budget
- internal audits for lobbying activities
- independent party for monitoring lobbying budget/external audit
- external investigations of allegations
- disclosure of the company's lobbying position as regards key sector issues

Coverage of the measures allocated

Information regarding the percentage of the company covered by such controls and

measures is insufficient.

Reporting

The company does not disclose the budget directly and indirectly dedicated to lobbying practices.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Leadership	0
Visibility	0
Relevance	0
Ownership	0

Implementation	0
Means & resources	0
Coverage	0

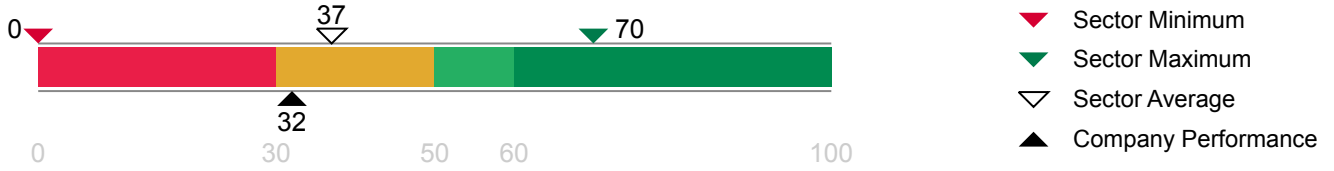
Results	35
Performance	35

Corporate governance

Score: 36

CGV1.1 Board of Directors

(score: 32, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No executive is a member of the committee, but half or fewer are independent.
No member of the five-member Corporate Practices, Nominating and Compensation Committee is considered independent.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

The Head of CSR department/functions reports directly to the CEO/Board.
The Sustainability Committee reports to the executive committee. The sustainability policy is reviewed annually by the Board of Directors.

Share of independent shareholder-elected Board members

The Board is between 0 and 20% independent, which might raise concerns. Two members of the 17-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial:

- At least 30% of directors are women
- At least 40% of directors are women
- Employee representative(s) sitting on the Board
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

Training and expertise provided to board members

Training is provided upon joining the Board.
The Company provides training to its independent members at the moment of joining to the Board.

Regular election of Board members

Board members are eligible for re-election every year.

Evaluation of Board's functioning and performance

Performance is not evaluated regularly.

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

The Company does not have a evaluation system for the Board.

Review of CSR issues at Board meeting

Information obtained from company and public sources regarding the review of CSR issues at board meetings is insufficient.

- Business ethics
- Human capital
- Responsible customers relations
- Climate change
- Social and environmental considerations in lending and investments
- Tax policy
- Financial inclusion

Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are disclosed, but these are below 90%.

Four Board meetings were held during 2017 and the attendance rate was above 70%.

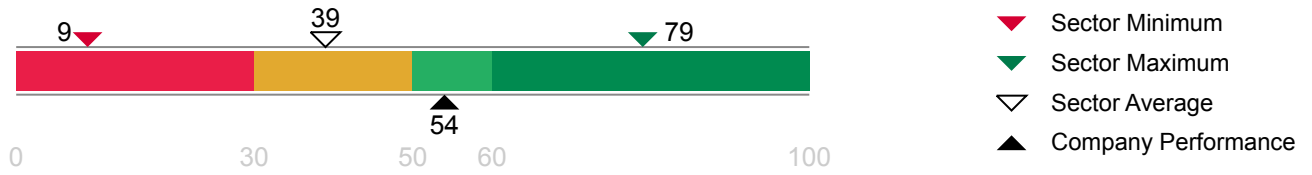
Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independency
Marcos Martínez	Chairman of the Board, Memeber of the Risk Management Committee		X					X	X			X		
Héctor Grisi	Member of the Risk Management Committee	X										X		
Rodrigo Echenique			X					X				X		
Vittorio Corbo			X									X		
Fernando Borja		X										X		
Ángel Rivera		X										X		
Guillermo Güemez	Chairman of the Risk Management Committee		X									X		
Joaquín Vargas	Member of the Risk Management Committee		X						X			X		
Juan I Gallardo			X									X		
Antonio Purón	Chairman of the Corporate Practices, Nominating and Compensation Committee		X		X	X	X					X		
Gina Diez Barroso			X									X		
Jose Carredano			X		X	X	X		X			X		
Jesús Reyes			X		X							X		

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Fernando Ruíz	Chairman of Audit Committee		X		X	X	X		X					
Alberto Torrado	Member of the Risk Management Committee		X		X				X					
Enrique Krauze			X											X
Guillermo Vogel			X											X

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

CGV2.1 **Audit & Internal Controls**

(score: 54, weight: 3)



[LISTED COMPANIES] Existence and independence of Audit Committee

No executive is a member of the committee, but half or fewer are independent.
No member of the three-member Audit Committee is considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial and/or audit experience AND relevant operational experience.

Operational and CSR risks covered by the company's internal controls system

The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations.

- Business ethics: non-compliance, tax avoidance, corruption
- Consumer privacy & data security
- Environmental & climate change risks in credit decisions & other banking activities
- Social & human right risks in credit decisions & other banking activities
- Inclusion, retention & development of staff
- Tax avoidance/evasion

- Business ethics: the Company has a Communication and Control Committee are to monitor the Bank's money laundering and fraud prevention systems and to determine whether activity is suspicious and should therefore be reported to the authorities. The Committee also approves the norms and procedures governing money laundering and fraud prevention, reviews special projects and annual plans relating to money laundering and fraud prevention, analyses operations for suspicious activity and engages in other monitoring activities.
- Consumer privacy & data security: the Company has integrated in its factor risks the cyber security breaches.
- Inclusion, retention & development of staff: the Company considers as a risk factor the success in recruiting, retaining and developing appropriate senior management and skilled personnel for its business strategy.

Governance of risks

The company adopted only some of the recommended measures for a sound risk management:

- No executive is part of the Board Risk Committee
- The Board Risk Committee is composed by a majority of independent members
- The Chairman of the Audit Committee is a member of the Risk Committee
- The Chief Risk Officer (CRO) is at par level of Chief Financial Officer (CFO)
- The CRO has direct access to the Board Risk Committee (including attending committee meetings)

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

Management of the CSR risks

Although the company has set up some measures, it has not gone beyond that to integrate CSR risks in its overall strategy.

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A board committee (with no executive part of it) overseeing CSR risks

- *materiality assessment: the Company reports its materiality matrix with sustainability issues in its sustainability report.*

Supervision of material risk-takers

Information disclosed on this subject is insufficient or not relevant.

Leverage ratio of the bank

The leverage ratio of the bank is above 7%.

At December 2017, the unweighted leverage ratio of the bank (Equity - (goodwill + intangible assets)) / Total assets was 7.4%

Independence of the firm's external auditors

The audit firm receives non-audit fees, but these represent only 25% or less of total fees.

Non-audit fees represented 20.1% of total fees paid to PwC in 2017.

Inclusion of CSR issues in the company's reporting

The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited/moderate level of the assurance.

The external review made by PwC, with limited level of the assurance is based on ISAE 3000.

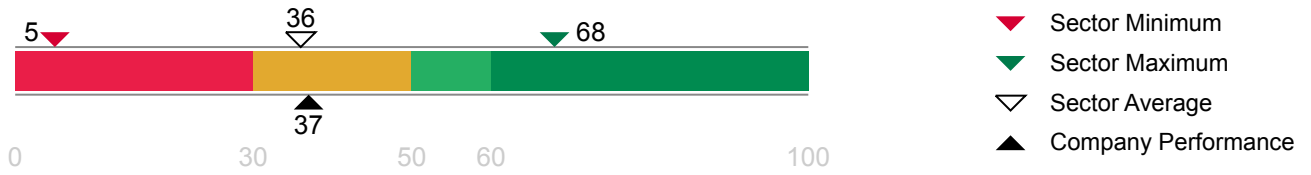
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 37, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Nonexistence of anti-takeover devices

Anti-takeover devices have been identified.

According to the bylaws, there are 2 types of Shares, F Shares and B Shares. The F shares never can be less than the 51% of the company. In addition, the F shares in 100% of Grupo Santander Mexico and only can be acquired by Grupo Santander Mexico or Banco Santander S.A. (Parent Company).

Safeguards on transactions with major shareholder(s)

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s).

Articles 73, 73 Bis and 73 Bis 1 of the Mexican Banking Law regulates and limits loans and other transactions pursuant to which related parties may be liable to a bank. Transactions covered under the Articles are deposits, any type of loans, restructurings and amendments to such loans, net derivatives positions and investments in securities other than equity securities.

Ability to add items to the agenda of the AGM and to convene an EGM

Information obtained from company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM

Not all major items are put to a shareholder vote.

The following items are not put to a vote at the AGM:
- Board fees
- Executive remuneration

Presentation of CSR strategy to shareholders and investors

The company has presented to shareholders and investors its CSR strategy but this covers a limited part of the most relevant CSR issues.

- Climate change
- HRT and ENV issues in lending and investments
- Human capital
- Responsible customer relations
- Business ethics
- Tax policy

Financial inclusion

- *environmental considerations in lending: The CEO in his annual report made to the shareholders reported that Banco Santander Mexico has been recognized as leader and referent in financing wind farms Energy Projects in Mexico.*

- *Financial inclusion: The CEO reported to the shareholders that Banco Santander Mexico has issued a financial inclusion programme for low-income individuals. Its purpose is to generate a measurable social impact via productive microcredits, an account of digital savings, its own branch network, staff, ATMs, POS terminals and electronic banking.*

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 16, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent.
None member of the three-member Remuneration Committee is considered independent.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed, but on a collective rather than on an individual basis. The Company states that the remuneration of executives officers in 2017 was 416 millions (Mexican Pesos).

Link between Short Term Incentive Plans and the performance of the company

Bonuses are said to be linked to predetermined economic and/or operational performance indicators, but these are not disclosed.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

- Business ethics
- Customer relations
- Contribution to social development & financial inclusion
- Indirect environmental and human right impacts
- Human resources development

Severance pay for senior executives

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

Risk alignment of remuneration of top senior executives

At least 60% of variable remuneration of top senior executives is deferred over a period which is between three to five years.

The Company gives a 40% as immediate payment of its variable remuneration, while the 60% is deferred to five years.

Risk alignment of remuneration of material risk takers

Information on risk adjustments of remuneration is insufficient or not relevant.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

The compensation of the CEO is not disclosed.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Banco Santander Mexico did not appear to be involved in any controversy related to this sustainability driver.

Detailed Scores and Ratings

CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2018/08	+	=	+	+	+	=

SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	36	40	32	22
Human resources	23	19	15	36
Human rights	45	49	29	58
Community involvement	36	39	24	45
Business behaviour (C&S)	43	45	31	53
Corporate governance	36	41	22	46

SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	49
	3	38
Environment 2	2	34
	7	10

Sub-domain	Criterion	Score
Human resources 1	1	18
	3	12
	4	45
Human resources 3	2	23

Sub-domain	Criterion	Score
Human rights 1	1	45
	1	39
Human rights 2	4	50

Sub-domain	Criterion	Score
Community involvement 1	1	44
	1	28

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	2	49
	3	50
Business behaviour (C&S) 3	1	52
	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	32
Corporate governance 2	1	54
Corporate governance 3	1	37
Corporate governance 4	1	16

Contacts

Analyst: Gonzalo Marambio • Gonzalo.marambio@vigeo-eiris.com
Research Manager: Sofia BENKIRANE • sofia.benkirane@vigeo-eiris.com

Disclaimer

COPYRIGHT VIGEO EIRIS2018

Vigeo Eiris provides its clients with information and/or analyses or opinion on factual, quantitative or statistical, managerial, economic, financial, governance, social, or technical data, in relation to companies, brands, products or services, assessed individually or with respect to sectors, regions, stakeholders or specific themes.

Vigeo Eiris, its methodology, brand, and employees, shall under no circumstances, be held responsible for any kind of consequence (including economic, financial, or legal) derived from the interpretation of its information, analyses, opinion, scores, and indicators. The terms of use of our products and services and their impacts stem from the sole responsibility of their users.

The above elements (information, indicators, analyses, scores, and opinion) do not include or imply any approval or disapproval on their content from Vigeo Eiris, its executive officers, or its employees. These elements do not represent in any way a guarantee, or reference of legal, moral, philosophical, ethical or religious nature, supporting or opposing any investment or divestment decision, or any standpoint or opinion expressed in favour of, or against companies, products, services, sectors or regions directly or indirectly mentioned in Vigeo Eiris' deliverables. Our deliverables are not, and should not, be considered as a form of financial advice or recommendation. No investment or divestment decision should be attributed to the information or opinion provided by Vigeo Eiris. Our products and services must only be considered as one of the many elements related to the financial decision making process. Vigeo Eiris, its methodology, brand, and employees, shall under no circumstances, be held responsible for any kind of consequence (including economic, financial, or legal) derived from the interpretation of its information, analyses, opinion, scores, and indicators. The terms of use of our products and services and their impacts stem from the sole responsibility of their users.

Overview of the latest updates

Date of the latest update	Information updated
2018/08	Carbon & Energy Transition
2018/08	Full ESG profile