

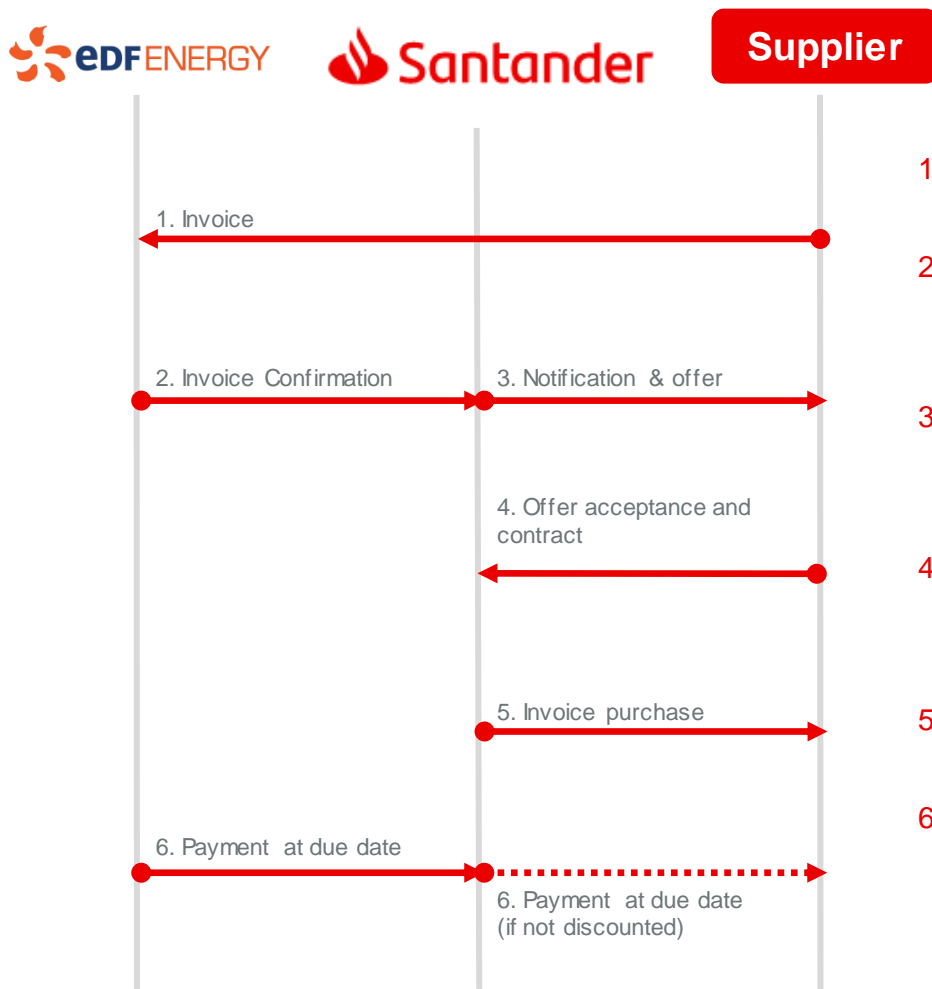
Supply Chain Finance



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1. How does Santander's SCF solution work?



1. You submit your invoice to EDF via your usual route.
2. EDF approves the invoice for payment and sends the approved invoices to Santander.
3. Santander notifies you by email that invoices are available and offered for early payment at discount.
4. You decide if you would like to receive the funds early by accepting the offer and agreeing to our T&Cs.
5. Santander funds your account, less discount.
6. Santander collects payment from EDF on the maturity day and remits the full amount to your account (if the invoice has not been discounted).

2. SCF benefits

Early non-recourse payment

Payment of your invoices can be initiated as soon as EDF has approved them.

Money received cannot be reclaimed by the bank.

Significantly reduced risk

Advancing the payment removes non-payment risk on EDF.

Reduces need for and cost of Credit Insurance.

Improved cash flow

Cash comes into the business more quickly and therefore can be used for other purposes.

Opportunity to reduce Days Sales Outstanding.

Simple set up and full training provided

To join the SCF programme we require the following documents:

- **Signed general terms and conditions.**
- **Completed Authorised User List for web access.**
- **Certificate of incorporation and/or bank statement.**
- **POA / Mandate listing Authorised Signatories.**
- **Passport Copies for Signatories and Users.**

Our dedicated team can also offer **web training** to make the most of your web user experience.



More benefits...

Our product is offered in respect of 100% of the invoice value

No need to bank with Santander

There are no other additional fees or commissions

3. Invoice example

Invoice Value	£100,000
Payment term	60 days
Invoice approval time	10 days
Financing window	50 days
Margin	1.00% per annum*
GBP LIBOR (3 months)	0.73% per annum**
Discount rate of 1.73% per annum	

Receive **£99,763.02**
of invoice **on day 10**

Cost to discount the invoice **£236.98**
(£100,000 x (1.00% + 0.73%) x 50/365d)

Discount of
£0.23 per €100
of the invoice

- ✓ Discount amount is pro-rated based on number of days remaining before the invoice maturity
- ✓ Discount rate: margin + Euribor **

4. Discounting options

We offer flexibility and control over your invoices by providing a number of options to request early payments:

Automatic option

Receive early payment of all invoices automatically

1. As soon as they become available
2. On a specific date of the month
3. A certain number of days before maturity

Ad-hoc option

Manually select individual invoices

1. Select invoices online using our web portal
2. Sign and return the contract by email or enter into it online

*This is an indicative margin, final margin will need to be agreed and confirmed by Santander

** Or Libor for GBP/USD invoices. Rates vary daily, Libor is published by the ICE Benchmark Administration, Euribor is published by the European Money Markets Institute.

5. SCF Key Facts

- Payments are final settlement of invoices. Money paid to you cannot be reclaimed by Santander because invoices are purchased on a non-recourse basis.
- The discount rate you are offered is made up of two parts – the benchmark rate (e.g. Libor/Euribor) plus a percentage margin. The Libor/Euribor rate is applied at the point the payment is made to you. Libor/Euribor are market rates that fluctuate daily. Whenever rates are negative, a minimum floor rate of 0.000001% is applied
- This facility is uncommitted and payment of invoices is always subject to the T&Cs in our contract entered into with you.
- You are not obligated to advance your payments: if you elect not to advance your payment the full invoice value will be paid to you at the maturity date provided funds have been received by Santander from EDF.
- In the event that funds are not received by Santander from EDF and we are therefore unable to remit payment to you, you should approach EDF directly for payment.
- Early payment can be requested at any time up until 3 days before the invoice's maturity date by email (or 10 days before maturity via the website).
- If requesting funds via the website, you can receive the funds within the same day for requests made before 11:30 am (London time). After this time, you will be paid the next working day. If you are entering into a paper contract/ not using the website you will be paid within 3 business days of us receiving the executed paper contract.
- The online portal is available 24/7 (subject to our T&Cs), offering full visibility of invoices status.
- Santander does not give legal or accounting advice - we recommend you consult with your professional advisors before entering into any contract.

Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

Simple Personal Fair



FAQs

What is the invoice confirmation /approval time?

Once you submit your invoice to EDF, it takes time for them to review and process your invoice for payment. For example, EDF may want to check that the goods/ services you delivered were as expected, before confirming their commitment to pay by sending invoices to Santander.

What is my invoice maturity date?

The invoice maturity date is the day when you would expect to be paid by EDF as per the terms of your contract with them. The date is advised to Santander by EDF when sending us your invoice. If you do not choose to discount your invoice, Santander will pay the full invoice amount at maturity upon receipt of those funds from EDF.

Am I contractually obligated to Santander?

If you choose to discount on an ad-hoc basis, Santander will ask you to accept the terms and conditions of the programme each time you select an invoice for early payment. Your relationship with Santander terminates as soon as the payment has been received. If you sign up for the automatic option for all present and future invoices and do not want to continue receiving early payments, you will need to notify the Santander On-boarding Team by email (please see next slide for contact details) to terminate the agreement.

Can I remove the invoice from my Balance Sheet?

When you request an early payment, Santander will purchase your receivable on a non-recourse basis. This is typically treated as a 'true sale' from the balance sheet perspective, reducing your trade debts. Please seek professional advice from either your auditors or accountants.

How do I request an early payment? Can I request to receive early payment for all my invoices?

As soon as your invoices have been approved by EDF and notified to us, you can request early payment for all present and future invoices by selecting the Automatic option in the Santander portal or by executing a paper contract. This maximises the benefits you get from using Supply Chain Finance programme by reducing the administration burden of discounting invoices individually. Alternatively, you can request early payments of your invoices on an ad-hoc basis via our webportal or via email.

How do I know if my invoices have been approved for payment?

Santander will send you a notification by email containing details of your invoices which have been approved by EDF and are eligible for early payment. They will also be available for viewing on the Santander portal.

Do I need to pay to join the Supply Chain programme?

There are no joining, annual or other additional fees/commissions. The only cost would be if you decide to request early payment for your invoice, there will be a small discount cost based on the number of days remaining before the invoice maturity date.

I do not want to discount my invoices.

You are not obligated to discount your invoices. If you choose not to, Santander will remit the payment of your invoice on the maturity date providing funds are received from EDF. However, you can still benefit from visibility of your invoices which have been approved for payment by EDF and use Santander's webportal for reporting and reconciliation purposes.

FAQs

Will the margin given by Santander change?

The margin you have been offered is agreed by Santander based on the credit risk profile of EDF. In the case where there is a substantial change in EDF's credit profile the margin you are offered may also change. We will give you as much notice as possible if Santander intends to change the margin.

Which Libor/Euribor rate will be applied?

Libor/Euribor are published market rates that fluctuate daily. Whenever rates are negative, a minimum floor rate of 0.000001% is applied. Libor rates are quoted for a range of terms, for example 1 and 2 weeks or 1, 2, 3, 6 and 12 months. The minimum term applied in our SCF programmes is 1 month. Where the financing period is between the Libor terms than the higher term is used, for example to finance an invoice for 45 days a 2-months Libor is applied.

If EDF are insolvent or facing financial difficulty will Santander pay my invoice?

The service we offer to you and EDF is not a guarantee or underwriting of EDF's credit. Under our T&Cs Santander will not purchase invoices if EDF become insolvent and is not obliged to if there is a material deterioration of EDF's creditworthiness. Even though EDF has submitted invoices to us we are not obliged to pay those – a contract needs to be in force between you and us in relation to those invoices and payment is always subject to the T&Cs of that contract.

Discounted invoices that have already been purchased (meaning that we have transferred the payment for that invoice to your account) by Santander will not be affected because they were purchased on a non-recourse basis. For invoices that have not been advanced and are due to be paid at maturity, Santander will remit payment on behalf of EDF providing funds have been received from EDF. In the event that EDF has not provided sufficient funds and Santander is not able to make the payment, you will retain full right to claim against EDF for this amount and should approach them directly for payment.

Are the terms and conditions in the Supplier Agreement negotiable?

The supplier agreement is a standard document made for all suppliers globally and therefore it is not negotiable. This contract has been carefully drafted in line with market standards and guidelines and is up-to-date with market and legal developments.

Where can I find more information about the programme?

<https://www.santandersupplychainfinance.co.uk/bschfyc/onboardingrooms>

Access code: SCFOR17

Who can I contact for more information about the product?

Supplier On-boarding team

Tel: +44 (0) 800 917 4780

Email: confirmingsupplierdesuk@gruposantander.com

John Anderson

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Tel: +44 (0) 33 114 80351

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