

Annual Report 2016





Dear Reader,


Our bank has changed. And this Annual Report enables us to share part of this story of transformation and acceleration with all our stakeholders. The photo on the cover features our employees at the presentation of the results for the 4th quarter of 2016, watching a video produced in 360°. More than the technology, we are proving we are a bank that identifies with the surroundings, that is aware of the times.

We also wish to demonstrate how we generate value for our different stakeholders, our strategy for continuing to do so in the long term and the results we have achieved in the economic, social and environmental spheres of our activities.

The report complies with the guidelines of the *Associação Brasileira das Companhias Abertas* (ABRASCA), the Global Reporting Initiative (GRI) – G4 Essential version – and the International Integrated Reporting Council (IIRC), the most advanced annual reporting Standards used in Brazil and the world. To comply with GRI, we have reported a series of indicators located throughout the text under the acronym “G4”, in the Indicator Framework (page 40) and in the Table of Contents (page 65).

In compliance with the requirements of the IIRC, we have provided comprehensive evidence of how we deal with the different kinds of capital which comprise the business (see alongside). We have also provided a chart summarizing the manner in which our activity contributes to the generation of value and the development of this capital (page 9).

Over the year 2016, we drew on the opinions of our main stakeholders in order to gain an understanding of what they regard as important from the perspective of sustainability, aligning these opinions with our strategy as a means of arriving at the relevant issues, which served as parameters for the updating and revalidation of the material nature of the same, first conducted in 2013 (page 41).

If you wish to study any of the issues addressed in the Report in greater depth, access the links marked with the following icon 

Have a good read! =)

Get to know the kinds of capital which comprise our operation and the respective icon for each ones



Financial Capital

The financial assets required for the operation and the provision of products and services.



Human Capital

The skills and experience of the people who run the operation and their motivation to innovate.



Intellectual Capital

The knowledge which permeates the business, such as intellectual capital and organizational capital.



Natural Capital

The environmental resources and processes used for the operation and the provision of products and services.



Social and Relationship Capital

How we relate with clients, shareholders, employees, the society and different business audiences.



Manufactured Capital

Equipment and objects used in the operations, such as buildings, furnishings, infrastructure, etc.



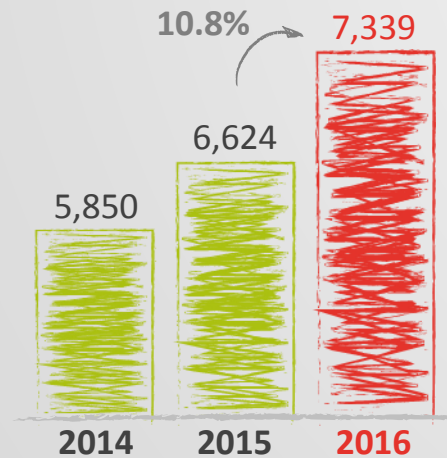
Key indicators

The best result in our history!

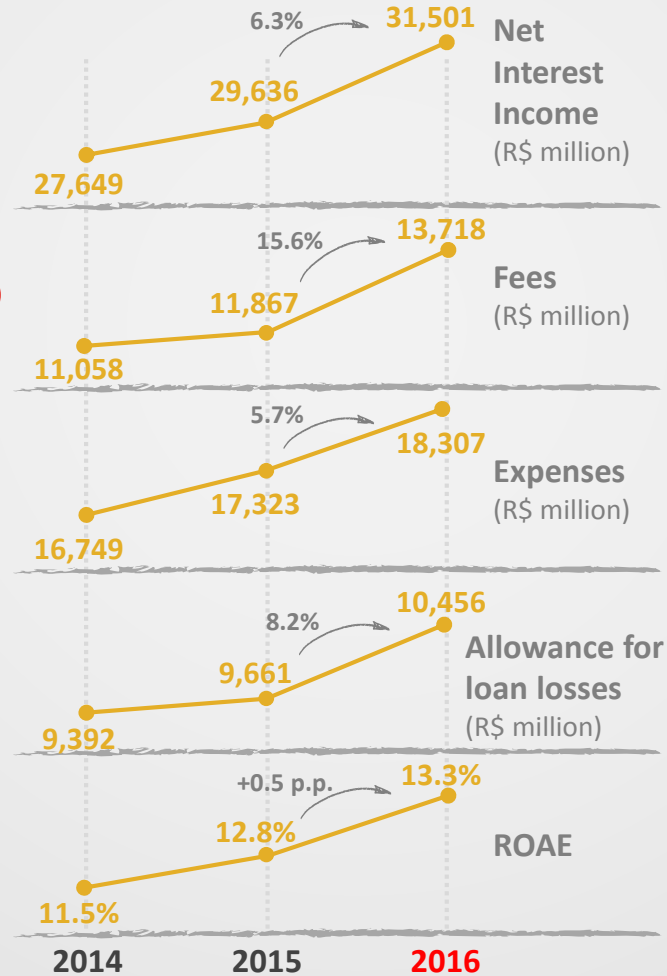
“ We are on the **right path** to fulfilling the commitments undertaken for the year 2018. Our organization is focused on the **generation of value for the client**, and from this **we shall grow in a sustainable manner**. ”

Sérgio Rial, CEO, on 4Q16 Earnings Release

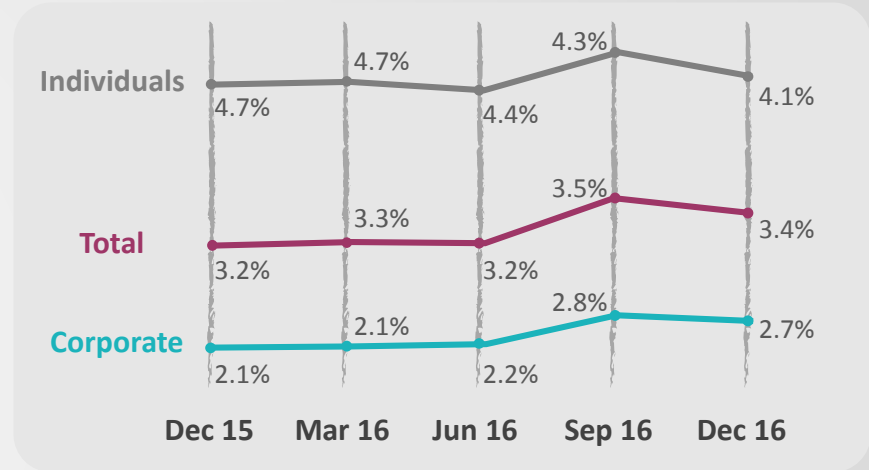
Net Income (R\$ million)



Performance Indicators



NPL ratio (over 90 days)



Goals and expectations presented at Investor Day 2015¹

	Dec 15	Dec 16	Dec 18
NPL ratio (90 days)	3.2%	3.4%	~peers
Efficiency ratio	49.8%	48.8%	44.5%
Fees (growth)	7.3%	15.6%	>10%
Loyal Customers (MM)	3.2	3.7	4.6
ROE	12.8%	13.3%	15.6%

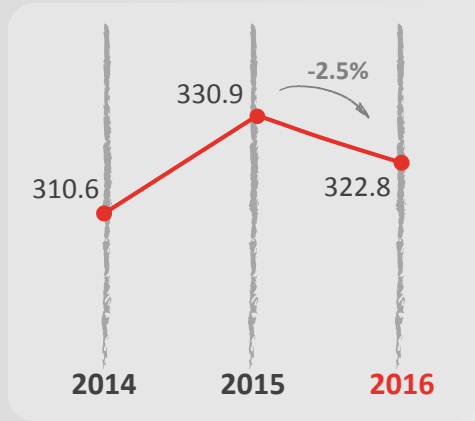
¹ Meeting promoted with Santander Group shareholders in September 2015, which goals were reaffirmed in a strategic meeting of the Group in September 2016. Relevant fact published on 09/23/2015; BRGAAP criterion.



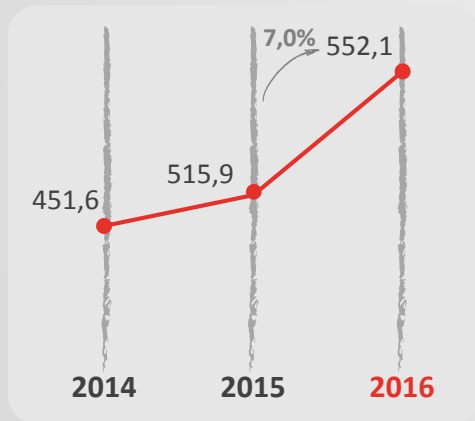


Business Indicators

Expanded Credit Portfolio (R\$ billion)

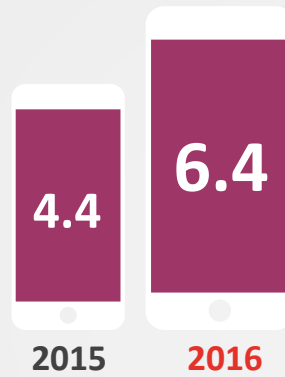


Total Funding (R\$ billion)



Customer Indicators

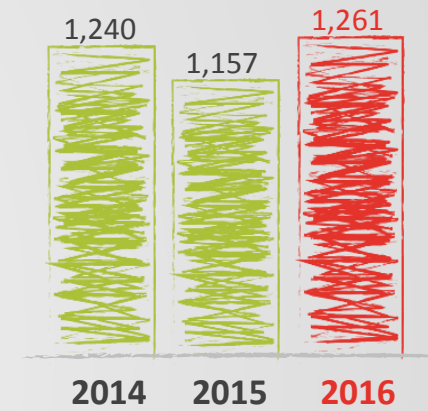
Digital Customers (million)



Biometrics registration (million)

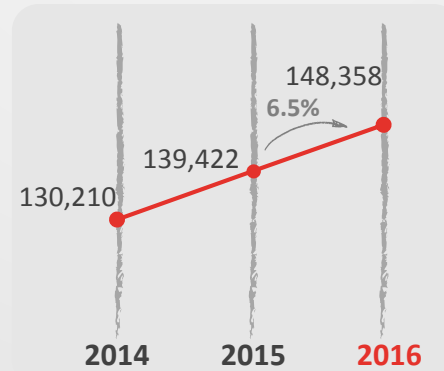


Manifestations volume (thousand)

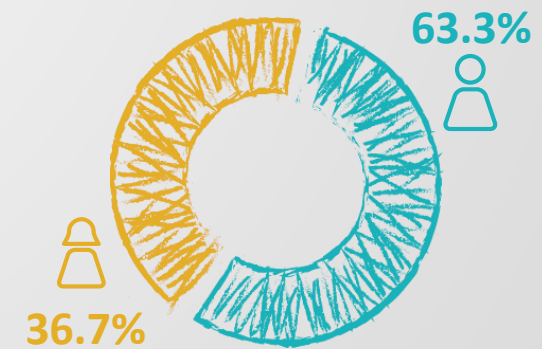


Social Indicators

Entrepreneurs supported by microcredit



Women in managerial positions¹



¹ As from 2014, the criterion for leadership positions also includes specialists, coordinators and managers.





Message from the CEO G4-1

For us at Santander Brasil, the year 2016 was marked by **significant** change. We combined the entrepreneurial spirit which is a symbol of the Bank's culture with new work methods, capable of turning us into a more streamlined and innovative organization.

Based on this proposition, we embarked at full **speed** on our digital strategy and miscellaneous highly important areas of business such as Payroll Loans, Cards, Getnet and Agribusiness. We also expanded our activities in the sectors in which we lead the market, such as wholesale banking and vehicle financing. Moreover, we have increased our client portfolio, which now amounts to 3.7 million registered clients.

After 12 highly intensive months, I can safely say we are now a better bank for our clients, employees, shareholders and society at large. This is by no means resorting to rhetoric: as I like to say, **results speak the loudest**, and they support this perception.

According to the surveys conducted by Ibope, we finished the year as the top-rated bank among the lowest income consumers and were ranked second in the medium to high-income sectors.

This recognition only occurs when you provide a good service and have motivated and well-prepared **employees**. I am very happy to say we have also made progress in this area. For the first time we have been included on the Great Place to Work list as one of the best companies to work at in Brazil. The result of our Global Engagement Survey was also excellent, in which 93% of our workforce said they were proud to work at our company.

Satisfied employees and clients provide a smooth path to guaranteeing our **shareholders** better results. And that is exactly what happened: we registered the best result in our history, in spite of the highly demanding scenario. We increased return on equity by 0.5 of a percentage point and paid out BRL 5.25 billion in dividends and interest on equity. The market acknowledged this progress and our shares registered an excellent performance over the year: 103%¹, taking dividend deductions into account.

And, finally, our bank is increasingly committed to **society**. We supported more than 148,000 entrepreneurs in the form of microcredit; we granted over 34,000 scholarships; we continued to invest in culture through Teatro Santander; and in communities in projects such as the Amigo de Valor program. We continue to be committed to the United Nations Global Compact, Equator Principles and Sustainable Development Goals.

In light of all these fundamentals, we have great expectations for 2017. This will be the year in which we organize Santander Brazil's customer service model in a more structured manner. We are obsessed with improving the customer experience, and this is exactly what we will focus on throughout the year.

We are set to transform Santander into a bank which is increasingly at the forefront of the market, which treats its business not as a capital industry, but as a data industry. A bank which is not afraid of reinventing itself. A bank which is always ready to serve its clients and to help them prosper.

It's going to be a great year. I invite you all to embark on our journey of change.

Sérgio Rial



¹ Source: Bloomberg

🕒 2 minutes

- Introduction
- Message from the CEO
- Profile**
- Strategy
- Corporate Governance
- Risk Management
- Our Business
- Financial Results
- People and Business Prospering
- Sustainability Indicators



Profile G4-8 G4-10

A Simple, Personal and Fair Bank

We have an extremely clear proposition, which guides everything we do: helping people and business to prosper. This is our way of generating value for clients, shareholders, suppliers, employees and society in general.

We have been listening to people for years in order to find out what they expect of a bank. This process has enabled us to ascertain that people’s expectations consist of being able to rely on an institution which is Simple, with uncomplicated and easy-to-operate services; Personal, with solutions and channels which meet clients’ needs and preferences; and Fair, promoting business and relations which are good for everyone involved.

We operate as an integrated wholesale and retail bank, and registered over 47,000 employees serving over 34 million clients as at December 2016. Our structure is comprised of more than 3,400 branches and mini branches (PABs), over 33,000 ATMs, as well as regional offices.

¹This figure does not include interns and apprentices.

Santander Group

Founded in Spain in 1856, the group is the 11th biggest financial conglomerate in the world and the biggest bank in the Eurozone. Headed by Ana Botin, the organization boasts 20.9 million digital clients and employs 188,492 people worldwide. Net income amounted to 6,204 billion euros in 2016, a 4% increase in comparison with 2015. Santander Brasil is the leading unit with a 21% share of global profit.

The scenario of Santander Brasil in 2016 G4-9

 <p>The only international bank with a significant presence in the country</p>	 <p>+47 thousand employees</p>
 <p>+3.400 branches and mini branches throughout the country</p>	 <p>6.4 million digital clients</p>
 <p>Wholesale and Retail: The combination of wholesale and retail generates integrated solutions for clients</p>	 <p>Accounts for 21% of the profit generated by Grupo Santander</p>





Strategy

Customer satisfaction is the basis of our assumption

We are universal bank with a focus on retail and we are sure that the only means of growing in a recurrent and sustainable manner is to provide services with excellence in order to increase levels of customer satisfaction and, consequently, loyalty, which results in them choosing us as their bank of preference.

Our strategy is geared to the concept of a Simple, Personal and Fair bank, defined in a long-term scenario with a focus on the following priorities:

- > To increase the preference and association of clients with segmented, simple, digital and innovative products and services by means of a multi-channel platform;
- > To increase productivity through a comprehensive agenda of business improvements which enable us to provide a complete portfolio of services;
- > To improve recurrence and sustainability, expanding business with more diversified income with a view to striking a balance between credit, funds and services. We also wish to maintain a preventive risk management system and rigorous cost controls;
- > To have capital and liquidity discipline in order to guarantee soundness, to deal with regulatory changes and to make the most of opportunities for growth.

What can we do for you today?

In 2016, we launched a new communication slogan which sums up our strategy. “What can we do for you today?” is a concept which is being used with three aims: to show we are a business bank which understands the client’s needs and strives to find the best solution; to promote the culture of serving, which is increasingly deep-rooted at the Organization, and to reinforce our commitment and constant effort to keep up-to-date, evolving in accordance with current challenges and needs.

Stepping on the gas!

In September 2015, at the London Investor Day, an event promoted with Grupo Santander shareholders, we presented our goals and expectations for the period 2015-2018, with an emphasis on the commitment to deliver a significant increase in profitability.

The acceleration of results in 2016, necessary for achieving these goals, is based on three cornerstones:

- > Business transformation in the retail market;
- > Strengthening of the leading businesses; and
- > Improved levels of customer satisfaction.



A capital or data industry?

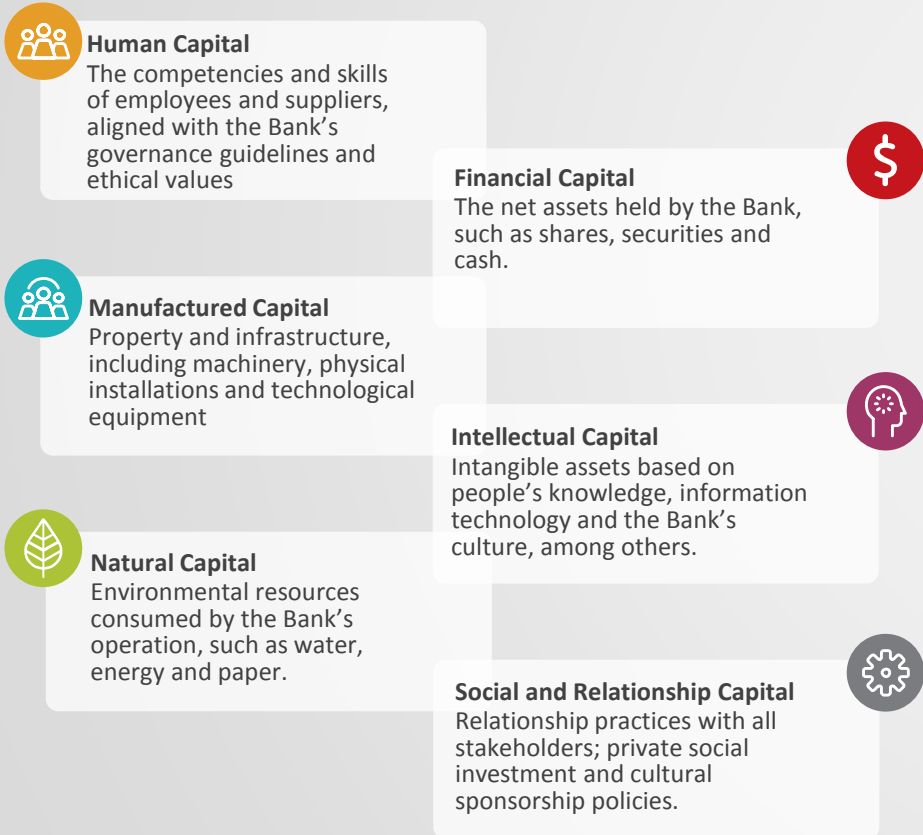
In the Big Data era, the collection and analysis of data plays a fundamental role in providing clients with a smoother experience and customized services.



Business Model: our way of creating value for society

Resources

Resources and relationships for sustaining our business and generating financial and non-financial value.



Business

How our activities generate value using these resources and assets

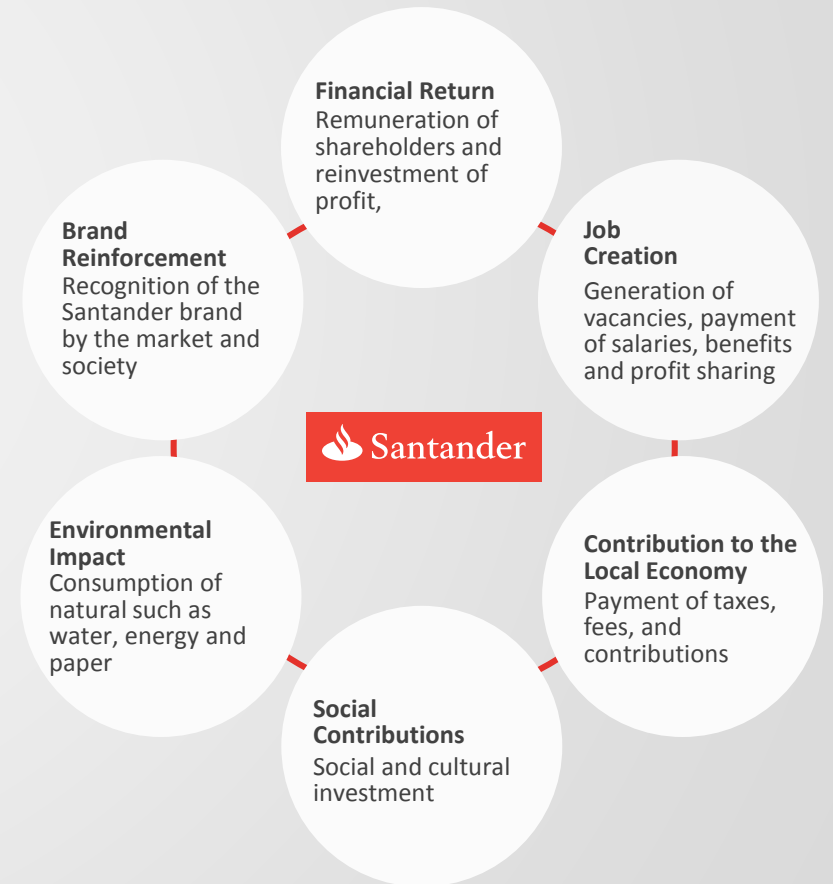
Commercial Banking
Financial services for individual entities and SMEs

Wholesale Banking
Financial services for large-scale entities

Own Capital Operations
Private equity, treasury, funding operations

Value Created

The value created from the Bank's activities for all its stakeholders and society in general.



External Intervention: Fiscal and Monetary Policy | Macroeconomic Fundamentals | Regulatory Action



Corporate Governance G4-56

Ethics first

Good corporate governance is essential for our business, as it enables the company to run smoothly, guarantees the continuity of the operation, generates trust and credibility, protects the interests of all our shareholders and ensures fair and equal treatment for all.

Our governance model is based on the principles of **ethics, transparency, equity of access to information, accountability** and **corporate responsibility**.

The conduct of our executives and employees has been subject to policies and codes ever since Santander commenced operations in Brazil as a means of promoting an ethical environment. In 2016 we launched the Code of Ethical Conduct, a document which replaces the Code of Ethics, featuring simpler and more accessible language, based on practical and educational examples of expected and unacceptable behavior. The Code has been widely disclosed on the Bank's internal communications channels and the issues related to the topic, such as the Code of Ethics net course, have been updated in accordance with the new principles.

Pro-Ethics

We have been included on the list published by Pro-Ethics for the fourth consecutive year, an initiative created by the Ministry of Transparency, Supervision and Control (CGU) in partnership with the Ethos Institute, which recognizes companies which adopt measures and show they are committed to preventing and fighting corruption and other kinds of fraud.

The new code features five basic principles of Ethical Conduct:

- Integrity**

Consists of honesty and sincerity and should not be subject to personal gains and advantages.
- Transparency**

To provide and guarantee the integrity of information for the accomplishment of activities.
- Responsibility**

To be aware of and to accept the consequences of our actions and words.
- Diversity**

To ensure each and every one of us develops their best talent in accordance with their personal characteristics.
- Respect**

To allow other people to express their opinions without discrimination or punishment.



A photograph of several hands raised against a dark background, symbolizing participation or agreement. The hands are of various skin tones and are positioned at different heights, creating a sense of collective action.

Ethics in the palm of your hand

One of the highlights of 2016 was the implementation of the new Code of Ethical Conduct. The document can be summarized in just five main points. It is so easy and accessible that you can count them on your fingers.



Good practices

Good governance practices help prevent conflicts of interest, instill confidence in shareholders and guarantee decision-making always favors the soundness of the business. The implementation of such practices creates an environment of trust both internally and in third-party relations. These practices include:

- > A veto of the jointly-held positions of Chairman of the Board of Directors and CEO;
- > *Tag along* extended to 100% of minority shareholders, guaranteeing, in the event an investor acquires control of the Company, that they can sell their shares for 100% of the amount paid for the shares by the controllers;
- > The presence of independent directors on the Board of Directors.

Transparency and access to information G4-58

In addition to our communication materials, which convey information of interest to the different audiences, we also have specific channels to meet all kinds of demand.

Denouncements: We receive denouncements and clarify doubts in relation to non-compliance with the Code of Ethical Conduct, internal standards and the legislation in force, guaranteeing the denouncer total confidentiality.

Employees, interns and suppliers can submit denouncements on Canal Aberto Santander.

@ canalaberto@santander.com.br

📞 0800 723 4472 (option 2)

🖥️ Intranet

Shareholders and investors

@ ri@santander.com.br 📞 +55 11 3553-3300

Clients

📞 Customer Service Center
4004-3535

📞 Customer Service Centers (SAC)
0800 762 7777

📞 Ombudsman's office (service for people with hearing and speech deficiencies)
0800 726 0322
0800 771 0301

Suppliers

@ sugestao_fornecedor@santander.com.br

Society

📺 📱 Any person or organization may contact us via the social networks:

Facebook: /santanderbrasil

Twitter: @santander_br

Instagram: @santanderbrasil

LinkedIn: Santander Brasil

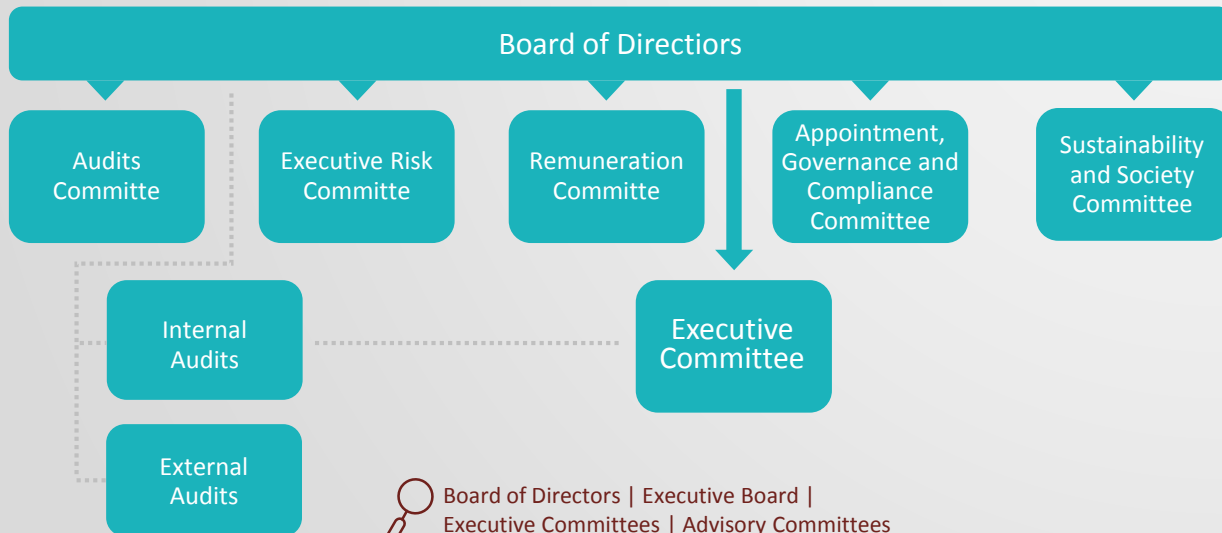


Leadership framework G4-34 G4-38

The Board of Directors is the highest governing body in our hierarchy, responsible for the overall running of the business and operations conducted by Santander Brazil, its subsidiaries and associates. Our Executive Board is responsible for the definition and execution of the macrostrategies and for managing the Bank. Together, the Board of Directors and the Executive Board guarantee the continuity of the business while protecting the interests of the shareholders and other stakeholders.

The Board of Directors is backed by the advisory committees in decision-making processes involving issues which might have an impact on the Bank’s economic, social and environmental performance. We had five committees in 2016, each with its own bylaws.

Main governance bodies



Board of Directors G4-38

The Board of Directors is also responsible for ensuring compliance with the predefined principles and values; performance assessment of the directors; and the assessment of situations which may result in the review of strategies due to economic, environmental and social impacts.

The Board meets on a minimum monthly basis to discuss the issues on the agenda, as well as the topics addressed in relation to the Board’s self-assessment process. In addition to the legal and statutory requirements, the appointment of a member takes alignment with the Bank’s values and a commitment to sustainability practices into account.

As at December 31, 2016, the Board of Directors was made up as follows: G4-13

Name	Position
Álvaro Antonio Cardoso de Souza	Chairman
Sérgio Agapito Lires Rial	Vice-Chairman
Celso Clemente Giacometti	Independent Director
Conrado Engel	Director
Deborah Patricia Wright ¹	Independent Director
José Antonio Alvarez Alvarez	Director
José Luciano Duarte Penido ¹	Independent Director
José Maria Nus Badía	Director
José de Paiva Ferreira	Director
Viviane Senna Lalli	Independent Director

¹ Pending approval by the Central Bank.



Executive Board

The mission of the Executive Board is to create strategies and to implement policies and targets defined by the Board of Directors. As at December 31, 2016, this board was composed of 43 members with a two-year mandate, subject to reelection. The Board features an Executive Committee composed of a CEO and 11 Executive Vice-Presidents.

Members of the Executive Committee as at 12/31/2016:

Name	Position
Sérgio Agapito Lires Rial	Chief Executive Officer
Conrado Engel	Senior Executive Vice-President
José de Paiva Ferreira	Senior Executive Vice-President
Angel Santodomingo Martell	Executive Vice-President and IR Office
Antonio Pardo de Santayana Montes	Executive Vice-President
Alexandre Silva D'Ambrósio	Executive Vice-President
Carlos Rey de Vicente	Executive Vice-President
Jean Pierre Dupui	Executive Vice-President
João Guilherme Andrade So Consiglio	Executive Vice-President
Juan Sebastián Moreno Blanco	Executive Vice-President
Manoel Marcos Madureira	Executive Vice-President
Vanessa de Souza Lobato Barbosa	Executive Vice-President

Sustainability Governance

Our sustainability guidelines comply with the Standards defined by the Grupo Santander Global Sustainability Committee. The implementation of these guidelines in local corporate governance is conducted by two entities: the Sustainability and Society Committee, which advises the Board of Directors on the development of guidelines in relation to sustainability and social well-being; and the Executive Department of Sustainability, attached to the Vice-Presidency of Communication, Marketing, Institutional Relations and Sustainability, which reports to the CEO and, when necessary, to the Board of Directors.

The Executive Department of Sustainability is responsible for creating the local strategies related to the topic and for providing technical guidance on the implementation and execution of the practices in the different areas of the Bank and its subsidiaries.

Our sustainability strategy is based on three initiatives designed to guide Santander Brazil's activities: Microcredit in Social Inclusion; Santander University in Education; and with regard to Social and Environmental Management and Business, the provision of products and services associated with sustainable agriculture and renewable energy, with a focus on photovoltaic energy, as well as our environmental management practices involving the inclusion of social and environmental issues in processes and decision-making.

Good governance enables us to include social, environmental and economic issues in our decisions.



🕒 2 minutos

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- Corporate Governance
- Risk Management**
- Our Business
- Financial Results
- People and Business Prospering
- Sustainability Indicators



Risk Management G4-2 G4-14

The responsibility of everyone

The management of the different types of risk is the heart of a bank’s activity. As such, this task is not entrusted to one specific department at Santander Brazil. Although we have an executive vice-presidency dedicated entirely to this issue, we are aware that risk management is the responsibility of each of our 47,000-plus employees.

We have a name for our risk culture – Risk Pro – which consolidates our global activity in relation to risk and discloses the identification and assessment of risk as being the responsibility of all our teams, thereby protecting our business and clients.

Our risk management model proved to be effective in 2016, despite the challenging economic scenario. We managed to preserve the good quality of our business and keep the default rate practically stable. The 90-day plus default rate registered 3.4% in December, the lowest among the major private banks in Brazil.

This result was due to a combination of factors. Among which, a credit mix focused on safer lines, partnerships with carmakers for the financing of vehicles, a comprehensive knowledge and monitoring of the client’s financial life and the execution of powerful debt renegotiation campaigns.

Furthermore, we help clients in difficulties through solutions such as Crédito Sob Controle [Credit Under Control], personal credit to offset overdraft, credit card and loan debts in a single agreement, more suited to the individual’s ability to pay.

Risk Pro – Principles

Responsibility

Everyone is responsible for identifying, assessing, managing and reporting risks

Resilience

Resisting and having the flexibility to overcome adverse scenarios and adapting to future challenges by means of prudent management

Challenge

Questioning daily work with a foresight of risks and promoting internal discussion

Simplicity

Risk management should be easily understood by clients and employees

Client-oriented

Placing the client at the center of risk management, with a view to their long-term interests





Risk governance

Governance enjoys the participation of the senior management in decision-making, with an integrated framework of executive committees attached to the Board of Directors and other committees linked to the Executive Vice-Presidency for Risk, which intensifies the assessment, management and mitigation of the risks inherent to the business.



Get to know the main risks we monitor

Credit Risk

The risk: exposure to loss in the case of total or partial default by customers or counterparties in the fulfillment of their financial obligations to the bank.

How it is mitigated: large-scale clients such as those from the wholesale sector or financial institutions have their credit risk managed in an individual manner, whereby decisions are made based on internal risk assessment tools and models. Risk management for individual entities and smaller companies is based on automated models, which in some cases are backed up by teams of specialist analysts, with the aim of ensuring credit is granted in accordance with the client’s characteristics and reality, thereby avoiding a high risk of default.

Market Risk

The risk: exposure to market variables such as interest rates, foreign exchange rates, commodity prices and the price of assets on the different markets, which may oscillate in a way that undermines our performance.

How it is mitigated: our internal committees define limits of exposure to these variables, and we use tools to measure and monitor these limits and conduct scenario analyses and stress tests, assessing the impact of potential radical oscillations in the market, as a means of enabling us to foresee such circumstances and to develop preventive strategies to protect our capital.

Operational Risk

The risk: eventuais falhas em processos internos ou em eventos externos podem causar perdas financeiras, afetar a continuidade dos negócios e impactar negativamente os nossos públicos.

How it is mitigated: our Executive Operational Risk Board identifies, assesses, manages and controls all the risks associated with the operation as a means of preventing or minimizing situations which might have a negative impact.

Compliance Risk

The risk: in the event of non-compliance with laws, regulations, principles and rules, Standards and codes of conduct, defined by the Bank or regulatory entities, we may suffer legal or regulatory penalties, financial and material loss, and damage to our reputation and image.

How it is mitigated: we have a compliance department which implements activities of corporate education and supervises the Bank’s entire operation, thereby guaranteeing everyone complies with the different legal and ethical requirements.



Liquidity Risk

The risk: this risk is associated with the Bank's capacity to finance its commitments and to execute its business plans with sound sources of financing.

How it is mitigated: our internal committees define limits and monitor the control of liquidity using parameters such as the liquidity gap, the creation of buffers and hedging indices. Simulations of situations of stress (scenarios) are conducted and the respective contingency plans are developed.

Structural Risk

The risk: arises from the structural risk of variation in interest rates which might affect the Bank's balance sheet, in accordance with the composition of assets and liabilities, depending on the characteristics of the *mix* of its structure.

How it is mitigated: monitoring of the risks of variations in interest rates, the breakdown of assets and liabilities, striving to protect the expected results and monitored by the Bank's governance.

Capital Risk

The risk: the insufficient quantity and quality of capital to meet the minimum regulatory requirements established for the institution to operate.

How it is mitigated: the aim is not only to meet the regulatory requirements, but, above all the market expectations with regard to Bank's solvency, aligning the growth of the business with the provisions of the organization's strategic planning. Regulatory and economic capital forecasts are conducted based on financial forecasts and macroeconomic scenarios estimated by the economic survey department and subjected to stress scenarios.

Model Risk

The risk: the use of models which might cause loss in relation to decisions based largely on results, arising from potential errors in the definition, implementation or use of this model.

How it is mitigated: statistical, economic, financial or mathematical techniques are used to process information and to obtain results under hypotheses regarded as strong and with a low degree of uncertainty.

Social and Environmental Risk G4-EC2

The risk: the financing of projects and activities which place public health and the environment at risk, or which infringe laws and regulations on social and environmental protection, may cause us financial loss and damage our reputation.


How it is mitigated: our Social and Environmental Risk department has been analyzing major projects and funding for corporate entities with potential social and environmental risks since 2002. Moreover, real estate which is used as collateral for operations is submitted to this analysis.





Good social and environmental practices, better loan conditions for the client G4-EC2

In 2016, our credit rating for clients from the Corporate sector – companies with revenue of more than BRL 200 million - began to include a score for their social and environmental practices.

The initiative known as **Social and Environmental Rating** involves direct benefits for:

 The **client**, which now has its good social and environmental practices rewarded with better credit terms;

 The **Bank**, which has rendered its credit analysis increasingly sound, complete and secure;

 **Society**, as by encouraging good practices in our clients' business we are promoting and incentivizing corporate responsibility in different chains and sectors.

Some of the activities of the social and environmental risk department in 2016

Client sector	Issue addressed ¹	Recommendations of the Bank
Agribusiness	Conflict with social movements in the client area.	Visit to the region in conflict and monitoring of the development of the case. Recommendation for the property not to be accepted as collateral.
Metallurgy	The company is involved in a Public Civil Lawsuit for having contaminated its area and neighborhood.	Novas operações negadas enquanto o cliente não atender às solicitações do órgão ambiental.
Generation of wind energy	Risk of damaging geological formations arising from the presence of heavy vehicles in the region.	Operation approved after the execution of additional studies requested by the Bank on the specific geological formations in the project region.

¹ The issues addressed may be in accordance with the Bank's social and environmental risk practices, the Equator Principles, the National Agreement for the Eradication of Slave Labor or any combination of these commitments.

Risk management: a two-way activity

Risk management is a two-way activity: it is designed both to mitigate the risk external factors have on our business and to manage the impacts our activity might have on society and the environment.

The main direct risk generated by banking activity is the inappropriate concession or use of credit, which could lead to over-indebtedness, particularly where families are concerned. Whereas the main indirect risk involves the different potential impacts caused by projects and companies the institution decides to finance.

In order to manage these risks, we have adopted a series of legal and voluntary practices, such as credit limits in relation to income and payment capacity; financial guidance practices; and social and environmental risk analysis polices for the financing of projects and large-scale companies.

In relation to financial guidance, the main line of activity focuses on manager-client relationships. To this end, we invest in the training and development of our employees.



Our Business

Results: changing as a means of accelerating

The year 2016 marked a period of change for us. We developed new methodologies and technologies to render our structure more horizontal, lightweight and agile, with the aim of meeting our clients' new demands in a timely manner. This agenda of change was decisive to us achieving our best result ever, despite the highly complex political and economic scenario present throughout the year.

One of the factors responsible for the increase in productivity and efficiency in 2016 was the evolution of the Modelo Certo [Right Model], a business system implemented in the second half of 2015 which eliminates bureaucracy, speeds up processes and frees managers to dedicate more time to business activities.

Another improvement was Clique Unico [Single Click], a solution based on the scanning of documents which used to be produced on paper, which significantly reduced the bureaucracy and time taken to conduct processes and transactions at our branches. Clique Unico benefits clients directly, whose requirements are met in far less time, as well as branch managers, who now have more time to focus on the provision of the Bank's products and services.

Clique Unico has enabled us to reduce the time taken to process an automatic debit, an investment fund and a loan, for example, by 84%, 79% and 57% respectively.

Almost the entire business network is now using this resource, meaning our operating processes have become faster and our managers have increased their productivity. Together, Modelo Certo and Clique Unico have brought expressive results: the retail sector registered a growth of 21% in the volume of contact between branch managers and clients. This activity helped attract 900,000 new clients to our base and the over 530,000 additional loyal clients.

A new manner of organizing the teams at our head offices had a direct impact on the speed of deliveries. Our projects, particularly technological projects, are now executed using agile treadmill methodology, whereby the work is by a horizontal and multidisciplinary team.

This new work method was fundamental in implementing digital improvements promptly. Our Mobile Banking application, for example, was rated with 4.5 stars on Apple Store and 4.2 on Google Play. The same model was used to launch our new digital customer service, operated by relationship managers working in their own private area, and to expand the sale of products and services in digital environments, among other activities.

These initiatives helped increase the use of digital channels and customer satisfaction. Digital transactions accounted for 73% of the total in 2016, compared to 66% the previous year. Mobile banking was largely responsible for this growth, with transactions doubling against the previous year. The number of clients registered biometrically rose by around 100,000 to 6.3 million. And the client base using our digital channels on a regular basis rose by 45.1% to 6.4 million.

These and other actions geared to improving the customer experience had a positive impact on the IBOPE customer satisfaction survey. In 2016, we led the way in the low-income sector were ranked second in the medium and high-income sectors for individual entities.

Focus on customer satisfaction¹

	2015	2016
High Income	4º	2º
Medium Income	2º	2º
Low Income	4º	1º

¹ Source: IBOPE survey





Inspired by *startups*

Espaço Geração Digital [Digital Generation Department], at the Santander Head Offices, brings together horizontally-structured multidisciplinary teams to promote innovation and speed up the development of new solutions.



Business highlights of 2016

On the operations side, we are working with a new way of managing natural and financial resources. We decentralized our cost management operation in 2016, which has made our branch managers jointly responsible for the efficient use of resources and provided us with greater dynamism and capacity to deal with problems.

Furthermore, we created a control system which shows how much each branch consumes and, more importantly, should consume, in accordance with its size, number of clients, location, air-conditioning model, the presence of absence of an elevator, among other factors.

This is a live system, perfected on a daily basis in accordance with the hundreds of items of data our team has been processing and analyzing. This granular work helps eliminate unnecessary expenses and costs. The new work methods have provided us with a new rhythm and enabled us to speed up processes in different areas of business.

This initiative has enabled us to save:



182,911 million m³ of water, equivalent to 73 Olympic-size swimming pools per year.



144,525 GJ of energy, enough to supply around ten cities with 100,000 inhabitants for one month.



GCB (Global Corporate Banking)

Our wholesale banking department continued to participate in the main operations in the capitals market in 2016, such as the sale of NTS, the Petrobras gas pipeline network, and the acquisition of the majority shareholding of CPFL. Moreover, it ended the year as leader in the Foreign Exchange and Derivatives market according to the ranking published by the Central Bank; leader in Mergers and Acquisitions according to Thomson Reuters; and leader in Project Finance consultancy according to Anbima, for the 7th year, in addition to Dealogicem 2016.



Santander Financiamentos

In 2016, Santander Financiamentos [Santander Financing] entered into a joint venture with Hyundai and acquired 50% of Banco PSA. The department also launched a new digital model, a platform which increases the speed of the sales process. This enabled us to simplify the financing process, reducing the number of fields in the credit pre-analysis process from over 100 to nine. This tool simplifies the process for obtaining a vehicle loan for both buyers and sellers. The number of simulations has risen from 250,000 to over one million per month since this system was implemented.



Getnet

GetNet, our merchant acquisition entity, registered revenue of BRL 108.2 billion in 2016, an increase of 30% over the previous year. It expanded the card portfolio and provided a new POS for individual clients, the Vermelhinha, enabling the Bank to gain market share among liberal professionals and small entrepreneurs. This led to the company gaining a market share of 10%¹ - an increase of 2 percentage points.

¹ Market share estimate for December 2016



Agribusiness

We have restructured our entire activity and thereby gained ground in the sector. Rural producers have gained an even more specialized service and closer to home, on the creation of dedicated branches. The model provides the assistance of agronomists and technology for supporting clients. We issued BRL 7 billion in LCAs and gained 2.6 percentage points in market share in 2016.

Cards

We created Santander Way, an application which enables the Bank to manage Santander credit and debit cards in an extremely simple and intuitive manner. We were the first major bank to provide a service of this nature and ended the year with over half a million downloads. Moreover, we launched the 1 | 2 | 3 Card, which rewards digital transactions; and the Play Card, geared to university students and created based on gamification. We also sealed a partnership with American Airlines at the end of the year to issue cards and accrue mileage on AAdvantage regarded as one of the best reward programs in the world.

Olé Consignado

We launched the Olé Consignado brand, repositioning the product in the payroll loan sector, in line with our strategy geared to expanding our share in this sector.



ContaSuper

We invested in the acquisition of Super, a 100% digital banking alternative, whereby accounts can be opened in a just a few minutes, featuring electronic payment, pre-paid cards and access to simplified financial services. As such, we expanded our offer to people with no access to banking services, with over 400,000 new clients signing up for ContaSuper in 2016.

Purchasing Pools

We resumed activities in the real estate and vehicle purchasing pool business in 2016, and we are already placed 4th in the production *ranking* published by the Brazilian Central Bank.

Small and Medium Entities (SMEs)

Santander chose SMEs as part of its strategy in Brazil and the countries in which we are present. In addition to differentiated financial services such as Santander Conta Integrada [Santander Integrated Account], the Negócios & Empresas [Business & Companies] card and Santander Master, we also have the Avançar program, which helps entrepreneurs to develop, internationalize their business and attract new talent. This initiative brought us closer to SMEs last year and helped us win the prize for best bank in the world in the sector, as part of Grupo Santander.

The strengthening of our business and efficient cost management has enabled us to achieve the best result in our history: net profit of BRL 7.3 billion, 10.8% above the figure registered the previous year.

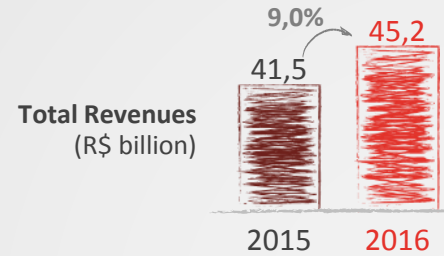




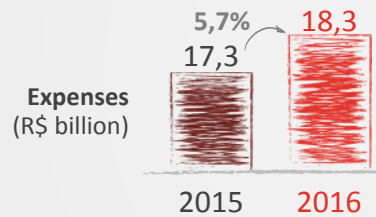
Financial Results



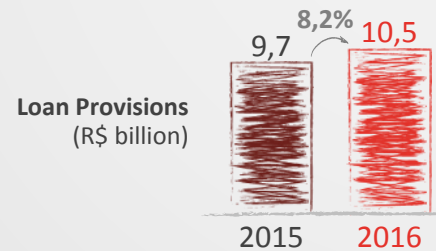
Total revenues totaled **R\$ 45,2 billion**



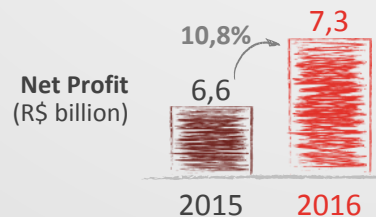
In 2016, overall expenses amounted to **R\$ 18,3 billion**



Loan provisions totaled **R\$ 10,5 billion**



The Bank's managerial net profit for 2016 amounted to **R\$ 7,3 billion**



Impacting factors

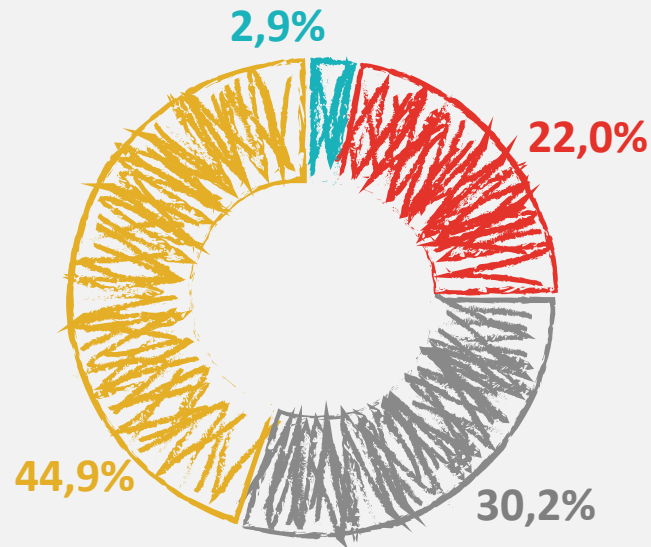
- > A 6.3% increase in gross interest margin, which registered **BRL 31.5 billion**;
- > A **2.2% growth** in income from loan operations, mainly due to an increase in the average spread.
- > A **strategy of association and transactionality**, which led to a major increase in commissions in 2016.
- > **Greater productivity and efficiency** kept annual expenses below inflation.
- > **Efficiency index of 48.8%**, an increase of 1.0 percentage point in comparison with 2015.
- > Greater knowledge of our clients' **life cycle**.
- > The continued use of loan portfolio **quality indicators**.
- > An **increase** in the client base;
- > Business improvements contributed to the **sustainable and recurrent growth** of net income throughout the year.



Financial Results G4-EC1

Breakdown of Added Value (BAV)

The Bank's Added Value was broken down as follows:



- Personnel
- Taxes, charges and social security payments
- Remuneration of third-party capital
- Remuneration of equity



BAV (R\$ million)	2014	2015	2016
Personnel	6.482	7.096	7.784
Taxes, charges and social security payments	5.065	4.000	11.560
Remuneration of third-party capital	726	725	745
Remuneration of equity	2.360	7.190	5.658
Total	14.633	19.010	25.750

The value we generated and paid out increased 35.5% in 2016



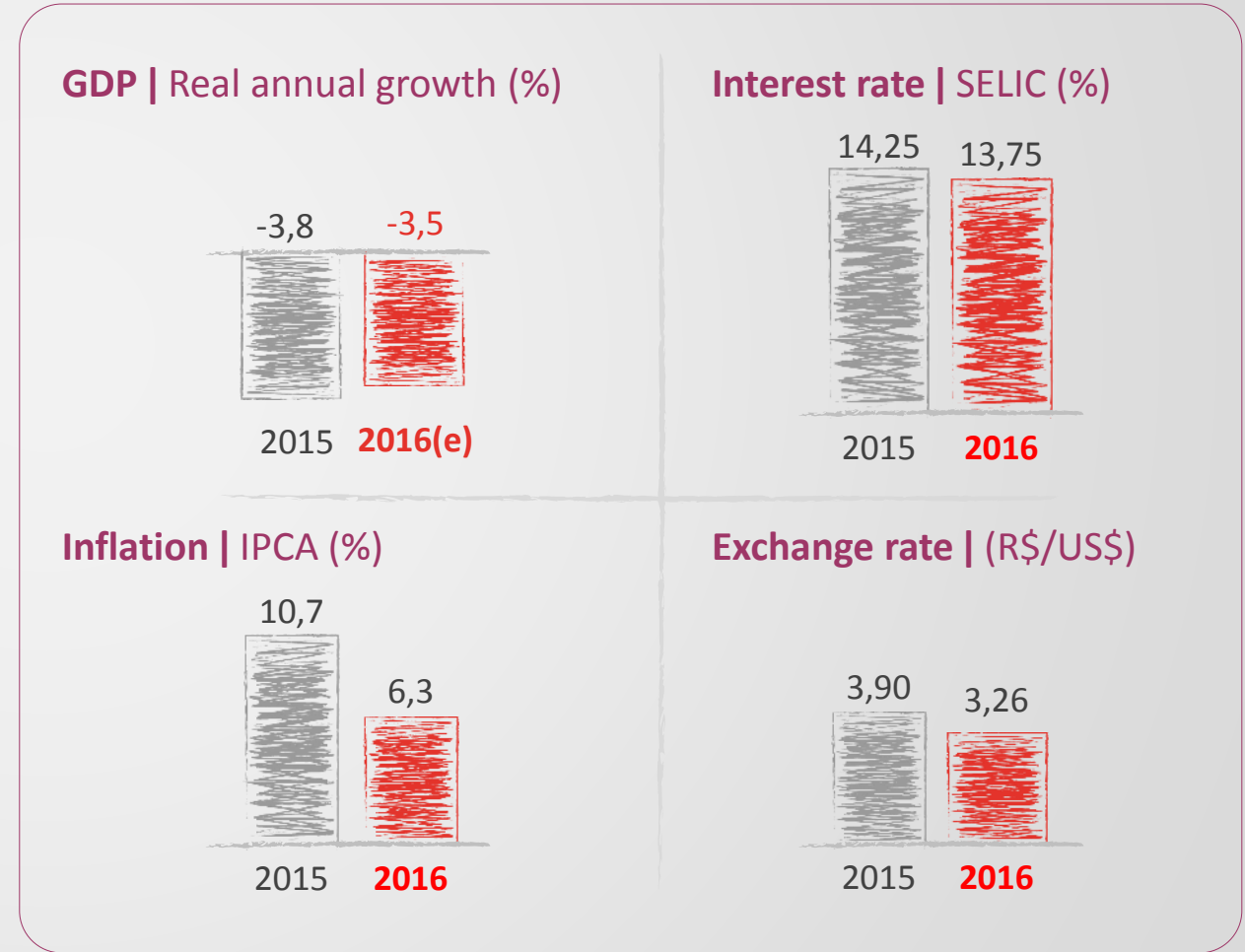
Context: the demanding economic scenario in 2016

Changes in economic policies marked the year 2016, enabling investors and entrepreneurs to renew their trust in Brazil, a significant improvement in the price of Brazilian assets (including the exchange rate and country risk) and the forecast for stable inflation in the coming years.

Although all this activity is extremely promising for the near future, 2016 was still not the year in which the economy recovered. The adaptation of the economy — with a reduction in GDP and a drop in employment and income, in addition to restrictive credit terms — continued throughout the year. The recession worsened the drop in tax revenue, affecting public sector tax results and aggravating the financial difficulties faced by some regional governments. This was offset by the approval of the New Tax Regime, which imposes a ceiling on the growth of public spending for the next ten years and points towards a sustainable tax situation in the medium term.

As such, weak domestic demand continued to allow for the adaptation of two major imbalances: a new round of reduction in the external deficit at comfortably financeable levels even under more uncertain international conditions, and led to a considerable drop in inflation, which returned to the target level. The fall in both current and forecast inflation opened the way for a process of monetary easement in the final quarter of 2016.

Financial Results



Source: Central Bank of Brazil, IBGE. Focus Survey Forecast 20/01/2017



Commitment to our stakeholders

How we support our employees, clients, society and the environment for a more prosperous future.

People and Business Prospering

Employees

The mission to guarantee the preference of our clients begins with our employees. We began work in 2016 to make the Bank the best place to work at. The phrase which sums up this goal is “this is the place”, as we want this to be the place of great talent, people with the ambition of challenging the market and reinventing the way in which banking is conducted.

One of the ways of investing in homegrown talent was the creation of **Academia Santander**, a new means of sharing knowledge on issues which are strategic to the Bank and our workforce.

Different to traditional corporate training models, the Academy enables us to turn our key leaders into multipliers, disclosing their operational and strategic knowledge in relation to the Bank’s culture to all those striving to develop.

This new learning process provides our employees with a transversal vision of Santander and encourages them to take charge of and develop their own careers, besides enhancing the client experience even more.

Academia Santander possesses physical areas and provides the opportunity to learn from a distance using intranet, Internet or mobile tools— with a specific application.





Another initiative was the relaunch of the **Trainee Program** after nine years without offering vacancies. We received 11,945 applications from young people with different qualifications and from different parts of Brazil in 2016.

The program was created together with our executives and aims to develop young talent to be the future leaders of the Bank. The structure of the program is designed to generate positive experiences in the areas of business, branches and central areas, taking the different regions of the country into consideration.

We selected 23 young people with a degree in Design, Biotechnology, Engineering (Electrical, Mechanical, Chemical, Production and Petroleum), among others.

The value of diversity

The Trainee Program selection process aims to attract young people from all over the country with a wide variety of qualifications. This was a way of strengthening one of our values: diversity.

Our environment is one of acceptance and respect, where everyone is welcome regardless of their gender, race, age, sexual preference, or any kind of disability.

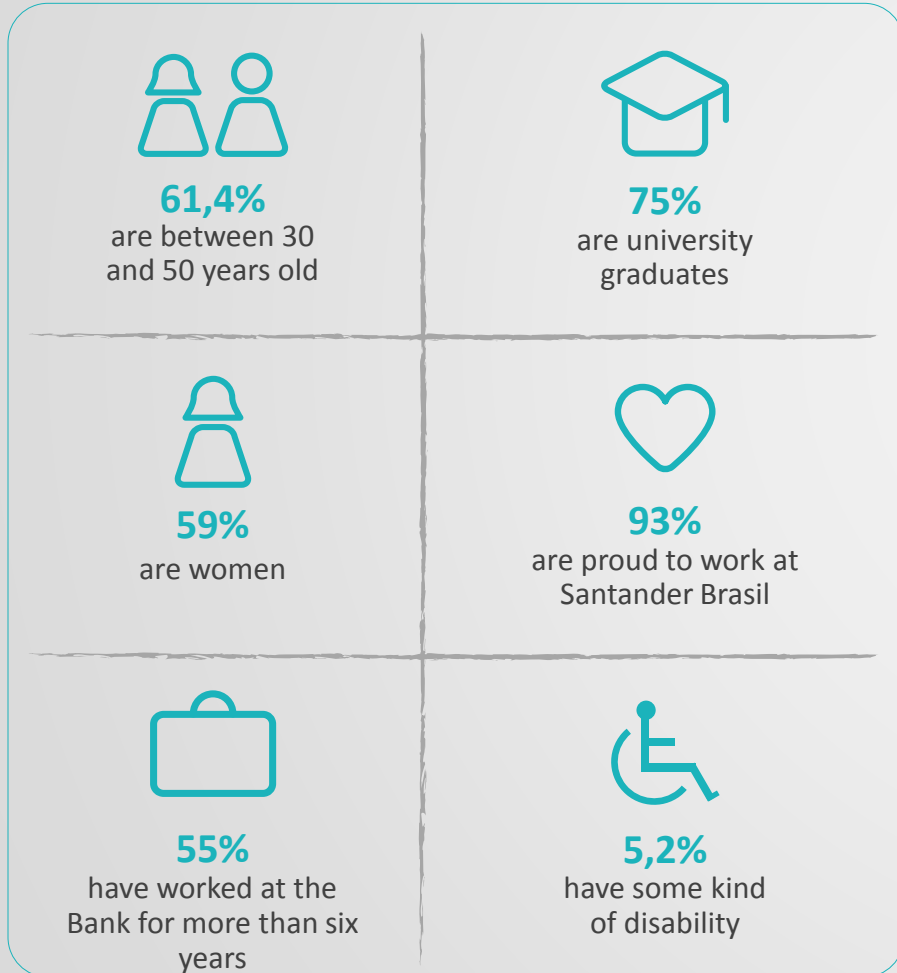
Our team featured 2,300 employees with a physical, hearing or visual disability at the close of 2016.

"One of our priorities is to create a more diverse Santander in all aspects; from academic qualifications to gender, race, and above all, diversity of thought."
(Sérgio Rial, CEO)





Who is the Santander employee?



A balance between personal and professional life

To ensure people prosper at work it is important to incentivize and promote a balance between their personal and professional lives. We invested in the development of our employees in 2016 and significantly reduced the amount of overtime worked by our teams.

We also conducted activities to promote the well-being and recognition of the Bank's workforce, including:

- > The launch of **StarmeUp**, a global platform which promotes recognition among the Group's employees based on corporate behavior;
- > The launch of **Be Healthy**, Grupo Santander's global health and well-being program, designed to take us to the position of the healthiest company in the world, through initiatives focused on disease prevention, a healthy diet, physical exercise and well-being;
- > **Semana Somos Santander [We are Santander Week]**, which reinforces the pride of belonging to the Institution, featuring activities such as lectures on innovation and entrepreneurship, volunteer activities, blood donation, among others;
- > **Programa de Apoio Especializado [the Specialized Support Program] (PAPE)**, which provides 24/7 guidance – by telephone or e-mail – to employees and their families on miscellaneous legal, psychological and financial issues, among others.

As a result of the work conducted by our employees, we were ranked as one of the best companies to work at in Brazil in 2016 by the Great Place to Work Institute. And our Global Engagement Survey revealed that 93% of our workforce are proud to work at the Bank.



As far as we are concerned, satisfied employees means our clients are going to be provided with a good service



Clients

We are the biggest international financial conglomerate in the country, and our activity has direct and indirect impacts on the economy and the development of society. In a highly demanding macroeconomic scenario, we ramped up our efforts in order to influence key sectors and to help reinstate the sustainable growth of Brazil. We have highlighted four areas of activity: entrepreneurship, education, energy and agribusiness.

Entrepreneurism

Small entrepreneurs are one of the strengths of the Brazilian economy. According to the Federal Government's *Portal Brasil*, small-scale business is responsible for over 52% of the generation of formal and 40% of the country's volume of salaries.

We support entrepreneurs with a series of initiatives. One of which is the *Avançar* [Advance] program, a platform geared to Small and Medium Entities (SMEs), and which is part of Santander Negócios & Empresas [Business & Enterprises].

Avançar is designed to support small and medium entrepreneurs in the development and growth of their business, operating in accordance with the main needs of this audience, based on surveys conducted by Grupo Santander.

The three pillars of the *Avançar* program

Development

Besides news articles published on a daily basis, the program offers free online courses and videos for entrepreneurs and their employees, as well as workshops and lectures at which to exchange experiences.

Internationalization

International market studies, specialized customer service and a network connecting clients from different countries are some of the initiatives which help in the expansion of business to foreign markets.

Creating teams

This helps entrepreneurs to find the best employees and to place young university students in the labor market. In 2016, the program subsidized 812 scholarships with SME clients for four months.

We hold our Ideas Workshop on a regular basis, which consists of forums featuring thematic discussions in which entrepreneurs from SMEs are given the opportunity to get together, find joint solutions for the obstacles and challenges we come up against on a daily basis, and create new strategies to boost the growth of their companies.

We held 166 workshops in 2016, addressing issues such as the expansion of business and people management.

We also delivered 109 lectures on topics including agribusiness, the economic scenario, entrepreneurship, financial and fiscal management, innovation, internationalization, among others, in addition to ten lectures on opportunities and practices involving sustainability in business.

Another initiative is the Microcredit program, geared to entrepreneurs in developing communities and in which we lead the way among the private banks. In 2016, we registered the mark of BRL 3.8 billion in accrued credit granted to around 394,000 entrepreneurs in over 600 towns and cities in 13 states in the northeastern and southeastern regions of the country.

We operate with the productive and guided microcredit model, as we believe in its nature of social inclusion and change. We have over 200 credit agents, most of whom live in the respective community, who identify the customers' needs and payment capacity to ensure the credit is granted accordingly. The thorough approval of our clients is reflected in the excellent payment compliance rate of 94.6%.

G4-FS7 G4-FS8



Education

According to the Organization for Economic Cooperation and Development (OCDE), only 14% of Brazilian adults reach university — a low figure when compared to the 35% average of the 34 countries belonging to the Organization. The country's educational deficit has a direct impact on the quality of labor and undermines economic development.

As far as Grupo Santander is concerned, the most effective manner of contributing to the development of the countries in which we operate is to support higher education. Not by chance, Grupo Santander was the organization which invested most in education in the world in 2015, according to the Fortune Global 500 ranking.

Our main means of backing education is Santander University, a division of the Group which promotes partnerships with establishments of education and their value chain (students, professors and staff) to supply both specialized financial services and support for innovation and international mobility. **G4-EC8**

Santander University boasts over 1,200 partner universities from all over the world. There are round 390 partner universities in Brazil, 247 branches on university premises and over 2.5 million clients.

Initiatives such as Brazilian and international scholarship programs, support for university projects and free international student identity cards are part of Santander University, among others. More than 34,000 scholarships were granted in 2016 alone, involving an investment of around BRL 27 million.

We also launched the **App Universitário** in 2016, a user-friendly mobile application which provides exclusive opportunities and benefits for the university audience — including those who are not our clients —, and offers:

- Job vacancies and internships offered by Universia Empleo;
- International scholarship programs offered by Santander Universidades;
- Free International Student Identity Cards (ISIC) for Santander Universidades clients;
- Special offers with up to 50% discount on Santander Esfera;
- News and new features from the university world.





Energy G4-EC2

An indispensable input for industrial production and a basic factor for the comfort of the population, the generation, transmission and distribution of energy is a constant feature on the agenda for the development of Brazil and has been facing new challenges with the growing demand for renewable energy, and, no less important, with low emissions of greenhouse gases (GHG). In this scenario, we support the development and use of clean energy, with a special onus on that generated from photovoltaic cells.

Brazil is a huge country with a high incidence of sunlight, which places us in a privileged position to exploit solar energy, which has less environmental impact. Even so, according to the most recent survey conducted by the National Energy Balance (BEN), photovoltaic solar energy accounted for a mere 0.01% of the Brazilian energy matrix in 2015.

We encourage the use of photovoltaic solar energy in the country implementing a model which the Bank has been using since 2013, where organizations and people (account holders or not) can pay for the installation of solar panels and all the infrastructure required for the generation of solar energy in their offices and residences over a period of five years.

Furthermore, we have been contributing to the development of the renewable energy market for over 15 years by financing and providing financial guidance on renewable energy generation projects.

In 2016, we served as a financial advisor for the first large-scale solar power plant in Brazil, built by Enel Green Power in Ituverava/BA, involving an investment of BRL 1.2 billion and an installed capacity of 254 MWp.

The benefits of solar energy

- Infrastructure costs are relatively low when compared to other technologies such as hydroelectric and wind power, which depend on major works;
- Solar energy can be generated at any company or residence with an open area exposed to plenty of sunlight and which does not depend on access to the electricity network;
- It has little impact on the environment when installed and does not emit gases, liquids or solids or generate noise when in operation;
- It is a market waiting to be exploited and has great potential in relation to the generation of jobs;
- The structure lasts for an average of 25 years operating at 80% of its original performance, all of which means low maintenance costs.



🕒 2 minutes

- Introduction
- Message from the CEO
- Profile
- Strategy
- Corporate Governance
- Risk Management
- Our Business
- Financial Results
- People and Business Prospering**
- Sustainability Indicators



Agribusiness G4-EC2

Agribusiness accounts for 23% of Brazilian Gross Domestic Product (GDP) and is directly related to climate change, due to the fact it is responsible for over 30% of total greenhouse gas emissions and for over 70% of the consumption of water in the country.

We restructured our activities in this sector in 2016. We wish to gain a better understanding of a farmer’s life within his boundaries in order to help him on the outside.

In addition to these initiatives, we belong to the *Produzindo Certo* [Producing in the Right Manner] program, a partnership between the Bank and three major groups involved in the production of food — Bayer Cropscience, Unilever and Yara Fertilizantes – and with the NGO Aliança da Terra. This program helps rural producers from the domestic soy chain to adapt to the international Standards of Round Table Responsible Soy (RTRS), which discusses sustainability in the production of the grain throughout the world.

The first phase of the Program dealt with 68 rural establishments, generating 186,000 tons of certified soy and benefitting over 1,200 farm workers.



We support our 85,000-plus clients with activities which promote their efficiency and sustainability, such as:

300 of the Bank’s 2,254 branches are geared to the farming sector, located in the main productive regions in the country, where most business is linked to the agribusiness chain.

Specific lines of financing for the different players in the agribusiness value chain, which promote good social and environmental practices.

A Guide to Good Agribusiness Practices, available on our Sustainability Portal.

Support for the Rural Environment Registry (CAR) in the form of initiatives geared to awareness, guidance and financial support for the producer to register.

The training of our team to understand the needs of producers and the development of tailor-made solutions for each link in the chain.

The hiring of new agronomists to work in the country’s farming areas and the intensification of our training activities for these technicians.

Participation in the main forums in the sector, such as the one held by the RTRS and the Sustainable Livestock Workgroup (GTPS).

The staging of six events in 2016 addressing engagement and awareness in relation to low-carbon agriculture.



Suppliers G4-12

Our active supplier base in 2016 registered 1,451 companies of different sizes from different regions of Brazil, mainly from the sectors of security, transportation of valuables, technology and call center.

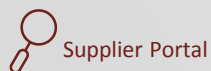
As a means of upgrading the management of the value chain, we implemented the Corporate Framework of Agreements with Third Parties and Control of Suppliers, which defines guidelines for the regulation of relations between Grupo Santander entities and suppliers. The aim is to mitigate the risks inherent to the business, such as technological, operational and reputational risk— from the hiring process or the outsourcing of services to the implementation of the agreement.

Suppliers should align their values with ours in order to enable us to create and uphold long-term relationships. We do not work with companies which are directly or indirectly involved in degrading or illegal practices, such as child or slave labor, the sexual exploitation of children and adolescents, gambling, the extraction of uncertified wood, among others. We have internal policies and procedures related to supplier conformity which are used prior to hiring and throughout the agreement term.

We adhere to the guidelines of the Global Compact — a United Nations (UN) initiative — used in the bidding, approval and hiring process. We have been using the Supplier Qualification Index (IQF) since 2010 for services which pose a greater risk to the business, whereby suppliers are assessed with regard to technical, administrative, legal and social and environmental aspects.

We have a comprehensive process for monitoring our suppliers during the provision of the service, checking taxes and labor obligations have been met and verifying transparency in their relations with the Public Authorities, allowing for the taking of measures for the mitigation of risks.

We also work in close contact with these entities in order to engage them and to support their development. To this end, we use our Supplier Portal and hold regular meetings at our head offices with key suppliers to deal with issues which are sensitive to the business and our relations. The Supplier Event held in 2016 was designed to arouse awareness on the importance of social and environmental issues — as well as economic issues — in the production chain and was attended by over 150 people, both suppliers and Bank employees.





Society G4-S01

We wish to contribute to a more just and egalitarian society, by executing social and cultural investment projects which bring direct benefits to people and communities.

Our Private Social Investment Platform (ISP) features three strategic objectives:

- To promote the guarantee of the rights of children, adolescents and the elderly
- To promote the economic inclusion of the Brazilian population
- To help improve public schooling and basic education

In order to achieve these objectives we focused our investment on the following projects in 2016:

- Amigo de Valor Program** – This initiative helps improve the quality of life of children and adolescents by strengthening the Municipal Councils for the Rights of Children and Adolescents;
- Parceiro do Idoso [Partner for the Elderly]** – This initiative provides resources for the Municipal Funds for the Rights of the Elderly for the promotion of activities involving this audience;
- Santander University Solidarity Award** – Invests in university extension projects related to the topic “Sustainable Development with an emphasis on the generation of income”;
- Partners in Action Program** – Provides training for entrepreneurs from low-income communities in which Santander Microcredit is present;
- Saber [Knowledge] Program** – Promotes the continuous training of staff from the public municipal education system.
- Children’s Education Program** – In partnership with the Ministry of Education, this initiative invests in the training of staff from the Departments of Education in 20 Brazilian towns and cities;
- Brazil School Program (PEB)** – A corporate volunteer program designed to promote the participation of our employees in engagement activities with the school community and the financial education of the families.





Our activity also includes projects focused on entrepreneurship, the democratization of access to culture and outdoor physical exercise, the most noteworthy of which are:

Outdoor Gyms

Areas located in Sao Paulo and Rio de Janeiro with bodybuilding equipment and physical education instructors to guide students.

Santander Theater

A cultural venue which hosts major musicals, concerts, fashion shows, spectacles and theatrical plays. The theater welcomed over 150,000 spectators in nine months of activity.

Santander Cultural

Located in Porto Alegre (RS), this venue promotes the visual arts, cinema, music and knowledge. It celebrated its 15th anniversary in 2016, featuring a schedule which included the Art on the Wall project, an exhibition by the Brazilian Francisco Brennand, and the publication of a commemorative book. In this time, the venue has hosted 70 art exhibitions, 700 musicals, 3,100 movies, in addition to art workshops, a library and collection of documents featuring 15,000 items related to banking use and has welcomed over 5 million visitors.

Museum of Tomorrow

This science museum, with a focus on education, welcomed over 1 million visitors in the first year it was open. Located in Rio de Janeiro, it is a milestone in the revitalization of an important area of the city.



Santander Cultural



Santander Sponsorships

In total, social and cultural investment amounted to BRL 109.5 million in 2016.



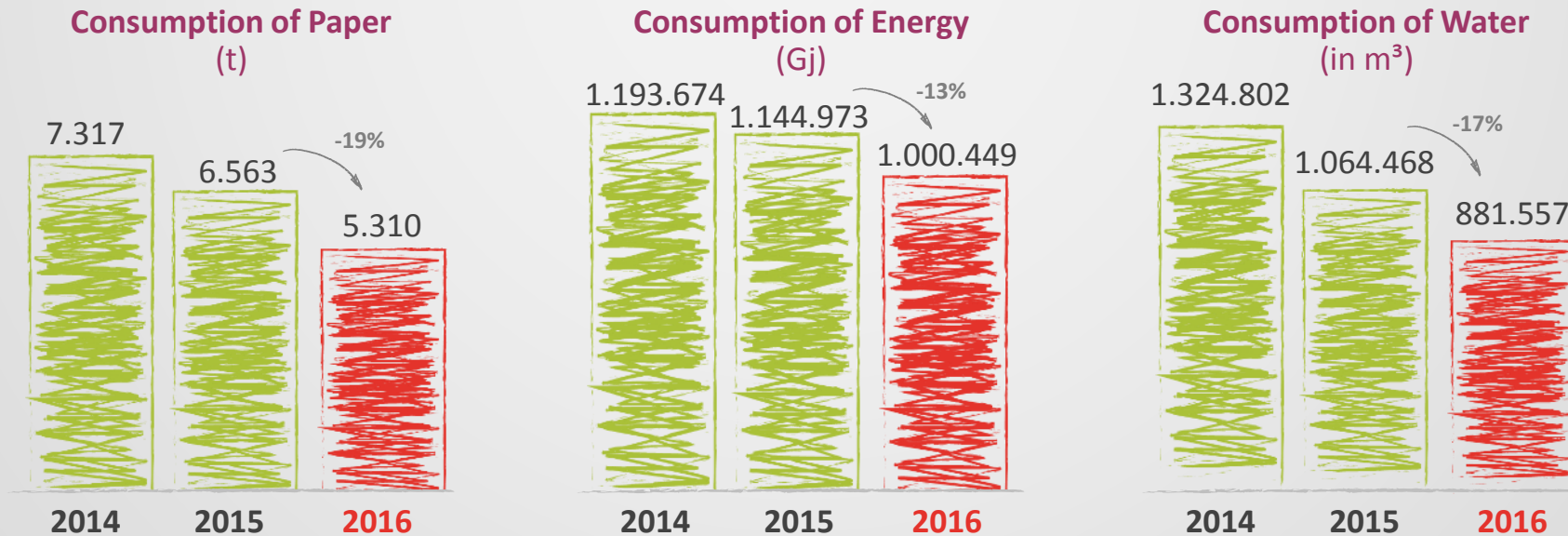
Environmental Management

We are permanently striving to find ways of rendering our operation more efficient as a means of diminishing consumption, thereby reducing costs and environmental impact.

The highlight of 2016 with regard to this issue was the new way of managing the consumption of natural resources, which brought a series of benefits to our environmental management, including a reduction in the consumption of energy and the generation of waste.

Stress testing at the branches

Due to the major water shortage which struck Brazil in 2015 and 2016, we conducted a water vulnerability study for our entire branch network. An analysis of water availability and consumption data for the branches revealed that 13% of the units were extremely vulnerable in the event of a shortage of the resource. Among other repercussions, the analysis gave rise to contingency plans for the business network.





Our Brands

The 'Our Brands' section displays a grid of 18 brand logos. The logos are arranged in three rows. The first row contains five logos: Santander Global Corporate Banking, Santander Corporate, Santander Negócios & Empresas, Santander Financiamentos, and Santander Asset Management. The second row contains five logos: Santander Private Banking, Santander Select, Santander van gogh, Santander Universidades, and Microcrédito. The third row contains five logos: getnet (Uma empresa Santander), ole consignado, webmotors (a marca automotiva n°1 do Brasil), ContaSuper (É digital. É fácil.), and universia. Below the main grid are two more logos: Santander Cultural and Teatro Santander.



Indicator Section

Definition of the Content

Value Generation and Economic Performance

- Economic Performance
- Social and Environmental Business (opportunities)
- Risk Management
- Corporate Governance / Ethical Conduct / Anti-Corruption Practices / Compliance

Customer Relations

- Satisfied Customers
- Clear and transparent communication (Marketing and Labeling)
- Financial education and inclusion
- Communication and Engagement for Sustainability

Employee Relations

- Diversity
- Our Role as Employers / Training and Education
- Communication and Engagement for Sustainability

Relations with Society

- Indirect Economic Impacts
- Relations with Local Communities
- Minimization of Environmental Impact (Emissions/ Energy)

Supplier Relations

- Assessment of Suppliers / Support for the Development of Suppliers

Summary of the Content of GRI G4

Additional Information





Definition of the Content

G4-18 G4-19 G4-23 G4-24 G4-25 G4-26 G4-27 G4-28 G4-31

We strive to generate value for our stakeholders in a sustainable and long-lasting manner. As such, we identify and monitor the most relevant topics for our audiences and use them to mitigate risks, detecting new opportunities in economic, social and environmental areas.

The 2016 Annual Report contains information on Santander Brasil from January 01 to December 31, 2016. The document complies with the guidelines of the Global Reporting Initiative - GRI G4, the Integrated Reporting Council (IIRC) and the Brazilian Association of Public Companies (Abrasca).

In order to define the content and scope to be addressed in the report, in accordance with the AA1000SES Stakeholder Engagement standard, we revalidated the materiality of 2013, identifying the expectations, the main interests and the issues regarded as most relevant to the sustainability of the business from the point of view of our stakeholders. Besides helping to define the content of the report, the materiality was also used in the process to define targets for 2017 and included on our sustainability agenda.

Please contact relacoes.institucionais@santander.com.br to clarify any doubts or submit suggestions.

The process involving the revalidation of the materiality was based on the strategy implemented by Santander Group and our sustainability strategy.

We conducted an analysis of the following content:

- > The annual reports of Brazilian and international financial institutions;
- > The document “Sustainability in the National Financial System”, published by the Brazilian Banking Federation (Febraban); and
- > The study entitled “Defining Materiality: What Matters to Reporters and Investors”, produced by GRI and Robecosam, which addresses relevant topics for the financial sector.

We also consulted our priority stakeholders:

Clients

Interviews with representatives from this audience

Employees

An interview with a representative from this audience

Society

Interviews with opinion leaders

Shareholders

An interview with a representative from this audience and an analysis of the demands we receive from investment analysts with a focus on environmental, social and governance issues.

Suppliers

An analysis of the insights gathered in our routine surveys

These analyses and consultations enabled us to identify the material issues and to define the respective aspects and the impacts of the same within and outside the Bank, as illustrated in the table below. The final validation of this process was conducted at a meeting held with the senior management of Santander Brazil.



Integrated Reporting Framework



Abrasca Award



G4-20 | G4-21 | G4-27

Relevant Issue	Aspects	Limit of Impacts	
		External	Internal
Value generation and economic performance	Economic Performance	● ● ● ●	● ●
	Social and Environmental Business	● ● ●	●
	Risk Management	● ● ●	●
	Ethical Conduct	● ● ● ●	● ●
	Corporate Governance	●	●
	Anti-Corruption Practices	● ● ● ●	● ●
	Compliance	● ● ● ●	● ●
Customer Relations	Satisfied Customers	● ●	●
	Clear and transparent communication (Marketing and Labeling)	●	●
	Financial education and inclusion	● ●	●
	Communication and Engagement for Sustainability - Clients	● ●	●
Employee Relations	Diversity	●	● ●
	Training and Education	●	● ●
	Our Role as Employers	●	● ●
	Communication and Engagement for Sustainability - Employees	●	● ●
Relations with Society	Indirect Economic Impacts	● ● ● ●	● ●
	Relations with local communities	● ●	●
	Minimization of Environmental Impact (emissions/ energy)	● ●	●
Supplier Relations	Assessment of Suppliers	● ●	●
	Support for the development of suppliers	● ●	●

Legend: ● Clients ● Shareholders ● Suppliers ● Society ● Employees ● Bank

GRI Indicators

With the aim of addressing each material aspect in depth, the aspects were associated with GRI indicators whenever possible and answered via a collection system by employees from different areas of the Bank.

The following section provides details of the aspects we classify as material. The text aims to show why the aspects are important, what the forms of management are, the practices adopted and the result of the targets set for 2016, as well as our commitments for 2017, marked in accordance with the icons below:

- Achieved
- In part
- Not achieved
- New commitment

PricewaterhouseCoopers was responsible for assuring the indicators, as illustrated in the letter on page 64.



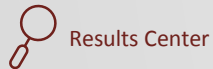
Topic: Value Generation and Economic Performance

Aspect: Economic Performance

Essential for the sustainability of our business, economic performance indicates if our operations provide a financial return, if they are commercially viable and if they generate value for our stakeholders.

This aspect has a direct impact on the remuneration of shareholders, investment capacity, the generation of jobs and social contributions through the payment of taxes or private social investment operations.

More about our **economic performance**.



Key indicators

G4-EC1 Direct economic value generated and distributed.

See page 24 for information about this indicator.

Aspect: Social and Environmental Business (Opportunities)

The scarcity of natural resources and its impacts has resulted in the financial sector discussing issues in relation to risks and pricing. Internally, the social and environmental variable is taken into consideration when dealing with risks and in generation of new opportunities.

With regard to opportunities, we have attracted new business partners through a portfolio of social and environmental business and the inclusion of social and environmental variables in credit rating, such as social and environmental rating. Under this model, we recognize clients with good social and environmental practices, with an impact on rates, limits, deadlines and demands for collateral in loans.

Our initiatives have the potential to generate positive social and environmental impacts, as they promote the best practices in our clients' core business.

More about our **Social and Environmental Business** initiatives. Social and Environmental Financing Microcredit Project Finance

Key indicators

G4-FS6 Percentage of the portfolio of each line of business, broken down by region, size (e.g: micro, small, medium or large-sized entity) and sector.

	Credit portfolio by region					
	2014		2015		2016	
	BRL thousand	%	BRL thousand	%	BRL thousand	%
Brazil	213,746,044	84.64%	224,804,961	86.10%	230,012,180	89.53%
North	9,064,805	4.24%	9,085,888	3.48%	3,403,911	1.33%
Northeast	13,806,280	6.46%	13,844,211	5.30%	14,406,595	5.61%
Southeast	2,788,791	1.30%	2,652,524	1.02%	170,068,252	66.20%
Mid-West	155,263,355	72.64%	168,400,118	64.50%	9,576,323	3.73%
South	32,822,813	15.36%	30,822,220	11.81%	32,577,100	12.67%
Exterior ¹	31,850,223	14.90%	36,277,774	13.90%	26,886,076	10.47%
Total ²	245,596,267	100.00%	261,082,735	100.00%	256,898,256	100.00%

¹ Basically refers to operations conducted by branches abroad – Grand Cayman

² Total credit portfolio: credits from guarantees and sureties, other miscellaneous credits and sales receivable from foreign exchange agreements.



G4-FS6 Percentage of the portfolio of each line of business, broken down by region, size (e.g: micro, small, medium or large entity) and sector of activity.

Credit portfolio by sector of activity

	2014		2015		2016	
	BRL thousand	%	BRL thousand	%	BRL thousand	%
Public Sector	156,476	0.06%	119,087	0.05%	66,229	0.03%
Federal Government	171	0.00%	4,373	0.00%	0	0.00%
State Government	125,784	0.05%	82,964	0.03%	50,647	0.02%
Municipal Government	30,521	0.01%	31,750	0.01%	15,582	0.01%
Private Sector	245,439,791	99.94%	260,963,648	99.95%	256,832,027	99.97%
Industry	52,789,548	21.49%	70,804,585	27.12%	63,829,839	24.85%
Commerce	26,175,774	10.66%	28,223,339	10.81%	30,357,498	11.82%
Agriculture	6,164,083	2.51%	2,912,348	1.12%	3,170,571	1.23%
Financial Institutions	5,761	0.00%	2,912,348	0.88%	1,116,062	0.43%
Services and Other	52,591,791	21.41%	41,964,420	16.07%	36,071,493	14.04%
Individual Entities	107,712,834	43.86%	114,773,642	43.96%	122,286,564	47.60%
Total	245,596,267	100.00%	261,082,735	100.00%	256,898,256	100.00%

G4-FS7 Monetary value of the products and services created to provide a specific social benefit for each line of business, broken down into sectors.

Monetary value of microcredit operations by sector

Sector	Portfolios (BRL thousand)			Clients		
	2014 ²	2015	2016	2014 ²	2015	2016
Food and Beverages	75,447	80,397	85,039	31,605	34,791	37,429
Electronic Commerce	2,943	2,418	2,216	1,314	1,036	971
Decoration	10,275	6,030	6,040	4,572	2,593	2,614
Education	653	1,584	769	204	601	311
Entertainment	1,898	3,093	3,090	742	1,160	1,318
Other ¹	21	51	57	5	32	26
Other Sectors	23,018	30,568	35,749	10,492	13,366	16,247
Health and Beauty	38,671	43,465	50,058	19,443	22,530	26,342
Textiles	116,214	127,505	128,325	53,036	61,969	61,896
Transport	8,285	2,837	2,625	3,430	1,364	1,204

¹ Clients from unidentified sectors.

² The figures in relation to 2014 are different to those published in the 2015 Annual Report, due to the fact the manner in which the information is consolidated has been changed.

Monetary value of microcredit operations by gender

Gender	Portfolios (BRL thousand)			Clients		
	2014 ¹	2015	2016	2014 ¹	2015	2016
Women	190,842	206,393	216,941	87,133	97,482	103,407
Men	86,586	91,557	97,025	37,710	41,960	44,951

¹ The 2014 figures are different to those published in the 2015 Annual Report, due to the fact the manner in which the information is consolidated has been changed.

See Page 30 for further details about Santander Microcredit.



G4-FS8 Monetary value of the products and services created to provide a specific environmental benefit for each line of business, broken down into sectors.

Social and environmental financing (BRL thousand)¹

	2014	2015	2016
Production	2,513,466	860,829	1,261,724
Portfolio	1,427,599	1,157,138	1,873,864
Weighted participation in relation to the total portfolio (%)	2.3%	4.0%	6.1%

¹ Encompasses Retail (PJ), Corporate (PJ), Financial (PJ) and Agribusiness (PF and PJ) products.

With regard to the disbursement of almost BRL 1.3 billion in 2016 in relation to sustainable business, we should highlight values such as BRL 367.1 million invested in low-carbon agriculture; BRL 19.7 million in photovoltaic energy; BRL 19.1 million in accessibility; and BRL 454.8 million in small and medium entities with resources from the EIB (European Investment Bank).

Furthermore, we have been contributing to the development of the renewable energies market for over 15 years (wind, photovoltaic, small hydro and biomass) through financing and financial guidance for large-scale projects (find out more on page 20).

Aspect-Related Commitments

Commitment 2016	Outcome	Commitment 2017
To train 100% of the agronomists and technicians at Santander Brasil in the new Forestry Code and to hold 03 events with clients of the Bank in order to raise their awareness in relation to environmental regulation.	The training of 100% of the technicians and the hosting of 06 events geared to social and environmental issues and good agribusiness practices with the participation of clients.	To hold 03 events with clients in order to raise their awareness in relation to good practices, new technologies, social and environmental issues and low-carbon opportunities. To increase financing in relation to low-carbon agribusiness with production of BRL 378 million.
To achieve the financing target of 1,000 photovoltaic systems by means of an incentive campaign geared to increasing the participation of the Financing Institution in this market.	As a result of the crisis, the market reduced long-term investments in 2016. Nevertheless, 618 photovoltaic systems were financed.	To achieve the financing target of 800 photovoltaic systems by means of an incentive campaign geared to increasing the participation of the Financing Institution in this market.
To disburse BRL 564.3 million and to amass 145,000 active clients/operations at Santander Microcredit.	The disbursement of BRL 602.4 million and 148,546 active clients/operations.	To disburse BRL 634 million and to amass 163,000 active clients/operations at Santander Microcredit.



Aspect: Risk Management

Risk management is at the heart of our activity. An effective risk management model has significant direct impacts, as it mitigates potential default, which in turn affects the Bank's gross income and relations with clients.

We take social and environmental factors into account in market, credit, operational, reputational and capital risk, resulting in healthy and responsible management.

Our risk management also generates external impacts, as it helps clients to maintain their payment capacity, with a direct impact on their financial equilibrium and an indirect impact on the health of the economic system.

More about **Risk Management**.



Risk Management



Social and Environmental Risk

Indicators related to the provision of credit and financing

Financing of critical sectors

	2014		2015		2016	
	BRL thousand	% the total	BRL thousand	% the total	BRL thousand	% the total
Tobacco industry, alcoholic beverages, arms and munitions	1,301,995	0.45%	1,904,864	0.58%	2,236,058	0.69%
Fossil fuels	10,555,406	3.67%	1,0951,309	3.36%	5,158,145	1.58%
Harm to Food and Nutrition Security	181,393	0.06%	224,218	0.07%	323,454	0.10%

Analysis of clients from the wholesale sector¹

	2014	2015	2016
Approved	1,743	2,519	2,580
Approved with reservation	16	35	27
Rejected	4	16	28
Total	1,763	2,570	2,635

¹ Companies with revenue of over BRL 200 million.

Analysis of collateral¹

	2014	2015	2016
Approved	34	84	147
Approved with reservation	1	14	13
Rejected	2	37	66
Total	37	135	226

¹ Property used as collateral in client transactions is subject to a social and environmental component in their assessment report. The Social and Environmental Risk department will issue a report in the event of any issues requiring attention.

Analysis of clients indicated due to compliance¹

	2014	2015	2016
Approved	40	0	8
Approved with reservation	5	0	0
Rejected	39	7	8
Total	84	7	16

¹ Clients from the wholesale sector commencing relations with the Bank are subjected to an analysis which includes social and environmental factors conducted by the Compliance department. The Social and Environmental Risk department will issue a report in the event of any issues requiring attention.

Projects not subject to the Equator Principles¹

	2014	2015	2016
Approved	6	22	7
Approved with reservation	24 ²	18	22
Rejected	2	0	0
Total	32	40	29

¹ The Equator Principles

² One of the projects which had been classified as not being subject to the Equator Principles in 2014 was reclassified as being subject to these criteria due to having been reviewed and signed in 2015.

Projects subject to the Equator Principles

	2014	2015	2016
Approved	0	0	0
Approved with reservation	1	3	0
Rejected	0	0	0
Total	1	3	0

Analysis of undertakings – Home Loans¹

	2014	2015	2016
Approved	3	7	4
Approved with reservation	1	1	0
Rejected	0	1	0
Total	4	9	4

¹ These analyses are conducted due to the fact contaminated land on which undertakings are to be developed may pose risks to the owners. Environmental restrictions on the construction of undertakings may result in fines and penalties which impede the same. These restrictions may be related to legal zoning, legal reserves, permanent conservation areas, etc.



G4-EC2 Financial implications and other risks and opportunities for the organization’s activities in connection with climate change

The inclusion of social and environmental risks and opportunities in our business strategy has become increasingly evident in our risk models, the most noteworthy of which are social and environmental rating (more information on page 18) and the promotion of sustainable business (more information on page 31).

The issue of climate change plays a key role in this strategy. As a means of managing climate risk in relation to our operation, we have developed a study geared to foreseeing the vulnerability of our activities arising from the effects of the scarcity of water and variations in the price and availability of energy. Moreover, our branch network also has contingency business plans to deal with occurrences involving catastrophes and natural disasters.

In an attempt to improve our assessment of the risks involved in our credit operations, we joined – together with another eight Brazilian and international banks – a social and environmental stress test pilot program, coordinated by the German Society for International Cooperation (GIZ) and UNEP-FI, which featured the development of a methodology to assess the impact of situations of drought on credit portfolios.

In terms of the mitigation of impacts, we manage our emissions in line with a global target of a 9% reduction in greenhouse gas (GHG) emissions between 2016 and 2018. Accordingly, we have been conducting a GHG inventory and offsetting emissions in the form of sustainable project voluntary carbon credits since 2009. In 2016 alone we purchased more than 40,000 tons of CO2 in credits.

We have products and services which help clients reduce their social and environmental impacts and protect themselves against potential fines and penalties in relation to the issue. A good example is our range of products geared to the generation of renewable energies (more information on page 33) and which encourage good farming and livestock breeding practices (more information on page 34).

As a means of foreseeing the challenges facing the Country with regard to the promotion of low-carbon agriculture, we conducted a mapping of low-carbon technologies for agribusiness in 2016 which will give rise to new business activity as of 2017.

We also promoted engagement and transparency activities in relation to climate change. The *Reduza e Compense CO2* Program, a platform which enables individuals to calculate their GHG emissions and to offset the corresponding impacts by purchasing carbon credits. We have helped offset over 75,000 tons of CO2 since this program was launched in 2013. In 2014 we participated in a project headed by Febraban which quantifies the volume of resources allocated by the National Financial Sector in the so-called Green Economy to promote the transition to a low-carbon economy.

Aspect-Related Commitments

Commitment 2016	Outcome	Commitment 2017
To train 80% of new employees from the credit risk analysis and wholesale customer service teams in social and environmental risk.	The training of 78% of the employees eligible for the initiative. Partially achieved due to the difficulty in aligning the agenda of the employees involved with the training dates over the year. 😞	To train 80% of new employees from the credit risk analysis and wholesale customer service teams in social and environmental risk.



Aspect: Corporate Governance; Ethical Conduct; Anti-Corruption Practices; and Compliance

The corporate governance structure and ethical principles that guide our activity are designed to guarantee the operation runs smoothly, to qualify the Bank as an institution which is both upright and able to receive investments, and to conduct business with different partners. These attributes help guarantee the reputation and image of Santander Brazil in the long term, in addition to the continuity of the business.

Part of this governance is entrusted to the Internal Audit department, which conducts a regular validation of our sustainability practices, from compliance with internal policies and procedures to local guidelines and regulatory standards. The analysis is focused on business practices, stakeholder relations and the environmental management of the Bank's facilities.

Find out more in relation to these aspects at:



Key indicators

G4-SO3 The total number and percentage of operations submitted for risk assessment in relation to corruption and the main risks identified.

In 2016 our Compliance department assessed one process involving the allocation of resources for sponsorships in the public sector and 86 processes involving the allocation of resources for sponsorships in the private sector. No significant risks whatsoever were identified in relation to corruption. Over 215 Publicly Exposed Persons (PEPs) were approved by the senior management to do business with the Bank – in all these cases approval was given after an analysis of the situation and an assessment of the risks involved. These clients are given special treatment and attention due to being PEPs. In the same period, 19 suppliers were assessed and approved by our compliance department.

G4-SO4 Communication and training in policies and procedures geared to Anti-Corruption Practices.

The issue of Anti-Corruption Practices is broadly addressed through lectures, meetings, in-person training, as well as online courses in codes of ethics, the prevention of money laundering, information security and fraud prevention. The purpose of the online course in the Prevention and Combating of Corruption is to train, alert and educate employees on the risks involved in this issue, and about compliance with the anti-corruption policy – and it is mandatory for all employees and trainees. 43,167 employees¹ (or 96.37% of total) took this online course between 2015 and 2016.

The Anti-Corruption Law (nº 12.846/13) was also on the agenda at the Suppliers Event, at which we shared practices geared to the prevention and combating of corruption with 158 participants.

G4-FS9 Coverage and frequency of audits to assess the implementation of social and environmental policies and risk assessment procedures.

We have been using a Social and Environmental Responsibility Policy (PRSA) since February 2015, which complies with Brazilian Central Bank Resolution 4327 and the SARB 14 self-regulation issued by Febraban. The Social and Environmental Responsibility Policy establishes principles and guidelines, in addition to consolidating specific policies and procedures for Santander's social and environmental practices used in business and stakeholder relations, including the management of social and environmental risks, impacts and opportunities. The Social and Environmental Responsibility Policy was reviewed in 2016 and continues to be a major driver of social and environmental management. We also consolidated the governance of the Social and Environmental Responsibility Policy this year, through the implementation of an indicator panel, together with a group composed of the different areas which analyze the progress and challenges involved in compliance with its guidelines. Moreover, the Internal Audit department conducts the process involving the supervision of compliance with the commitments undertaken in relation to the Social and Environmental Responsibility Policy and associated policies such as the Social and Environmental Risk Policy and the Private Social Investment Policy. This process is executed on an annual basis using the internal audit plans. The implementation of the Social and Environmental Responsibility Policy is also assessed externally by the Central Bank, which has been supervising compliance with Resolution 4327 as part of its annual capital assessment and sufficiency process since 2015; and by Febraban, which included the annual monitoring of compliance with self-regulation SARB14 in its Compliance Report as of 2016.

¹ The other 3.8% of our employees have not yet taken the online course due to being absent from work – on leave, vacation or for other reasons – or are in the course of doing so.



G4-HR5 G4-HR6 Operations and suppliers identified as having risk for incidents of child labor (HR5) and forced or bonded labor (HR6) and the measures taken to help eradicate child labor.

With regard to credit, our Social and Environmental Risk Policy regards the occurrence of forced or compulsory labor among clients as intolerable. As such, any client involved in this type of practice is subject to business restrictions to operate with the Bank.

With regard to suppliers, all companies regarded as being key to our business at the time of approval are assessed based on operational, administrative, financial, fiscal, legal, governance, social (including the existence of forced or compulsory labor) and environmental factors, the completion and analysis of the "Supplier Qualification Index (IQF)" questionnaire. We currently work with 289 suppliers regarded as key, which accounts for 19.9% of our total network of partners.



We have a comprehensive process for monitoring our suppliers during the provision of the service, checking taxes and labor obligations have been met and verifying transparency in their relations with the Public Authorities, allowing for the taking of measures for the mitigation of risks.

In addition to these procedures, our formal agreement for the provision of services and/or supply of products contains a social responsibility clause – which includes aspects related to labor practices.

G4-PR9 The monetary value of significant fines imposed due to failure to comply with laws and regulations in relation to the supply and use of products and services.

Confidential data.

Aspect-Related Commitments

Commitment 2016	Outcome
To implement the Governance of the Social and Environmental Responsibility Policy (PRSA).	Governance implemented, composed of a Supervisory Group and a panel of key indicators for the Social and Environmental Responsibility Policy. 
To have at least 93% of the workforce trained in the online course on the Prevention and Combating of Corruption.	96.37% of the workforce trained. 



Topic: Customer Relations

Topic: Customer Relations

Customer satisfaction is vital to the sustainability of any company. And this involves providing products and services which increasingly help strengthen customer relations.

Find out more about our initiatives in relation to customer satisfaction.



Customer Satisfaction

Key indicators

G4-PR5 Results of customer satisfaction surveys.

The results of the continuous investment in customer satisfaction are measured by surveys conducted in the different sectors, from individuals to large-scale corporations. In 2016, the Corporate, Santander Financiamentos and Private sectors registered high levels of satisfaction, while the Individual and Legal Entity sectors revealed opportunities for improvement.

Volume de Manifestações

	2014	2015	2016	Var. 2015/2016
SAC	1,172,368	1,097,820	1,200,607	9%
PROCON	17,443	14,500	13,186	-9%
Ouvidoria	25,986	23,840	24,209	2%
Banco Central	24,173	20,496	22,809	11%
Total	1,239,970	1,156,656	1,260,811	9%

Atendimento a reclamações em 2016

SAC (% de reclamações resolvidas em até 5 dias úteis)	93%
Ouvidoria (% de reclamações resolvidas em até 10 dia úteis)	99%

Aspect: Clear and transparent communication (Marketing and Labeling)

Establishing clear and transparent communication with clients and consumers is the foundation on which to provide a quality service geared to finding solutions for different client profiles, besides strengthening the quest for customer satisfaction and promoting financial planning on sound bases.

Key indicators

G4-PR3 The type of information on products and services required by the organization's procedures in relation to product and service information and labeling and the percentage of significant categories subject to these requirements.

In accordance with our assumption of providing a Simple, Personal and Fair service, we provide the information clients require to make decisions. We operate in a highly regulated market and comply with all the requirements in force.

We provide information about products, values, deadlines, charges, fees and other business conditions for all sectors by the hiring channels or the respective contractual documents (pursuant to the demands of the regulatory entities). Banking service fees are disclosed in the Table of Services, available at our branches and on the Bank's website.

With regard to the Capitals Market (securities), the information on the products available is published in prospectuses.

Aspect: Financial Education and Inclusion

Promoting the education and inclusion of society in the financial system stimulates the development of a more mature macroeconomic environment and the consumption of conscious credit, factors which directly benefit our operation and performance in the long term.

We also believe that accessibility is an essential part of financial inclusion, and, as such, we have created accessible branches and channels geared to serving people with hearing and speech impairments.

Find out more about our financial **education** and **inclusion initiatives**.



Financial Education



Partners in action



Disabled People



Key indicators

G4-FS13 Access points in low-populated or economically disadvantaged areas by type.

Santander Microcredit has 27 branches in over 600 municipalities around the country, 321 of which register a low HDI (Human Development Index)¹. The promotion of economic development and entrepreneurship plays a major role in our activity in these places.


G4-FS14 Initiatives to improve access to financial services for disadvantaged people.

99.95% of our branches provided access for disabled people in the period covered by this report².

Our customer service channels (Call Center, SAC and Ombudsman) feature TDD (Telephone Device for Deaf) for clients with hearing and speech impairments. The Call Center also features a chat line to assist clients with hearing and speech impairments with their queries and financial operations.

We also provide Virtual Vision in our Internet Banking system, reading software for the visually impaired, besides the option of increasing the size of the text to help clients with low sight.

Aspect-Related Commitments

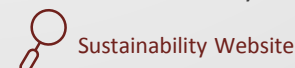
Compromisso 2016	Resultado	Compromisso 2017
<p>To train 30 of the Bank’s employees as multipliers to deliver lectures and conduct activities in relation to financial education and/or guidance to companies and partner universities.</p>	<p>The training of 28 employees. Target partially achieved due to absenteeism. </p>	<p>To establish financial guidance on the transaction channels (with a focus on Internet Banking and applications available) on the issues of credit and investment. To perfect the information and tools available on the internal channels to enable employees to use them for themselves and their clients.</p>

Aspect: Communication and Engagement for Sustainability

We work with a medium and long-term vision to engage our stakeholders in the values of sustainability, transforming critical issues into opportunities and helping society evolve to a more inclusive and low-carbon economy. This process is conducted in the form of activities involving the sharing of knowledge via our website, lectures, and the provision of products and services and the promotion of opportunities for the exercise of citizenship.

Main communication and engagement activities for sustainability.

- The Avançar program, which engages Small and Medium Enterprises in sustainable and efficient management through courses, lectures and workshops. (find out more on page 23).
- The sponsorship of the Seminar on Agribusiness and Renewable Energy held by the Goias State Department of the Environment, with the support of the newspaper Valor Econômico. This event, held in Goiania, highlighted the positive impact of the development of new sources of renewable energy and brought together executives, clients, specialists and entrepreneurs from the sector, rural producers and authorities.
- Guidance for clients about the awareness and importance of solar energy in the Brazilian energy matrix. (find out more on page 33).
- Engagement, education and awareness of agribusiness clients in relation to better production and management practices for sustainable development (find out more on page 34). We held six events for clients, attended by 284 people, in addition to training agronomists and third parties.
- Raising clients’ awareness in relation to annual campaigns geared to promoting social projects such as the Amigo de Valor and Parceiro do Idoso programs (find out more on page 36).
- Our Sustainability Website provides information which can be accessed by topics of interest or the profile of each audience, as well as the Bank’s practices, news and tips on the use of day-to-day sustainable practices.



¹ The HDI regarded as low is the 0.500 to 0.599 range.

² In order to achieve 100% we are awaiting the approval of the works by the regulatory entities on just one site.



Topic: Employee Relations

Aspect: Communication and Engagement for Sustainability

We believe that diversified profiles provide the Bank's operation and corporate culture with greater value. From the perspective of external impacts, the promotion of diversity helps establish a more inclusive and just society, as it promotes equal opportunities for all races, genders, age groups, sexual preferences and disabilities.

Find out more about our initiatives geared to the **promotion of diversity**.



Promotion of Diversity

Key indicators

G4-LA12 The composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

The information about this indicator does not include outsourced workers, trainees and apprentices, and only refers to the Bank's full time personnel.

Funcionários por gênero e cargo

	2014		2015		2016	
	Homens	Mulheres	Homens	Mulheres	Homens	Mulheres
Operacional	6,261	11,769	6,780	12,970	6,206	11,567
Administrativo	9,503	14,465	9,078	14,109	8,828	13,670
Especialista	3,878	2,319	3,711	2,334	3,581	2,317
Gerencial	620	245	614	228	655	234
Diretoria	201	48	171	29	161	33
Total	20,463	28,846	20,354	29,670	19,431	27,821

Funcionários por faixa etária

Faixa Etária	2014	2015	2016
Abaixo de 30 anos	15,239	15,301	13,598
Entre 30 a 50 anos	29,074	29,736	29,004
Acima de 50 anos	4,996	4,987	4,650
Total	49,309	50,024	47,252

Funcionários por etnia

Etnia	Branco	Asiático	Negro	Indígena	Outros	Total
2016	36,107	1,185	9,278	83	599	47,252

Senior management by age group and gender

Age Group	2016	
	Men	Women
Between 30 and 50	124	20
Over 50	32	11
Total	156	31

Composition of the Board of Directors by age group and gender¹

Age Group	2016	
	Men	Women
Between 30 and 50	0	0
Over 50	8	2
Total	8	2

¹ Includes full-time employees and independent members

Composition of the Board by race

Race	2016
White	10

Senior management by race

Race	2016
White	176
Asian	6
Black	1
Other	8
Total	187

G4-HR12 The number of grievances and complaints on human rights impacts filed through formal grievance mechanisms during the reporting period.

Number of complaints in relation to Human Rights

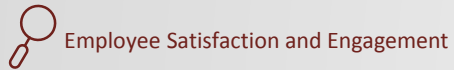
	Employees			Suppliers		
	2014	2015	2016	2014	2015	2016
Received	109	88	112	0	0	0
Regarded as filed	48	43	59	0	0	0
Dealt with	97	71	98	0	0	0
Dealt with in 2016 related to 2015	16	12	17	0	0	0



Aspect: Our Role as Employers; Training and Education

Our employees are prepared and responsible for the execution of the operation and for dealing with our clients. We work with the concept of well-being, promoting a balance between people’s personal and professional lives and preserving health. To continue investing in our personnel, we created Academia Santander, a new means of sharing knowledge on issues which are strategic both for the Bank and our employees. Our employees were given 1.3 million hours of training over the year.

Get to know more about the activities **we conduct with our employees.**



Key indicators

G4-10 Total number of employees

We employed 47,252 full-term employees as at 12/31/2016, in addition to 2,054 interns, 631 apprentices and 4,153 outsourced workers, amounting to a total workforce of 54,090, a figure which ranks us among the country’s major employers.

Profissionais por tipo de contrato de trabalho e gênero

Tipo de contrato	Mulheres	Homens
Efetivos ¹	27,821	19,431
Estagiários	1,160	894
Aprendizes	446	185
Terceirizados ²	1,906	2,247
Total³	31,333	22,757

Profissionais por gênero

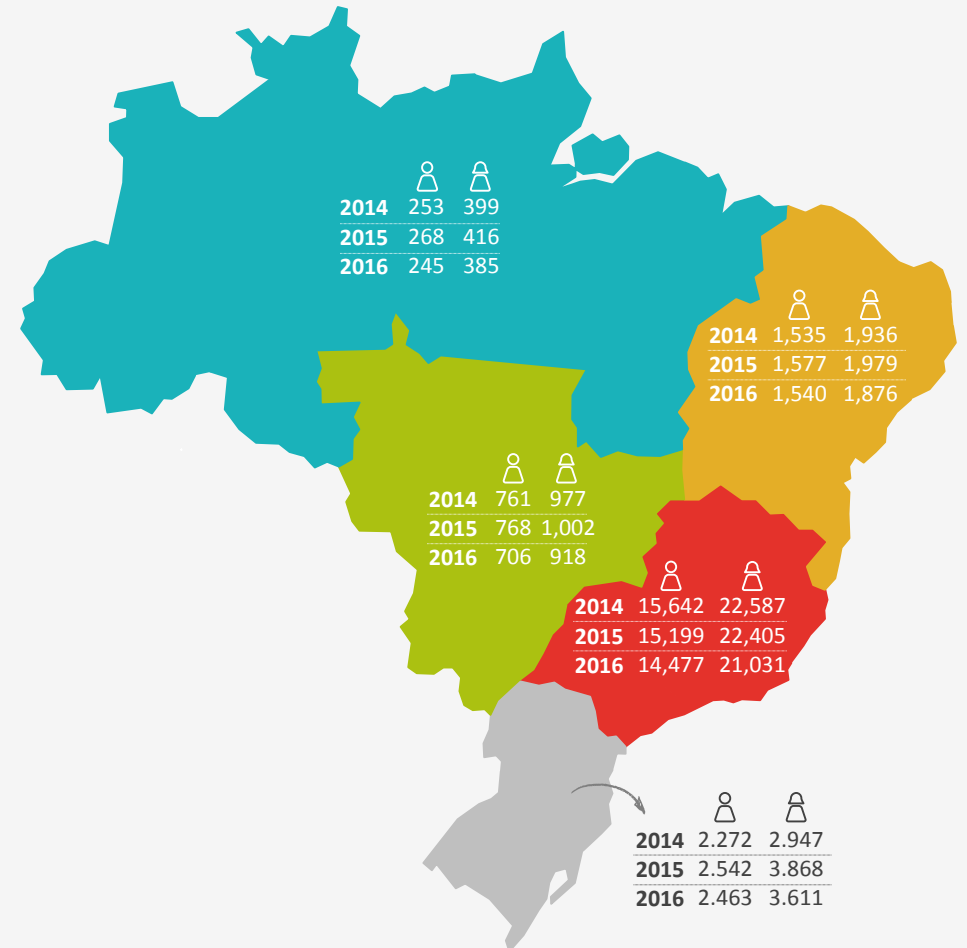
Gênero	2014	2015	2016
Mulher	32,220	32,953	31,333
Homem	23,698	24,217	22,757

¹ All employees complete a working day in accordance with specific laws.

² The outsourced workers are located in the south and southeast regions of the country, home to the Group’s administrative buildings.

³ 98.6% of the full-time employees are hired for an indefinite period of time and 1.4% for a trial period. With regard to type of employment, only 1 employee is not hired on a full-time basis.

Employees by region and gender¹



¹ Includes full-time employees of the Bank only.


G4-LA1 The total number and rate of new employee hires and turnover by age group, gender and region.

Turnover by gender ¹

Gender	2014				2015				2016			
	Admissions	Admissions (%)	Departures	Turnover (%)	Admissions	Admissions (%)	Departures	Turnover (%)	Admissions	Admissions (%)	Departures	Turnover (%)
Mulheres	1,635	5.7%	3,732	12.8%	3,298	11.1%	3,347	11.4%	2,346	8.4%	4,323	15.0%
Homens	1,662	8.1%	3,191	15.7%	2,739	13.5%	2,556	12.5%	2,076	10.7%	3,095	15.6%
Total	3,297	6.7%	6,923	14.0%	6,037	12.1%	5,903	11.9%	4,422	9.4%	7,418	15.3%

Turnover by age group ¹

Age Group	2014				2015				2016			
	Admissões	Admissões (%)	Desligamentos	Turnover (%)	Admissões	Admissões (%)	Desligamentos	Turnover (%)	Admissões	Admissões (%)	Desligamentos	Turnover (%)
Abaixo de 30 anos	1,777	11.7%	2,294	14.3%	3,785	24.7%	2,016	13.2%	2,724	20.0%	2,143	14.8%
Entre 30 e 50 anos	1,446	5.0%	3,890	13.6%	2,173	7.3%	3,214	10.9%	1,614	5.6%	4,119	14.0%
Acima de 50 anos	74	1.5%	739	15.5%	79	1.6%	673	13.5%	84	1.8%	1,156	24.0%
Total	3,297	6.7%	6,923	14.0%	6,037	12.1%	5,903	11.9%	4,422	9.4%	7,418	15.3%

Turnover by region ¹

Região	2014				2015				2016			
	Admissões	Admissões (%)	Desligamentos	Turnover (%)	Admissões	Admissões (%)	Desligamentos	Turnover (%)	Admissões	Admissões (%)	Desligamentos	Turnover (%)
Norte	67	10.3%	99	15.2%	99	14.5%	81	12.1%	60	9.5%	114	17.4%
Nordeste	205	5.9%	440	12.5%	333	9.4%	344	9.8%	392	11.5%	593	17.0%
Centro-Oeste	159	9.1%	228	13.1%	261	14.7%	236	13.5%	130	8.0%	298	17.6%
Sul	440	8.4%	862	17.1%	1,115	17.4%	1,017	17.5%	803	13.2%	1,174	18.8%
Sudeste	2,426	6.3%	5,294	13.7%	4,229	11.2%	4,225	11.1%	3,037	8.6%	5,239	14.3%
Total	3,297	6.7%	6,923	14.0%	6,037	12.1%	5,903	11.9%	4,422	9.4%	7,418	15.3%

¹ Includes all Santander Brasil companies. Includes both employees dismissed by the Bank and those who voluntarily hand in their notice.


G4-LA3 Return to work and retention rates after parental leave broken down by gender.

Paternal leave: eligible vs. granted leave¹

Leave	Eligible	2014		Eligible	2015		Eligible	2016	
		Granted leave	Eligible vs. Granted leave		Granted leave	Eligible vs. Granted leave		Granted leave	Eligible vs. Granted leave
Maternity Leave	28,846	530	1.8%	29,670	515	1.7%	27,821	409	1.5%
Extended Maternity Leave		1,154	4.0%		1,069	3.6%		998	3.6%
Paternity Leave	20,463	580	2.8%	20,354	476	2.3%	19,431	348	1.8%
Total	49,309	2,264	4.6%	50,024	2,060	4.1%	47,252	1,755	3.7%

¹ Includes full-time employees of the Bank only.

Returns to work after paternal leave¹

Leave	2014	2015	2016
Employees with maternity leave (with or without an extension) used the previous year	2.167	2.409	2.156
Employees still employed 12 months after returning	1.820	2.107	1.802
Retention	84%	87%	84%
Employees with paternity leave used the previous year	639	580	476
Employees still employed 12 months after returning	553	493	426
Retention	87%	85%	89%

¹ Includes full-time employees of the Bank only.

G4-LA9 Average number of hours of training undertaken per year per employee, broken down by gender and employee category.

Average hours of training per employee¹

	2014		2015		2016	
	Men	Women	Men	Women	Men	Women
Operational	28.7	28.4	36.8	35.1	25.27	23.30
Administrative	28.6	27.4	36.4	34.6	33.26	33.87
Specialist	36.4	36.9	25.8	28.6	16.31	16.60
Managerial	79.9	68.5	51.4	57.4	14.80	13.86
Executive	40.7	32.6	37.9	39.7	17.27	14.94

¹ Includes full-time employees and trainees.

Employees trained by topic

Topic	2015 ¹	2016
Updates about social and environmental legislation and regulations of the Central Bank of Brazil	43.690	10.516
Voluntary social and environmental commitments	0	0
Human Rights	10.156	26.461
Institutional eco-efficiency, environmental awareness and education	75	15
Personal financial education	5.703	4.541
Customer guidance on the best use of products and services offered by the institution	10.159	33.715
Social and environmental corporate policy	4.739	1.5142
Purchasing policy	21	4
Social and environmental policies	638	68
Products and services with social and environmental advantages	0	0

¹ The figures in relation to 2015 are different to those published in the 2015 Annual Report, due to the fact the way the information is consolidated has been changed.



G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and employee category

% of employees who received regular performance and career development reviews, by gender and employee category

Employee Category	2014	2015	2016
Operational	87.9%	68.9%	71.7%
Administrative	94.5%	87.7%	85.0%
Specialist	96.8%	91.8%	88.3%
Managerial	99.9%	95.1%	92.3%
Executive	94.8%	17.5%	82.6%
Gender			
Men	92.0%	81.5%	82.3%
Women	92.8%	79.4%	85.7%

G4-LA16 The number of grievances and complaints on labor practices filed, addressed and dealt with through formal grievance mechanisms

Number of complaints related to labor practices

	Employees			Suppliers		
	2014	2015	2016	2014	2015	2016
Received	7	14	35	0	0	0
Regarded as filed	3	7	18	0	0	0
Dealt with	6	12	33	0	0	0
Dealt with in 2016 in relation to 2015	0	1	2	0	0	0

Aspect: Communication and Engagement for Sustainability

The aim of sustainability communication is to share knowledge, while promoting education and changing individuals. Helping people and companies to prosper involves reviewing current business attitudes and models. Sustainability provides social, environmental, and economic balance based on new medium and long-term opportunities.

Communication and engagement activities for the sustainability of employees:

Our employees actively participate in initiatives geared to promoting the awareness and engagement of our stakeholders in relation to sustainability.

Teams directly involved with the operation and customer service in relation to the Avançar program, photovoltaic energy and agribusiness projects (see pages 23, 33 and 34 for further information) underwent a continuous process of education and awareness.

Moreover, our employees also participate in our social programs, such as Amigo de Valor and Parceiro do Idoso, whereby awareness campaigns geared to these topics are conducted on an annual basis.

Furthermore, we have been running the Sustentabilidade Pra Todo Lado program since 2012, a virtual challenge with the aim of sparking people's interest in sustainability, disclosing our practices and acknowledging the activities our employees and trainees put into practice. This initiative rewards individual mobilizers and regional offices registering the best performance with regard to participation.

The Sustainability Portal also plays a major role in the engagement of employees, as it features a variety of content, courses and references on different aspects of sustainability.



Topic: Relations with Society

Aspect: Indirect Economic Impacts

We operate through the country to serve over 34 million clients, more than 1,400 suppliers and a team of 47,000-plus employees. This is why our operational and investment-related decisions generate indirect economic impacts such as the creation of new companies and businesses, the generation of jobs, the development of infrastructure, economic inclusion, the reinforcement of public policies, among others.

Key indicators

G4-EC7 Development and impact of infrastructure investments and services provided

Santander Universidades (SU) is a division of Grupo Santander which promotes higher education based on partnerships and relations with universities and their value chain (students, professors and staff). At the close of 2016 this initiative registered 389 partner universities from all over Brazil, in addition to a network of international associates.

The SU's offer 23 Digital Areas, comprised by rooms equipped with computers at partner universities and created to expand access to the digital world, disseminating the use of technology and new teaching methods. These areas benefitted around 168,000 people in 2016, among students, professors and personnel from the partner institutions, in addition to the local communities.

We had 247 branches on university premises and over 2.5 million clients in this sector in 2016, underlining the Bank's position as the leading financial institution in relation to the promotion of higher education in the country.

In the same period, we granted 1,416 international scholarships for universities and professors through the Formula Santander (91 scholarships), Top Spain (145 scholarships), Top China (86 scholarships), Luso (153 scholarships), Ibero Graduation (807 scholarships) and International Mobility (134 scholarships) programs. Furthermore, we granted more than 1,500 e-learning national scholarships and 31,150 e-learning language courses. We aim to grant 3,300 scholarships in 2017, those being 1,100 national scholarships; 1,100 international scholarships and 1,100 internships.

Another major activity geared to the promotion of higher education is Universia, the biggest Iberian-American academic cooperation network, created in 2000 by Santander Espanha and launched in Brazil in 2002. The activities currently conducted by Universia are geared to helping people find their first job and facilitating professional practice, promoting the vocational training of university students and the digital disclosure of relevant content of interest to this audience.



G4-EC8 Significant indirect economic impacts, including the extent of impacts

Our sustainability initiatives generate significant indirect economic impacts. In this report you will find the potential impacts in detail:

- **Santander Universidades:** promotes the generation of jobs and professional development, besides helping to improve the quality of vocational training. See indicator EC7 above for details.
- **Microcredit:** helps small entrepreneurs manage their finances, in addition to providing conditions for the generation of jobs. In 2016, we conducted a survey¹ in five cities in the northeast of the country to gain an understanding of the social and economic impact of Microcredit in this region. We concluded that in a 5-year period, on average, every 2.8 microcredit operations help maintain 1 job and that each BRL 1 financed produces R\$ 0.50 of wealth (GDP) in the cities under analysis. See page 31 for more information on Microcredit.
- **Social Investment:** the aim is the social and economic inclusion of the Brazilian population and the initiative is implemented in accordance with the following guidelines: to strengthen public policies and not to execute or promote isolated actions, to engage in dialog and work together with the community and not for it, to monitor the activities and to assess their social impacts. Find out more on page 36.
- **The promotion of culture:** our cultural investment is geared to stimulating projects which encourage creativity and innovation, the sharing of knowledge and conscientious consumption in society. Find out more on page 37.

¹ Survey conducted by Rever Consulting in partnership with Utopies, using Local Footprint® methodology based on the Input-Output matrix.



Aspect: Relations with Local Communities

Our relations with local communities are based on respect, the promotion of social inclusion and the stimulation of development. We have great potential to positively impact people through the generation of jobs, support for small entrepreneurs, microcredit, volunteer and social and cultural investment initiatives developed and supported by the Bank.

Find out more about our relations with **local communities**.



Key indicators

G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs

We engage the communities in which we operate¹ to promote the social and economic inclusion of the Brazilian population. To do so, we adapt our Private Social Investment (ISP) to our institutional and social programs, geared to guaranteeing the rights of children, adolescents and the elderly and improving the quality of public schooling.

BRL 109 million was invested in these programs in 2016, 4% more than in 2015 and equal to 2% of our net income for the period. Find out more about these programs on pages 36 and 37.

¹ Santander Brasil does not conduct its social investment through each of its units (operations), but in the Country as a whole.

Social and Cultural Investment Santander Brasil¹ (BRL thousand)

	2014	2015	2016
Education	58,728	53,503	46,699
Culture	24,543	36,923	44,480
Rights of Children, Adolescents and the Elderly	7,174	4,782	7,128
Entrepreneurism and Generation of Income	2,717	2,739	1,620
Sport	1,851	4,285	8,543
Promotion of Diversity	-	-	-
Environment	664	147	33
Other	1,928	2,544	1,016
Grand Total	97,606	104,923	109,517
% of Net Income ²	4.5%	1.5%	2.0%

¹ These amounts include tax benefits. Tax benefits amounted to BRL 56 million in 2016.

² % of Registered Net Income BRGAAP in 2016 (BRL 5,533 billion).

Commitments related to this Aspect

Commitment 2016	Result	Commitment 2017
To conclude the training of the teams and monitoring of the projects supported in the 2014-2016 cycle and to select the new municipalities to be benefitted in the 2017-2019 cycle of the <i>Amigo de Valor</i> program.	The training of 199 employees, befitting over 3,800 children, adolescents and family members. 36 projects were selected in 2016 to be backed by the program in the 2017-2018 cycle ¹ .	To monitor the development of the 36 projects selected to benefit over 4,000 socially vulnerable children and adolescents. To mobilize resources to invest in all these projects for another year of partnership (2018). To restructure the model for monitoring the <i>Amigo de Valor</i> and <i>Parceiros do Idoso</i> partner programs, with the participation of the branch network.
To perfect the mechanisms for measuring the results of the Bank's volunteer program.	Action to improve the process for reporting the results of our volunteer activities was taken, resulting in 100% of activities reported compared with 35% in 2015; the annual assessment was enhanced: all the issues were reviewed in order to calculate the contribution of the program and to make them clearer for schools and volunteers.	

¹ The methodology of the Amigo de Valor program was altered and the cycles are now two-yearly.



Aspect: Minimization of Environmental Impact

We place an emphasis on good practices in relation to resources associated with environmental issues. The consumption of energy and water, the management of the materials used and the waste generated are key factors with regard to cost control and the reduction of impacts. Our decisions in relation to investment and the granting of corporate credit also take social and environmental issues into account as a means of mitigating risks and helping to create an inclusive and low-carbon society.

Find out more about our initiatives to **minimize environmental impacts**.



Environmental Management



Climate Governance

Key indicators

G4-EN1 Materials used by weight or volume.

Our strategy for innovation and digital presence was also reflected in the significant 20% reduction in the consumption of paper in relation to 2015.

Consumption of paper by type (t)

	2014	2015	2016
A4	1,688	1,409	1,117
Forms	1,164	1,045	904
Graphic art	601	413	204
Bank statements	828	828	610
Card invoices	1,825	1,843	1,641
Collection slips	472	431	414
Checks	327	310	233
Other print outs ¹	412	284	187
Total consumed	7,317	6,563	5,310
Total destined for recycling	215	270	208

¹ Includes, for example, notices, reports and business cards.

G4-EN3 Energy consumption within the organization

Consumption of energy (Gj)

	2014	2015	2016
Branches	816,169	811,456	700,170
Administrative buildings – concessionaires	237,933	229,955	209,012
Total – concessionaires	1,054,102	1,041,411	909,182
Administrative buildings – renewable (SHPs/wind)	109,757	73,233	61,875
Branches – renewable (SHPs/wind)	29,815	30,328	29,392
Total – incentivized energy	139,572	103,561	91,267
Total	1,193,674	1,144,973	1,000,449

G4-EN5 Energy Intensity

Consumption of energy per employee (Gj)

	2014	2015	2016
Branches	27.2	27.6	25.5
Administrative buildings	15.8	12.8	12.6

G4-EN6 Reduction of energy consumption

Our consumption of energy dropped by 13% last year. Energy intensity was also reduced, representing a 20.3% gain in energy consumption efficiency in our administrative buildings and 6.3% at our branches over the last two years.

The main initiatives resulting in the gains in eco-efficiency in the consumption of energy were the conclusion of the replacement of fluorescent light bulbs with LED bulbs throughout the branch network, amounting to around 380,000 bulbs replaced, and the automatic air conditioning on/off system, which has already been implemented 48% of the branch network.

G4-EN8 Total water withdrawal by source

The water consumed in our operation is supplied by public concessionaires. The Bank strives to minimize consumption through the different initiatives described below, and this has already resulted in savings of 17% compared with 2015.



Initiatives geared to the management of water consumption:

- Water saving systems such as automatic faucets, aerators, vacuum flush system (Santander Head Offices);
- The centralized monitoring of consumption throughout the branches and administrative buildings;
- The use of rainwater at Santander Head Offices, more than 100 branches and the Campinas Data Center;
- HVAC systems at the other data centers which do not require water for cooling.

Consumption of water (m³)

	2014	2015	2016
Branches	1,136,995	913,742	738,908
Administrative buildings	187,807	150,726	142,650
Total	1,324,802	1,064,468	881,558

G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)

G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)

G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)

G4-EN18 Greenhouse gas (GHG) emissions intensity

G4-EN19 Reduction of greenhouse gas (GHG) emissions

We submit our Greenhouse Gas Inventory to the GHG Protocol Brazil (Public Emissions Register) on an annual basis. Data on emissions for 2016, due for publication by May 2017, can be found at www.santander.com.br/sustentabilidade, under Management Practices, item Environmental Management, sub-item Climate Governance, or at www.registropublicoemissoes.com.br.

G4-EN20 Emissions of ozone-depleting substances (ODS)

Emissions of ozone-depleting substances

Class	Substance	Volume (kg)		
		2014	2015	2016
HCFC - Hydrochlorofluorocarbons	r22	26,352	13,557	8,556
HCFC - Hydrochlorofluorocarbons	r141	3,472	30	92
HFC - Hydrofluorocarbons	r407	2,463	1,559	1,165
HFC - Hydrofluorocarbons	r134	8	176	0
HFC - Hydrofluorocarbons	r410	2,150	4,899	4,503

G4-EN23 Total weight of waste by type and disposal method

Emissions of ozone-depleting substances

	Method of Disposal	2014	2015	2016
Glass	Recycling	2	3	3
Paper	Recycling	215	270	208
Metal	Recycling	1	3	3
Plastic	Recycling	114	82	107
Recyclable waste	Recycling	332	358	321
Organic waste	Landfill	434	418	461
	Composting ¹	-	-	280

¹ Tons not delivered to landfills - CASA 1 and Santander Head Offices. This data was included as of 2016.



Electronic Waste (parts)

	Method of Disposal	2014	2015	2016
ATM	Recycling	3,384	2,685	546
CPU	Recycling	11,737	7,123	7,953
Telephones/Peripherals	Recycling	15,102	5,943	14,828

Electronic Waste (kg)

	Method of Disposal	2014	2015	2016
Plastic	Recycling	33,920	26,917	5,470
Metal	Recycling	1,643,817	1,304,465	265,267

G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention² annexes I, II, III, and VIII, and percentage of transported waste shipped internationally

Hazardous Waste

	Method of Disposal	2014	2015	2016
Bulbs (units) ¹	Recycling with transport	88,754	102,215	74,142
Bulbs (units)	Recycling on the premises ²	29,703	0	0
Batteries (t) ³	Recycling with transport	65	0	0

¹ There was a 27% reduction in the number of fluorescent bulbs disposed of due to being replaced with LED bulbs, which have a longer service life.

² We have not had a contract for the recycling of bulbs on the premises since 2015. The entire volume is transported to the recycling point.

³ The battery collection program was discontinued in 2014.

G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

The Bank received no fines or non-monetary penalties in 2016 in connection with failure to comply with environmental laws and regulations.

Commitments related to this Aspect

Commitment 2016	Result	Commitment 2017
To reduce the consumption of both energy and CO2 emissions by 9% by 2018 based on 2015 levels (overall target).	The target will only be calculated and reported at the end of the commitment period (2018). ☹️	To reduce the consumption of both energy and CO2 emissions by 9% by 2018 based on 2015 levels (overall target).
To obtain Environmental Management System certification for the Campinas Data Center.	The Environmental Management System certification for the Campinas Data Center was rescheduled for 2017. ☹️	To obtain the Environmental Management System certificate for the Campinas Data Center.
To keep Santander Brasil among the top 10 organizations with regard to Carbon Disclosure Project (CDP) transparency.	Recognition among leading organizations in climate change, appearing on the CDP list of Climate Disclosure Leadership Brazil in 2016. 😊	



Topic: Supplier Relations

Aspect: Assessment of Suppliers and Support for the Development of Suppliers

We worked with a base of more than 1,400 active suppliers in 2016, which received around BRL 7.9 billion for providing their products and services to the Bank. This audience is extremely important, as it provides inputs which are vital to our operation. Our work involving the assessment, approval and support for the development of this audience is designed to mitigate social, environmental and economic risks, in addition to dealing with issues involving our reputation and competitiveness.

Find out more about our **supplier relations**.



Supplier Management



Supplier Channel

Key indicators

G4-LA14 G4-HR10 G4-SO9 G4-EN32 Percentage of new suppliers screened using criteria in relation to labor practices, human rights, impacts on society and the environment

The purchasing process is based on the principles of the United Nations Global Compact, which addresses environmental issues, labor practices, human rights, among others. All suppliers which participate in tender processes in Brazil are required to accept the topics in relation to the Global Compact through an RFQ (Request for Quotation).

At the time of approval, all the suppliers regarded as key to our business are assessed based on operational, administrative, financial, fiscal, legal, governance, social and environmental aspects, through the completion and analysis of the "Supplier Qualification Index (IQF)" questionnaire. We currently work with 289 suppliers regarded as key.

Moreover, our formal agreement for the provision of services and/or supply of products contains a social responsibility clause.

Key activities geared to the development of suppliers

When hiring and dealing with suppliers, we use processes which promote compliance with the laws in force, ethics and integrity in operations and the adoption of globally accepted practices in relation to issues such as human rights, labor relations, the environment and anti-corruption.

The capacity to purchase large volumes enables us to implement good practices with our suppliers and their chains, in the form of initiatives such as:

- A supplier channel, which provides information to help organizations become more sustainable, with guidance on good practices and sustainability courses.
- Channels for denouncements, complaints, suggestions and queries, which provide a means of dialog and exchange for the development of suppliers and the use of the best practices.
- In-person events about specific themes designed to help develop certain groups of suppliers.

Commitments related to this Aspect

Commitment 2017

To develop a model for the recognition of suppliers including social and environmental factors





Policies related to material aspects	Generation of value and economic performance							Customer Relations				Employee Relations				Relations with Society			Supplier Relations	
	Economic Performance	Social and Environmental Business (Opportunities)	Risk Management	Corporate Governance	Ethical Conduct	Combating Corruption	Conformity	Satisfied Customers	Clear and transparent communication (Marketing and Labeling)	Financial Education and Inclusion	Communication and Engagement for Sustainability	Diversity	The Role of the Employer	Training and Education	Communication and Engagement for Sustainability	Indirect Economic Impacts	Relations with local communities	Minimization of Environmental Impact	Assessment of Suppliers	Support for the development of suppliers
Bylaws	x			x	x	x	x													
Credit Risk Management Policy	x	x	x	x	x	x	x													
Social and Environmental Policy	x	x	x	x	x	x	x		x	x					x	x	x	x		
Social and Environment Risk Policy		x	x							x					x		x	x		
Santander Brand and Intangible Values Policy		x																		
Stakeholder Engagement Policy		x	x						x		x				x	x	x	x		
Code of Conduct for Suppliers			x	x	x	x	x		x						x	x	x	x	x	x
Code of Ethical Conduct			x	x	x	x	x	x	x		x	x	x	x						
Anti-corruption Policy			x	x	x	x	x												x	x
Donation Policy			x	x	x	x	x								x	x				
Policy for Transactions with Related Parties			x	x	x	x	x													
Anti-Money Laundering Policy			x	x	x	x	x													
Policy for the Marketing of Products and Services								x	x											
Derivative Products Suitability Policy								x	x											
Social Investment Policy										x	x				x	x				
Communication Policy										x										
Human Rights Policy										x	x	x	x	x	x	x			x	x
Employee Services Policy												x	x							
Medical Care Policy												x								
Investment Policy												x	x	x						
Volunteer Policy											x						x			
Supplier Relations and Approval Policy																		x	x	x



Audit Letter

Limited assurance report issued by the independent auditors on the sustainability information contained in the 2016 Annual Report

To the Directors and Shareholders of
Banco Santander (Brasil) S.A.
São Paulo – SP

Introduction

Our services were retained by Banco Santander (Brasil) S.A. (“Bank”) to submit our limited assurance report on the compilation of the sustainability information contained in the Bank’s 2016 Annual Report relative to the financial year ending on December 31, 2016.

Responsibilities of the organization’s Board of Directors

The Bank’s Board of Directors are responsible for drawing up and submitting the sustainability information contained in the Bank’s 2016 Annual Report in the appropriate manner, in accordance with Global Reporting Initiative (GRI-G4) criteria and the internal controls regarded as necessary to ensure this information is provided free of any major distortion, regardless of this being caused by fraud or error.

Responsibility of the independent auditors

We are responsible for providing a conclusion on the sustainability information included in the 2016 Annual Report, based on the limited assurance work conducted in accordance with Technical Communiqué CTO 01 – “Issuance of an Assurance Report on Sustainability and Social Responsibility”, issued by the Federal Accounting Council – CFC, based on NBC TO 3000 -Assurance work other than audits or reviews, also issued by the CFC, which is equivalent to international standard ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information, issued by IAASB – the International Auditing and Assurance Standards Board. These standards require compliance with ethical demands, including requirements of independence, and that the work is performed with the aim of obtaining limited assurance that the sustainability information contained in the 2016 Annual Report, taken as a whole, is free of any material distortion.

A limited assurance engagement conducted in accordance with NBC TO 3000 and ISAE 3000 consists mainly of inquiring the senior management and other employees of the Organization involved in compiling the information, as well as implementing the analytical procedures to obtain evidence that enables us to conclude on the form of limited assurance on the information taken as a whole.

A limited assurance engagement also requires the execution of additional procedures, whereby the independent auditor becomes aware of matters which lead him to believe the information taken as whole may feature major distortions.

The procedures selected were based on our comprehension of the aspects relative to the compilation and presentation of the sustainability information contained in the 2016 Annual Report, other circumstances in relation to the work and our opinion on areas in which major distortions might exist. The procedures consisted of:

- the planning of the work, taking into account the relevance, the volume of quantitative and qualitative information and the operating systems and internal controls which served as a base for compiling the sustainability information contained in the Bank’s 2016 Annual Report;
- the understanding of the methodology for the calculation and procedures used in the compilation of the indicators through interviews with the managers in charge of drawing up the information;
- the implementation of analytical procedures on the quantitative information and inquiries on the qualitative information and the relation of the same with the indicators disclosed in the sustainability information included in the Bank’s 2016 Annual Report;
- a comparison of the indicators of a financial nature with the financial statements and/or accounting records.

The limited assurance engagements also included tests to ascertain compliance with the guidelines and framework criteria applicable to compiling the sustainability information included in the Bank’s 2016 Annual Report.

We believe the evidence obtained in our work is sufficient and appropriate to base our conclusion on the limited form.

Scope and limitations

The procedures applicable to a limited assurance engagement are significantly less extensive than those applicable to a reasonable assurance engagement, which aim to issue an opinion on the sustainability information contained in the 2016 Annual Report. Consequently, we were unable to obtain reasonable assurance that we were aware of all the issues which would be identified in an assurance engagement with the aim of issuing an opinion. If we had conducted an engagement with the aim of issuing an opinion, we could have identified other issues and potential distortions in the sustainability information contained in the 2016 Annual Report. As such, we did not provide an opinion on this information.

Non-financial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate this data. Qualitative construction of the materiality, relevance and accuracy of the data are subject to individual assumptions and judgments. Moreover, we did not conduct any work on informed data for previous periods or in relation to future forecasts and targets.

Conclusion

Based on the procedures used and described in this report, we are unaware of anything which might lead us to believe that sustainability information contained in the Bank’s 2016 Annual Report was not compiled in accordance with the guidelines of the Global Reporting Initiative (GRI-G4), with regard to all relevant aspects.

São Paulo, March 17, 2017.

PricewaterhouseCoopers
Independent Auditors
CRC 2SP000160/O-5

Luciano Jorge Moreira Sampaio Júnior
Accountant CRC 1BA018245/O-1 “S” SP



GRI Content Summary

Profile Indicators



General standard content	Description	Page or direct response	Global Compact	ODS
Strategy and analysis				
G4-1	A statement from the most senior decision-maker of the organization on	5	-	-
G4-2	A description of the key impacts, risks and opportunities	15	-	-
Organizational profile				
G4-3	Name of the organization	Santander Brasil	-	-
G4-4	The primary brands, products, and services	Get to know the main brands, products and/or services on the Investor Relations site	-	-
G4-5	The organization's headquarters	Santander Brasil's headquarters are in São Paulo (SP)	-	-
G4-6	The number of countries in which the organization operates	Santander Brasil only operates in Brazil and Grupo Santander operates in 10 key markets	-	-
G4-7	The nature of ownership and legal form	Santander Brasil is a Corporation	-	-
G4-8	The markets served	6	-	-
G4-9	The scale of the organization	6	-	-
G4-10	Total number of employees	6 and 53	Principle 6	-
G4-11	The percentage of total employees covered by collective bargaining agreements	100% of our employees are covered by collective bargaining agreements	Principle 3	Objective 8
G4-12	A description of the organization's supply chain	35	-	-



General standard content	Description	Page or direct response	Global Compact	ODS
G4-13	Any significant changes during the reporting period regarding the organization's structure	There was a change in the Chairman of the Santander Brasil Board of Directors in 2016, a position taken over by Álvaro Antonio Cardoso de Souza –see page 13 for further information	-	-
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Santander takes a preventive approach to social and environmental risk through a thorough risk analysis process in accordance with specific policies and teams. Find out more on page 15	-	-
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to	Commitments	Objective 17	-
G4-16	Memberships in associations and/or national or international advocacy	Participation in Forums	Objective 17	-
Identified Material Aspects and Boundaries				
G4-17	A list of all the entities included in the organization's financial statements	Financial Statements	-	-
G4-18	The process for defining the report content and boundaries	41 and 42	-	-
G4-19	A list of all the material aspects identified in the process for defining report content	42	-	-
G4-20	The limit for each material aspect within the organization	42	-	-
G4-21	The limit for each material aspect outside the organization	42	-	-
G4-22	An explanation of the consequences of any restatements of information provided in previous reports	A few indicators were reviewed and the relevant information appear in the corresponding pages	-	-
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	The materiality of 2013 was revalidated as described on Page 41. The 2016 Annual Report is now drawn up "in accordance with" the GRI Guidelines core option, replacing the comprehensive option	-	-



General standard content	Description	Page or direct response	Global Compact	ODS
Stakeholder engagement				
G4-24	A list of stakeholder groups engaged by the organization	41 and 42	-	-
G4-25	The basis for identification and selection of stakeholders with whom to engage	41	-	-
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement	41	-	-
G4-27	Key topics and concerns raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	41 and 42	-	-
Profile of the Report				
G4-28	Period covered by the report	41	-	-
G4-29	Date of the most recent previous report	2015	-	-
G4-30	Reporting cycle	Annual	-	-
G4-31	The contact data for questions regarding the report	41	-	-
G4-32	Option for the implementation of the guidelines (core or comprehensive), GRI content index and external assurance	We used the GRI G4 core option for this Annual Report. The GRI index is included on pages 65 to 70 and external assurance on page 64	-	-
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	64	-	-
Governance				
G4-34	The governance structure of the organization, including committees	13	-	Objective 16
G4-38	Composition of the highest governance body and its committees	The composition of the Santander Brasil Board of Directors as at 31/12/2016 can be found on page 13 Composition of the Advisory Committees	-	-



General standard content	Description	Page or direct response	Global Compact	ODS
Ethics and Integrity				
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Response on page 10 of the Report	Principle 10	Objective 16
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines	The Code of Ethical Conduct is included in training activities on a regular basis Channels available in the Code	Principle 10	Objective 16
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Response on page 12 of the Report Code of Ethical Conduct	Principle 10	Objective 16

Performance Indicators

Specific standard content	Page	Global Compact	ODS
EC1	25 and 43	-	Objective 8
EC2	17, 18, 33, 34 and 47	-	Objectives 12 and 13
EC7	57	-	Objective 1, 4, 8, 10 and 17
EC8	32 and 57	-	Objectives 1, 4, 8, 10, 15 and 17
EN1	59	Principles 7 and 8	Objective 12
EN3	59	Principles 7 and 8	Objectives 7, 12 and 13
EN5	59	Principle 8	Objectives 7, 12 and 13
EN6	59	Principles 8 and 9	Objectives 7, 12 and 13



Specific standard content	Page	Global Compact	ODS
EN8	59	Principles 7 and 8	Objectives 6 and 12
EN15	60	Principles 7 and 8	Objectives 12 and 13
EN16	60	Principles 7 and 8	Objectives 12 and 13
EN17	60	Principles 7 and 8	Objectives 12 and 13
EN18	60	Principles 7 and 8	Objectives 12 and 13
EN19	60	Principles 7 and 8	Objectives 12 and 13
EN20	60	Principles 7 and 8	Objectives 12 and 13
EN23	60	Principles 7 and 8	Objective 12
EN25	61	Principles 7 and 8	Objective 12
EN29	61	-	-
EN32	62	Principle 8	Objectives 8 and 16
LA1	54	Principle 6	Objectives 5 and 8
LA3	55	Principle 6	Objectives 5 and 8
LA9	55	Principle 6	Objective 4
LA11	56	Principle 6	Objective 8
LA12	52	Principle 6	Objective 8
LA14	62	-	Objectives 8 and 16
LA16	56	-	Objective 16
HR10	62	Principle 2	Objective 8 and 16
HR12	52	Principle 1	Objective 16
HR5	49	Principle 5	Objectives 8 and 16
HR6	49	Principle 4	Objective 8 and 16



Specific standard content	Página	Global Compact	ODS
SO1	36 and 58	Principle 1	Objectives 1, 10 and 17
SO3	48	Principle 10	Objective 16
SO4	48	Principle 10	Objective 16
SO9	62	-	Objectives 8 and 16
PR3	50	-	Objective 12
PR5	50	-	-
PR9	49	-	Objective 16
FS6	43 and 44	-	Objective 8
FS7	31 and 44	-	Objectives 6, 7, 8 and 9
FS8	31 and 45	-	Objectives 8 and 12
FS9	48	-	Objective 16
FS13	51	-	Objective 1, 8 and 10
FS14	51	-	Objective 1, 8 and 10



Credits

General Management

Santander

Photos

- Cover – Ester Mendes and RTS Fotografia
- Page 5 – Maurício Cassano
- Page 8 – Gabriela Castello
- Page 9 – RTS Fotografia
- Page 11 – Getty Images
- Page 20 – Maurício Cassano
- Page 22 – Pisco Del Gaiso
- Page 23 – RTS Fotografia
- Page 27 – RTS Fotografia (1st photo on the left) and other photos Pisco Del Gaiso
- Page 28 – RTS Fotografia
- Page 32 – RTS Fotografia
- Page 33 – Pisco Del Gaiso
- Page 34 – Pisco Del Gaiso
- Page 36 – Pisco Del Gaiso
- Page 37 – Santander Records (Academia USP and Museu do Amanhã), RTS Fotografia (Teatro Santander) and Lufe Gomes (Santander Cultural)
- Page 40 – Pisco Del Gaiso
- Page 71 – RTS Fotografia

We Are Connected 24/7



Customer Service Center

Queries, information and transactions: **2004 3535** (state capitals and other metropolitan areas)

0800 702 3535 (other locations)

0800 723 5007 (people with hearing or speech impediments)

Twitter: **@santander_br**
Facebook: **Santander Brasil**

SAC

Complaints, cancellations and information: **0800 762 7777**

People with hearing or speech impediments: **0800 771 0401**

When abroad, make a collect call to: **55 (011) 3012 3336**

24/7 service

Ombudsman

If you are not satisfied with the solution provided: **0800 726 0322**

Available from 9 a.m. to 6 p.m. Mondays to Fridays, except public holidays

People with hearing or speech impediments: **0800 771 0301**

