

# Santander ESG

## Towards a more sustainable world

2H 2021





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An aerial photograph of a vast, dense forest of tall, green coniferous trees, filling the entire frame. The perspective is from directly above, showing the intricate patterns of the tree canopy.

# ESG strategy

01



ESG strategy

Our approach

What makes us different

Full alignment with our Corporate & Sustainability strategy



ESG strategy

Our approach

As a responsible bank we place sustainability at the centre of our core activities



Our vision

is to play a major role in the transition to a low carbon economy, supporting inclusive & sustainable growth and taking into account social and environmental risks & opportunities



Our strategy

focuses on delivering our Net zero ambition by 2050, while we continue helping customers transition to a low carbon economy, develop best in class sustainable propositions, and do things in a simple, personal and fair way



Our actions

materialize the Group's ESG strategy, as we continue progressing and delivering on our responsible banking commitments, to help tackle global challenges



Founding Member 2021



Best bank for Financial Inclusion 2021



Principles for Responsible Banking, Founding Member 2019



Signing member 2009

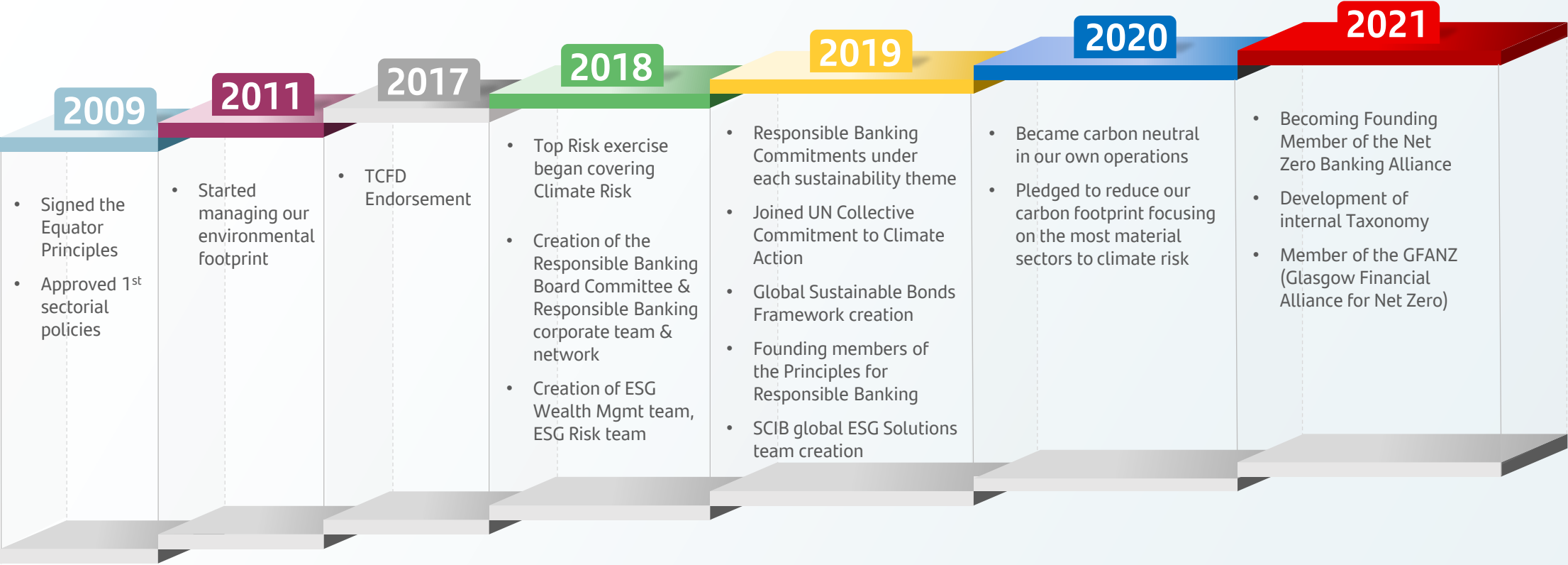


Good Corporate Governance Certificate 2021

ESG strategy

Our journey

Our journey over the past years highlights Santander’s ongoing commitment to fight climate change and contribute to a more sustainable future



ESG strategy

Alignment with the UN SDGs



The 2030 Agenda for Sustainable Development, adopted by United Nations Member States in 2015, provides a **shared blueprint for peace and prosperity**

The SDGs on which Banco Santander has the greatest impact



Other SDGs on which Banco Santander also has an impact



Our purpose is to help people and businesses prosper

E

Work towards the Paris Agreement and a low-carbon economy

- Embedding a climate strategy that plays a part in achieving the Paris Agreement goals
- Ensuring our risk management framework incorporates environmental & social risks
- Helping and advising our customers transition to a low carbon economy

Minimizing our environmental footprint

S

Have a best-in-class, inclusive proposition to maximize our social impact

- Ensuring equality, fairness health and emotional/ financial well being and respect among employees
- Designing, developing and providing products and services, ensuring access to the financial system, to meet their credit needs and build resilience through financial education
- Supporting customers and local economies with products and services that meet their needs and treat them in a fair way

G

Do things the right way through clear and robust processes

- Ensuring the corporate governance system remains well established & effective, supporting shareholder value & efficient capital allocation
- Implementing responsible practices towards customers and suppliers
- Managing the risks related to the collection, retention and use of personally identifiable information

The SDGs promoted by our lines of action



The work we do with all our stakeholders is helping make communities more sustainable



ESG strategy

# Responsible Banking commitments

We have consistently delivered our Responsible Banking commitments achieving the targets set in 2019 to be met by 2021:

		2018	2019	2020	2021	2021 target	2025/ 2030 target
E	• Single use plastic free	-----	75%	-----	98%	-----100%	100%
	• Electricity from renewable sources	43%	-----	50%	-----	57%	77%  60% -----> 100%
S	• Top 10 Company to work for	4	-----	5	-----	6	6
	• Scholarships, internships & entrepreneurship		69 k		225 k	389 k	325 k
G	• People Helped		1.6 mn		4.0 mn	6.0 mn	4 mn
	• Women on the Board	33%	-----	40%	-----	40%	40-60%
New in 2021	• Carbon neutral in our own operations		----->	0			Every year
	• Green finance raised and facilitated (€)		19 bn		33.8 bn		66bn  120 bn by 2025 220bn by 2030
	• Thermal coal-related power & mining phase out (€)				7.0 bn	----->	0 by 2030
	• Emission intensity of power generation portfolio		0.23	----->			0.18 tCO <sub>2e</sub> / MWh in 2025 0.11 tCO <sub>2e</sub> / MWh in 2030
	• AuMs in Sustainable funds (€)				27bn <sup>1</sup>		100 bn by 2025
	• Financially empowered people		2.0 mn		4.9 mn		7.5 mn  10 mn by 2025
	• Women in senior positions	20%	-----	23%	-----	23.7%	-----> 26.3% 30% by 2025
	• Equal pay gap	3%	-----	2%	-----	1.5%	-----> 1.0% ~0% by 2025

Note: H1'21 data not audited

1: AuMs classified as Article 8 and 9 funds (SFDR) from SAM, plus third-party funds and other ESG products according to EU taxonomy from Private Banking. We apply equivalent ESG criteria to SAM's funds in Latin America



ESG strategy

Our achievements

We want to **make a positive impact** with actions that reflect our sustainability strategy and commitment

**7.5 mn** People financially empowered since 2019

**#1 bank worldwide** by number of deals in renewable project finance

**EUR 66 bn** of Green Finance mobilized since 2019

**3 Green bonds** issued since 2019 for an amount of EUR 1 bn each



**>EUR 550 mn** of credit **granted** to microentrepreneurs in 2021


**77%** of electricity used from renewable resources already surpassing our 2021 target

**389 k** Beneficiaries of scholarship and entrepreneurship programmes as of H1'21

**>60%** of independent directors and **40%** of women representation at Board level

ESG strategy  
Covid-19

During 2020 and in the midst of the covid-19 pandemic, **Santander continued to be part of the solution** by supporting individuals, businesses and society as a whole

 Employees	 Customers	 Communities
<p>&gt;100k employees <b>working from home</b></p> <p><b>MiVuelta</b> app for contact tracing and health monitoring</p> <p>&gt;70k tests performed</p> <p>Santander offered its HQ facilities as a <b>vaccination centre</b> for its employees and the community</p>	<p>c.6 mn customers supported during covid-19</p> <p>c.EUR 175 bn in new loans</p> <p>&gt;EUR 1 bn per day in new lending for SMEs and Corporates</p> <p>c.80% expired moratoria</p> <p>EUR 45 bn liquidity government measure mobilization</p>	<p>&gt;EUR 100 mn in aid</p> <p>EUR 56 mn for essential health equipment and materials</p> <p>EUR 19 mn to support vulnerable communities</p> <p>EUR 30 mn through Santander Universities</p>



ESG strategy

Commitment from our Top Management

By delivering on our purpose to help people and businesses prosper, we grow as a business and continue to help society address its challenges



Ana Botín  
Executive Chairman

"At Santander, we've always known we have a responsibility to support society – and I have no doubt that we'll continue to fulfil it. We are determined to help businesses and communities across the world build back better – and use this as an opportunity to address global challenges such as inequality and climate change

This is the right thing to do – the responsible thing to do, and the path to generate value for our shareholders

In 2020, the covid-19 pandemic forced us to face yet another challenge – an economic crisis that devastated millions. Banks have a critical role to play. We are part of the solution. We have a crucial duty and an essential role: to support our employees, our customers, and to deliver sustainable returns to you, our shareholders"



Jose Antonio Álvarez  
CEO

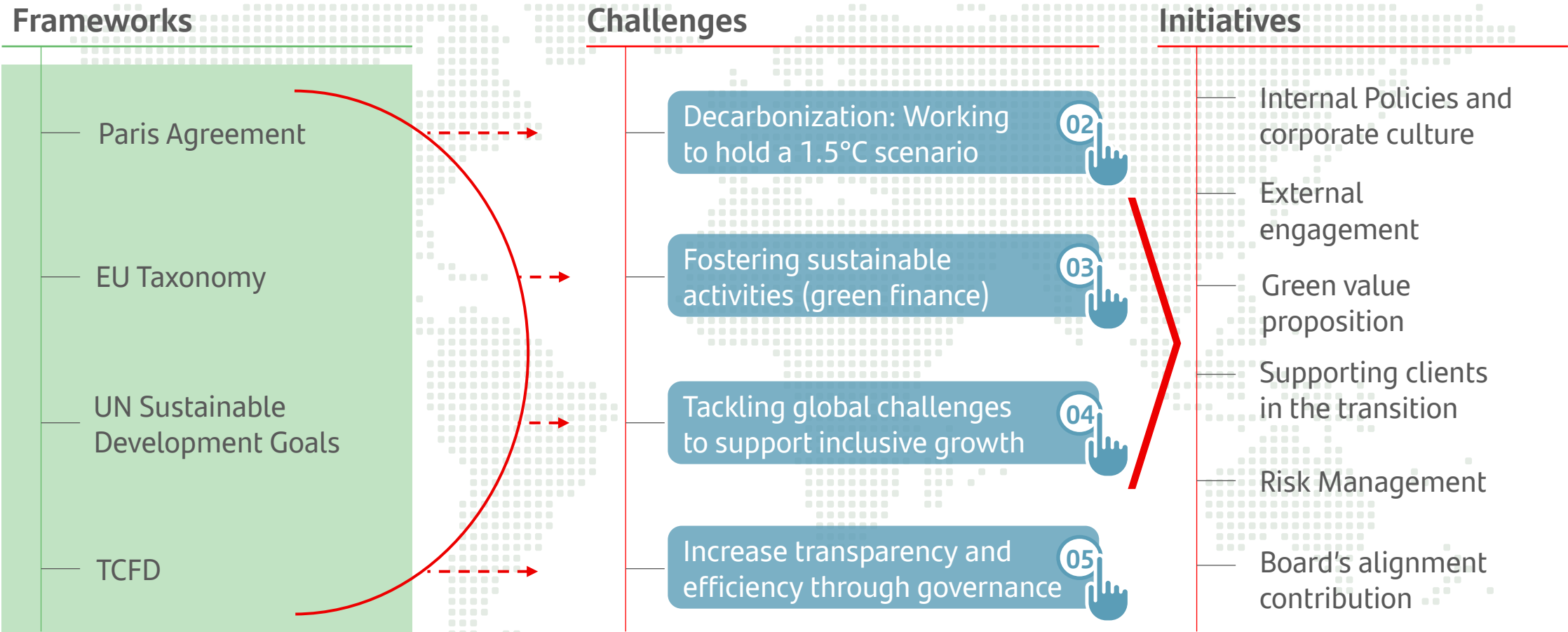
"We believe in the importance of building a more responsible bank that responds to all our stakeholder's demands on ESG sustainability issues"

"We are confident that our business model will allow us to continue to successfully navigate the global changes while seizing opportunities to create value for our stakeholders"

ESG strategy

Main challenges

Our group strategy focuses on supporting global initiatives to tackle climate change and promote sustainable growth that is accessible for everyone





# Decarbonization targets

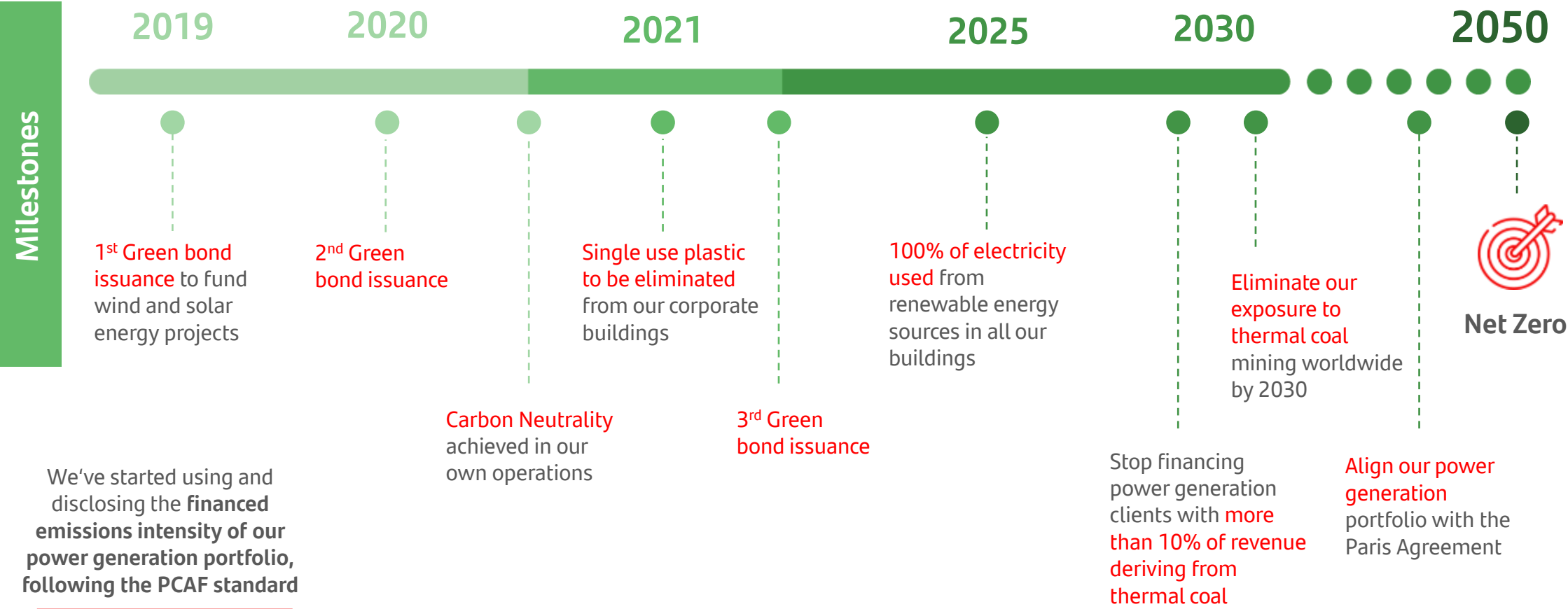
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Decarbonization Targets

Net zero journey

In order to be aligned with the Paris Agreement and with the aim of limiting global temperature increase to 1.5°C, we have committed to be net zero in carbon emissions by 2050





## Decarbonization Targets

### What do we want to achieve?

As one of the world's largest banks, **we have a clear role to play** in financing the transition to a greener economy. We have met the goal of being carbon-neutral in our own operations in 2020, but we aim to go further and raise our level of commitment

1



By 2030, we will **stop financing power generation clients whose revenues** from the use of **thermal coal exceed 10%**

2



We will help more customers – people and businesses go green by **offering a green value proposition** to help them make sustainable choices

3



We will continue to **reduce the impact** we have on the environment created by Santander's day to day operations

**Additional targets on other material sectors like oil & gas, transports and mining and metals will also be set by no later than September 2022**



## Decarbonization Targets

### Sectorial policies

Our updated Environmental, Social and Climate Change Risk Policy covers all our lending practices to customers involved in coal fired power plants, and in the extraction, production and treatment of oil and gas, expressly prohibiting **funding to:**



- Project-related financing for coal-fired power plants projects worldwide, or for the expansion of existing coal-fired plants or for the construction or development of associated infrastructure
- **New clients with coal-fired power plants**, except for transactions for the specific financing for renewable energy
- Project-related financing for new, or the expansion of, thermal coal mines or the construction or expansion of infrastructure supporting coal mines



- Projects involved in the exploration, development, construction or expansion of unconventional oil & gas
- **Companies involved in exploration and production** for whom the activities derived from unconventional oil & gas and/or Arctic oil represent a significant part of their reserves, or account for more than 30% of their activity



- Projects or activities located in areas classified as Ramsar Sites, World Heritage Sites or by the International Union for Conservation of Nature (IUCN) as categories I, II, III or IV



- Any projects, or expansion of existing facilities, north of the Arctic Circle
- Mining activities relating to the so-called "conflict minerals" extracted from conflict areas and not included in the corresponding certification processes



Decarbonization Targets

Portfolio exposure

We rank well below most of our peers in fossil fuel financing in absolute and relative terms in 2021

Fossil fuel financing

Rank	Mandated Arranger	Fossil fuels financed (Billion \$)	Fossil fuels financed over total lending
1	Bank 1	51,300	5.1%
2	Peer 1	48,389	7.4%
3	Bank 2	42,149	4.5%
4	Peer 2	40,751	4.4%
5	Bank 3	29,521	1.4%
6	Bank 4	29,070	3.7%
7	Bank 5	28,199	4.7%
8	Bank 6	27,702	9.1%
9	Bank 7	26,400	3.0%
10	Peer 3	23,542	2.1%
13	Peer 4	19,594	1.7%
19	Peer 5	16,453	2.7%
29	Santander	9,678	0.9%

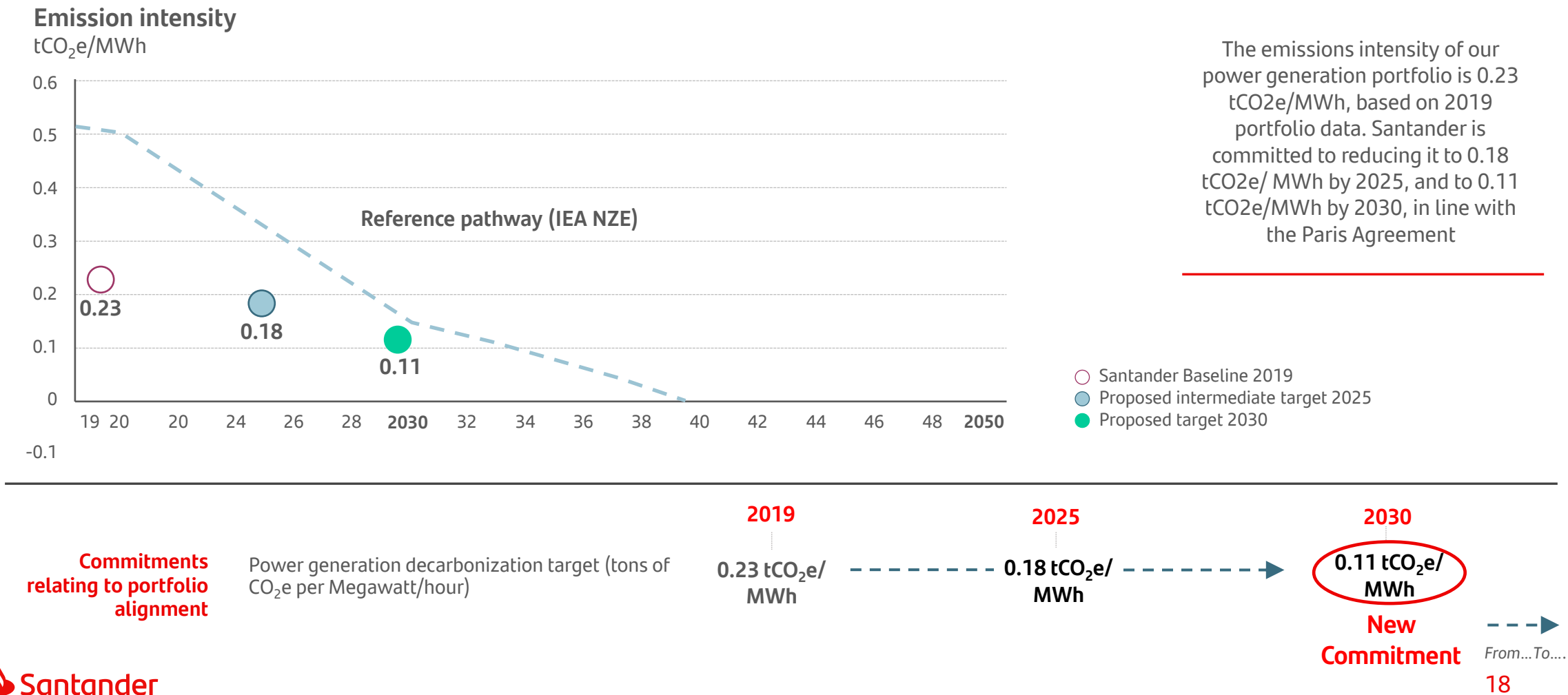
Santander’s fossil fuels financing remains below 1%, more than 5 times less than the first ranked Bank



# Decarbonization Targets

## Further commitments

As part of the NZBA, we have estimated the current and future emissions of our power generation portfolio **and proposed the first GHG decarbonization targets for 2025 and 2030**, further aligning our portfolio to the Paris Agreement



1. Analysis performed based on the available data (~16Bn€ out of ~23Bn€ in scope [SCIB and Commercial Banking]). Data coverage will be extended in the future with potential update of the baseline

# Financing the green transition

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Green Finance

Our global reach

Finance is a key enabler of the transition towards a low-carbon economy, and that is why we are contributing to a more sustainable economy by managing climate-related risks and opportunities, building a comprehensive sustainable and green finance proposition. We are currently working on:



# Green Finance

## Our global reach

In the last decade, **we have participated in 936 renewable energy finance deals**, representing more than EUR 41 bn, proving our commitment to support Green Finance

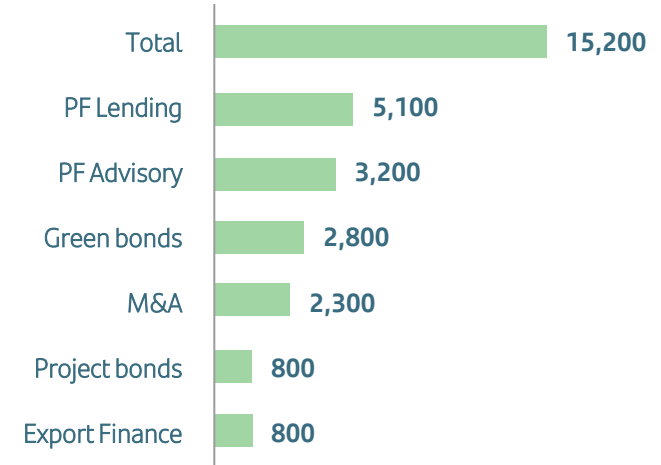
Global Renewable Energy Project Finance Volume by MLA FY 2020<sup>1</sup>

Rank	Mandated Arranger	Vol. (\$m)	Nº	% share
1	Santander	6,284	143	6.7
2	Bank 1	5,638	73	6.0
3	Bank 2	5,511	63	5.9
4	Peer 1 <sup>2</sup>	3,779	76	4.0
5	Bank 3	3,737	52	4.0
6	Bank 4	3,436	54	3.7
7	Bank 5	2,962	28	3.2
8	Peer 2	2,601	32	2.8
9	Peer 3	2,589	40	2.8
10	Bank 6	2,313	24	2.5

Global Sustainability Linked Loans FY 2020<sup>3</sup>

Rank	Lender	Vol. (\$m)	Deals
1	Peer 1	10,277	94
2	Santander	6,996	59
3	Peer 2	6,573	59
4	Bank 1	6,474	52
5	Peer 3	5,955	54
6	Peer 4	5,758	54
7	Bank 2	5,722	69
8	Bank 3	5,615	50
9	Bank 4	5,343	37
10	Peer 5	4,937	44

Green Finance volumes by product in 2020 (EUR)



Green Finance volumes as of H2'21

Raised or facilitated. Euros<sup>4</sup>

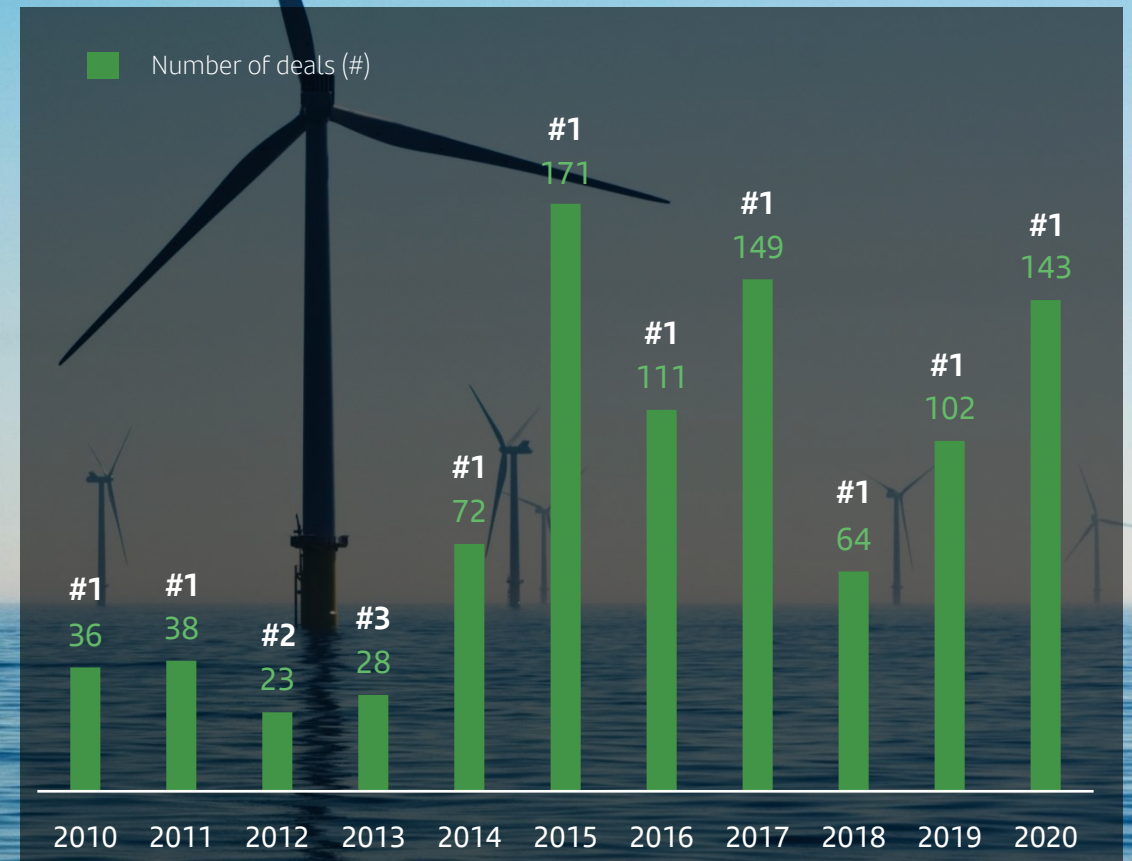
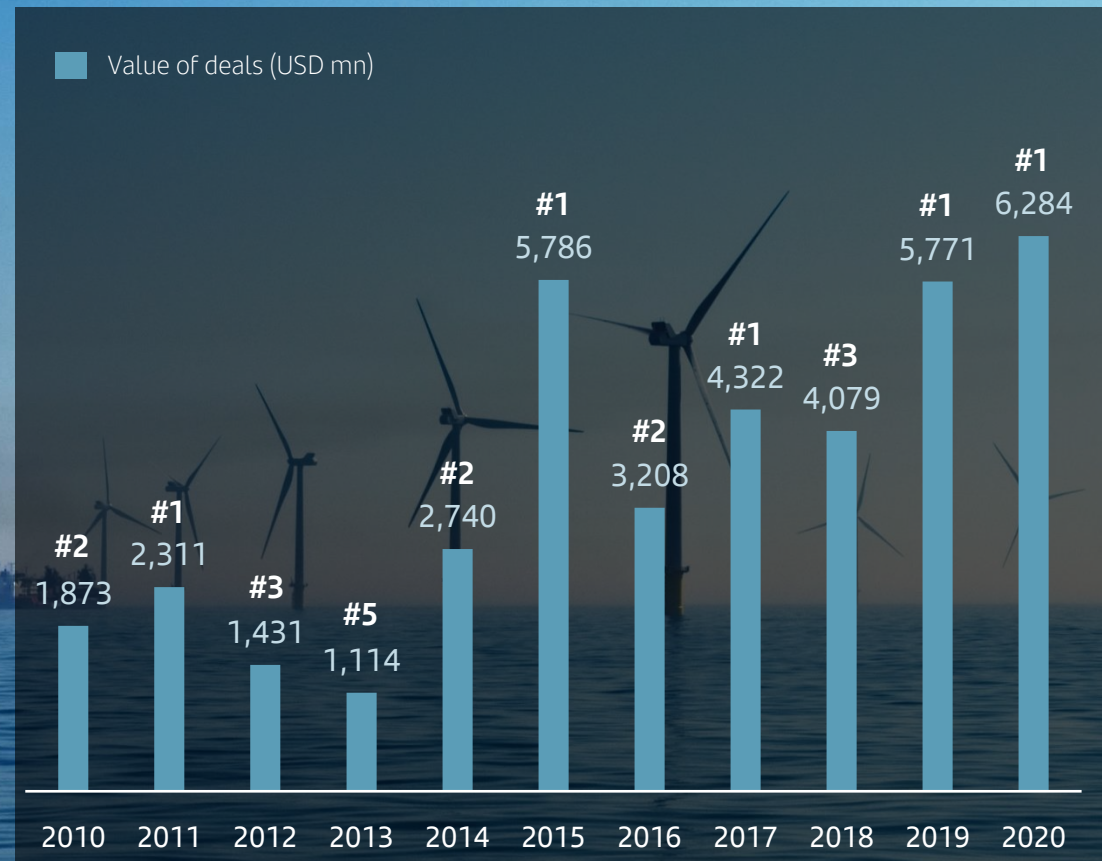


1. As indicated by Dealogic and Bloomberg New Energy Finance league tables for project financing within the Lead Arranger category.  
2. Peers are banks that due to their size and market capitalization are comparable to Santander, including BBVA, BNP Paribas, Citi, HSBC, ING, Itaú, Scotia Bank and UniCredit.  
3. Source: Dealogic Ranking by #deals within lender category.  
4. Information obtained from public sources, such as Dealogic, Inframation news, TXF or Mergermarket league tables. All roles undertaken by Banco Santander in the same project are accounted for. Other sustainable finance components, such as financial inclusion and entrepreneurship, are excluded.

## Green Finance

### Our contribution

Santander has consistently been the leading Bank in financing renewable energies for the past 10 years and we aim to maintain our leadership





## Green Finance

### Protecting the Amazon

We believe it is **critical to protect the Amazon rainforest in order to tackle climate change**. In July 2020, Santander Brazil announced a plan to promote sustainable development in the Amazon in collaboration with the two other largest private-sector banks in Brazil (Itaú & Bradesco)



#### Brazilian Amazon approach

Santander was the first private-sector Brazilian bank to develop in 2002 credit analysis that considered environmental and social risks, and in 2016, we were the first bank to formally incorporate a sustainability rating into the credit score of our Corporate clients

#### Actions taken:

- Loan requests by farmers & ranchers are checked for embargoes related to illegal deforestation
- Santander intends to request beef processing clients in the Amazon to have a fully traceable supply chain that is deforestation-free by 2025, as a prerequisite for granting credit
- Client's practices are reviewed annually (more than 2,000 clients), including beef processors, soy traders and logging companies
- Founders of The Round Table on Responsible Soy (RTRS)



The Plano Amazônia **prioritizes eliminating deforestation from the beef value chain**, understanding the land ownership issue and promoting the cultivation of local crops

- As part of its credit approval for loans to farmers and ranchers, Santander works with a satellite-imaging firm that monitors 14,000 properties that are financed or that are taken as collateral
- For corporate clients across Brazil, not just in the Amazon, Santander has a set of processes and controls that take into consideration if our clients are legally compliant and have good practices
- Santander continues to engage with other concerned parties to stop deforestation. It was the first bank in Brazil to require native-species lumber companies to have the Forest Stewardship Certification (FSC) to become a client



Green Finance

Consumer Finance & Phase-out approach in Poland

Providing sustainable solutions in Consumer Finance & progressing in our decarbonization strategy in Poland

## Santander Consumer Finance

### Helping customers go green – car finance

**Financing of electric vehicles:**  
>33 k up to May 21<sup>1</sup>

Our green finance offer includes financing of electric vehicles (EV), carbon compensation services, financing of electric chargers, solar panels, green heating systems

**Facilitating other sustainable mobility solutions**

Santander Consumer Finance offers financing for bicycles and e-bikes to give customers the opportunity to use **alternative sustainable mobility solutions**

### SCF Green Bond issuance (EV Fleets)

**2 Issuances in 2020**  
SEK 1 bn

**2 issuances in 2021**  
SEK 1,5 bn

## Poland strategy

### Committed to support the Coal phase-out

**Alignment with decarbonization targets**

- Poland's energy mix is **shifting away from** coal to Renewable Energy Sources (RES)
- Santander Bank Polska (SBP) credit portfolio should be aligned with the coal-exit 2030 benchmark **earlier than the deadline**
- SCIB is the market leader in Green Finance** with estimated market share exceeding 15%
- Government approved energy strategy plan (PEP2040) that assumes **17GW of new capacity in RES and gas by 2030**
- It is estimated that the above plan will require between **EUR 20 bn and EUR 32 bn CAPEX**

**Helping clients to transition**  
(transactions arranged and executed by SBP)

- Direct financing of RES projects (last 12 months): **SBP arranged financing of 500MW of wind and solar projects** and we are committed to reach 1GW in H1 2022
- Supporting clients in transformation into green Energy and ESG:
  - First ever ESG-linked syndicated loan in Poland
  - First Corporate green bond
  - Green eurobonds for the Republic of Poland
  - The first sustainable-linked bonds
  - The first ESG-linked bonds
  - ECA-backed financing for RES project
- M&A transactions and debt advisory services for our clients in RES





# Financial Inclusion, Empowerment & Community support

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Financial Inclusion, Empowerment & Community support

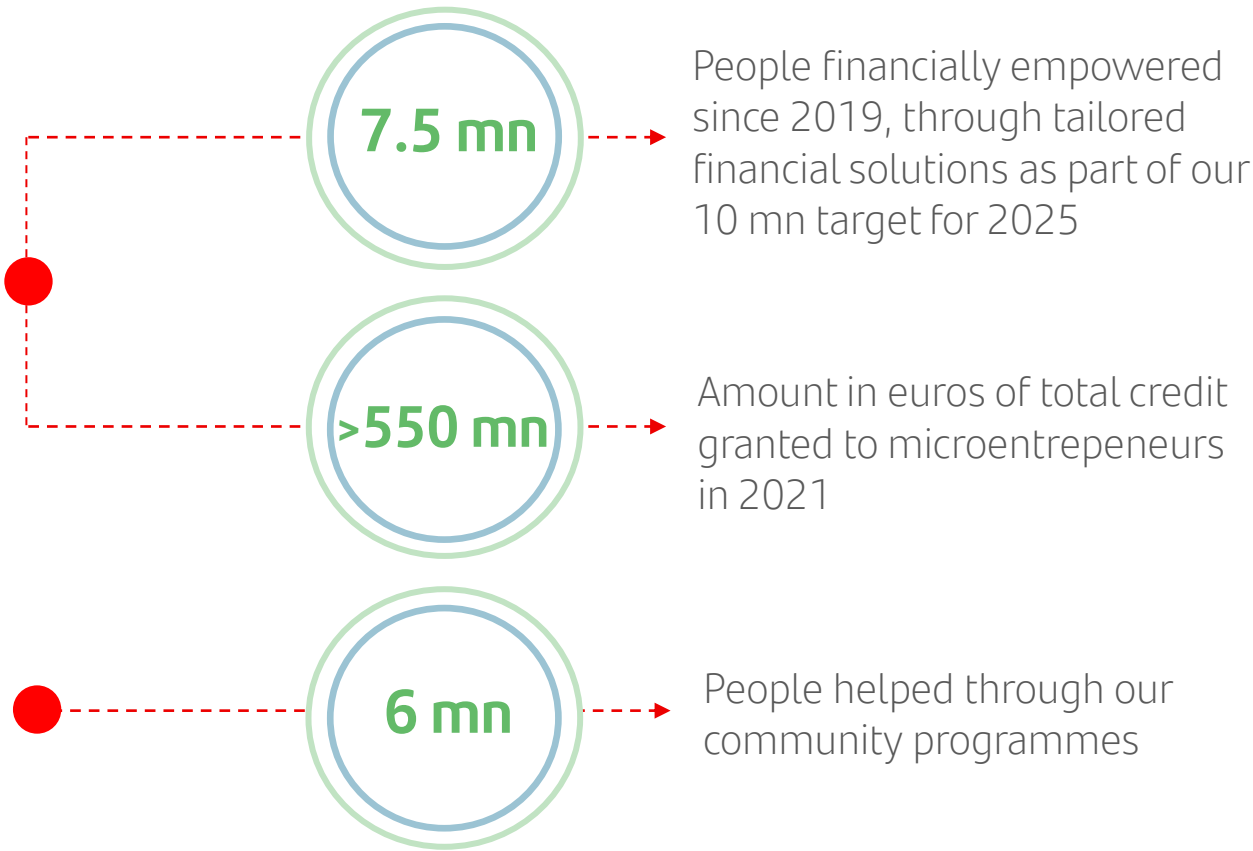
Global approach

At Santander we seek to provide tailored finance to those facing difficulties while trying to access credit, by designing solutions for individuals and SMEs in financial distress. The Group is leading numerous global initiatives to promote social progress



“Banks have a critical role to play in supporting inclusive and sustainable growth around the world. We are part of the solution, supporting our employees and customers while delivering sustainable returns to our shareholders”

Ana Botín  
Executive Chairman



Financial Inclusion, Empowerment & Community support

Financial Inclusion & Empowerment - Global approach

We continue to help people access the financial system and set up micro-businesses while we provide them with the appropriate tools to manage their finances. This is achieved through initiatives like Santander Finance for All:

Through this global strategy we address the needs of individuals and SMEs in Europe, Latin America and the US who have limited financial knowledge, financial difficulties or problems obtaining credit with 3 main lines of action:



Access

We aim to guarantee basic financial services for everyone, promoting access to the Banking system and payment accounts. We also seek to guarantee financial products in sparsely populated, or remote areas



Finance

Ensure financing for SMEs and entrepreneurs who have trouble obtaining credit, through microfinance and provide financing to cover the basic needs of low-income households



Resilience/Financial Education

We foster resilience through financial education, promoting skills and knowledge to support better informed financial decisions. Our programmes are diverse and target various groups

- Exceeded 7 mn people using financial inclusion & empowerment initiatives since 2019.
- In 2021 new microfinance programmes were launched in Peru, Colombia and Chile and are now available in 8 countries.



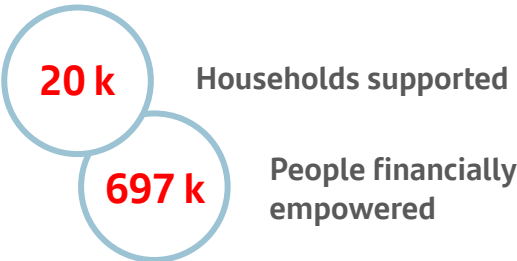
Financial Inclusion, Empowerment & Community support

Financial Inclusion & Empowerment - Key initiatives

We are proud to have developed financial inclusion initiatives that have been successfully implemented in the LATAM region



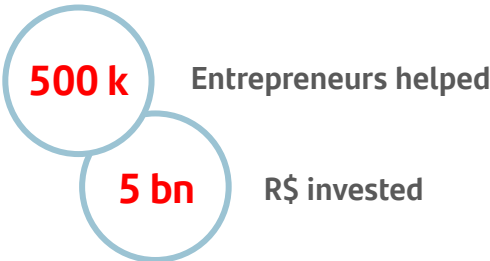
(Banking without a bank) Superdigital is Santander’s flagship mobile platform for cash deposits, withdrawals and payments. It is available in Brazil, Mexico and Chile, fostering digitalization and better network coverage in Latin America to increase financial inclusion



Launched in 2017, Tuiio is a financial inclusion programme in Mexico for low-income households, designed to make a positive impact by offering competitive microloans, especially to support and develop businesses



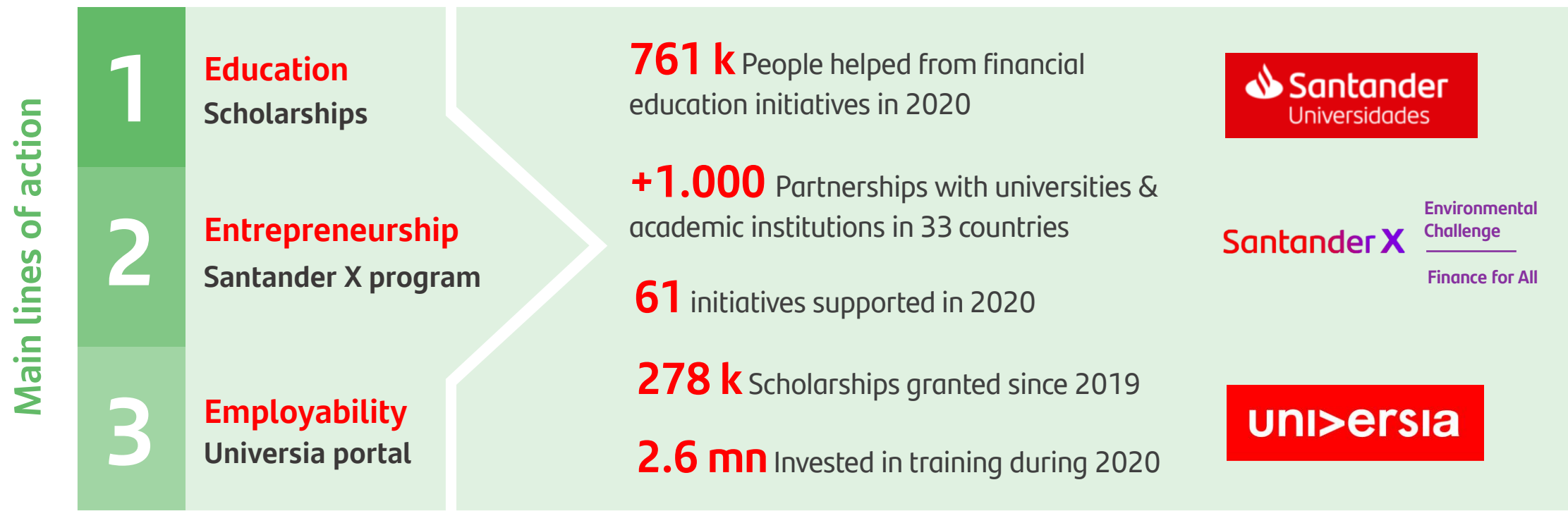
Prospera is the largest microfinance programme offered by a private bank in Brazil. Created in 2002, it helps people without access to formal banking. Since 2015 it has offered microloans and other products at social inclusion branches in Argentina and was launched in Uruguay in 2019



Financial Inclusion, Empowerment & Community support

Community support - Higher Education

We believe education is the bedrock of financial inclusion and customer protection, that is why it sits at the core of our Responsible Banking agenda, and it is fostered through different initiatives



# Corporate Governance

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Corporate Governance

Our strengths

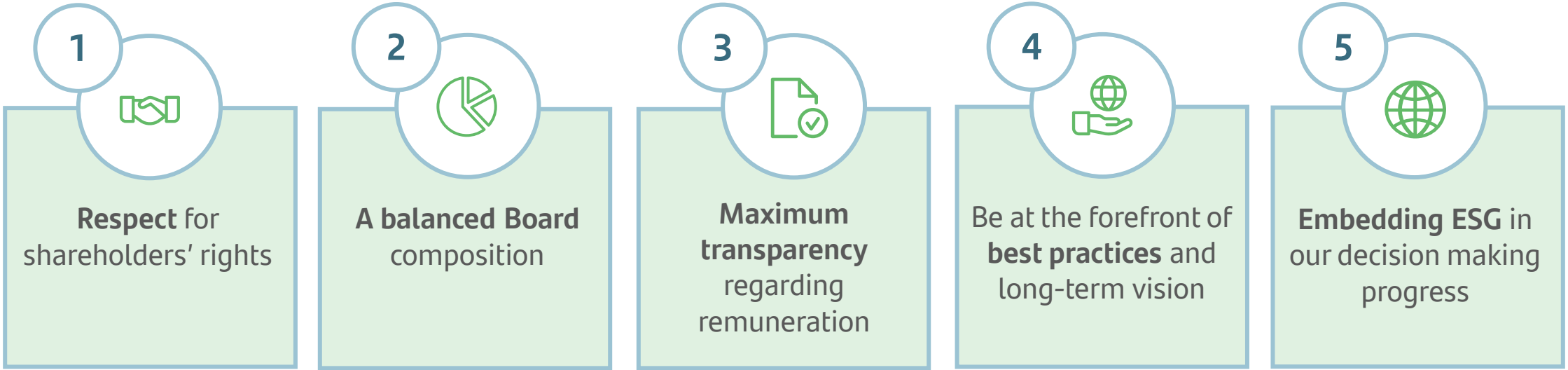
As a responsible bank we have a clear, robust governance. Best practices on governance are channelled to all our subsidiaries, as part of our global Governance Model

	<p>Effective engagement with our shareholders</p>	<ul style="list-style-type: none"><li>High participation in our General Shareholders' meetings</li></ul> <table><tr><td>AGM quorum 2019</td><td>April 2020</td><td>October 2020</td><td>2021</td></tr><tr><td>68.51%</td><td>65%</td><td>60.34%</td><td>67.7%</td></tr></table>	AGM quorum 2019	April 2020	October 2020	2021	68.51%	65%	60.34%	67.7%	<ul style="list-style-type: none"><li>Commitment to <b>maximise the disclosure and quality of information</b></li><li>Our remote attendance electronic application enabled online participation in a hybrid or only-virtual format. Both 2020 and 2021 AGMs were held through remote means of attendance only. Shareholders were able to fully exercise all their rights, attend and participate in the meetings in real time</li><li>Update of our policy on communication and engagement with shareholders and investors</li><li><b>Transparency and simplification of remuneration</b> with performance metrics aligned with shareholder interest and the Group's objectives</li></ul>
AGM quorum 2019	April 2020	October 2020	2021								
68.51%	65%	60.34%	67.7%								
	<p>Effective board of directors</p>	<ul style="list-style-type: none"><li>Majority of independent directors</li><li>Balanced, qualified and diverse composition in the boardroom</li><li>Separate and complementary roles of Chairman and CEO, and leadership of our lead independent director</li></ul>	<ul style="list-style-type: none"><li>Strong committee structure supporting the board</li><li>Good long-standing practices in corporate governance embedded in our Board Regulations</li></ul>								
	<p>Focus on responsible business practices and attention to all stakeholders interests</p>	<ul style="list-style-type: none"><li>Publicly communicated responsible banking targets in particular, in relation to climate change</li></ul>	<ul style="list-style-type: none"><li>Thematic <b>responsible banking, sustainability and culture committee</b> in full coordination with the other committees</li></ul>								

Corporate Governance

Our strengths

We strive to have a clear and robust governance with well-defined accountability and a prudent management of risks and opportunities to ensure:

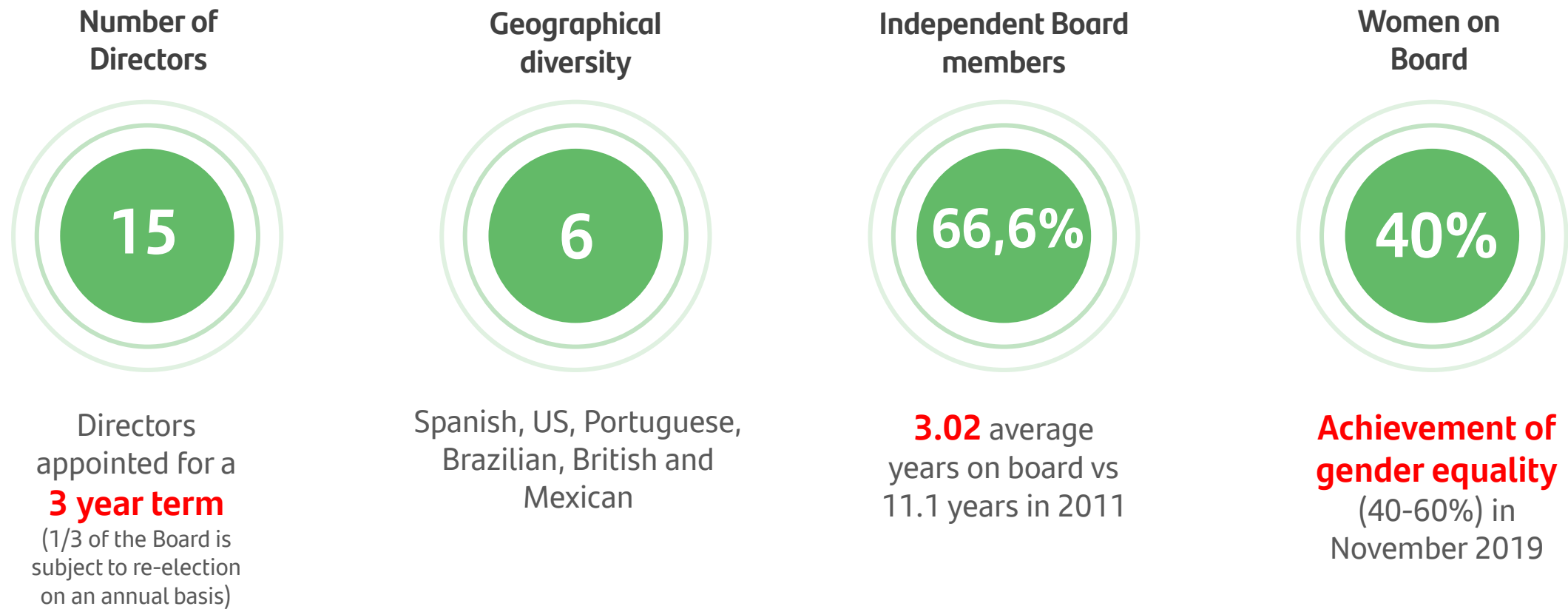


- ESG criteria included in the remuneration of all employees
- ESG training: Introduction to Sustainability / ESG course was launched, opened to all employees

Corporate Governance

Board composition

Our Board composition ensures an ongoing effective supervision supported by a well-balanced committee structure





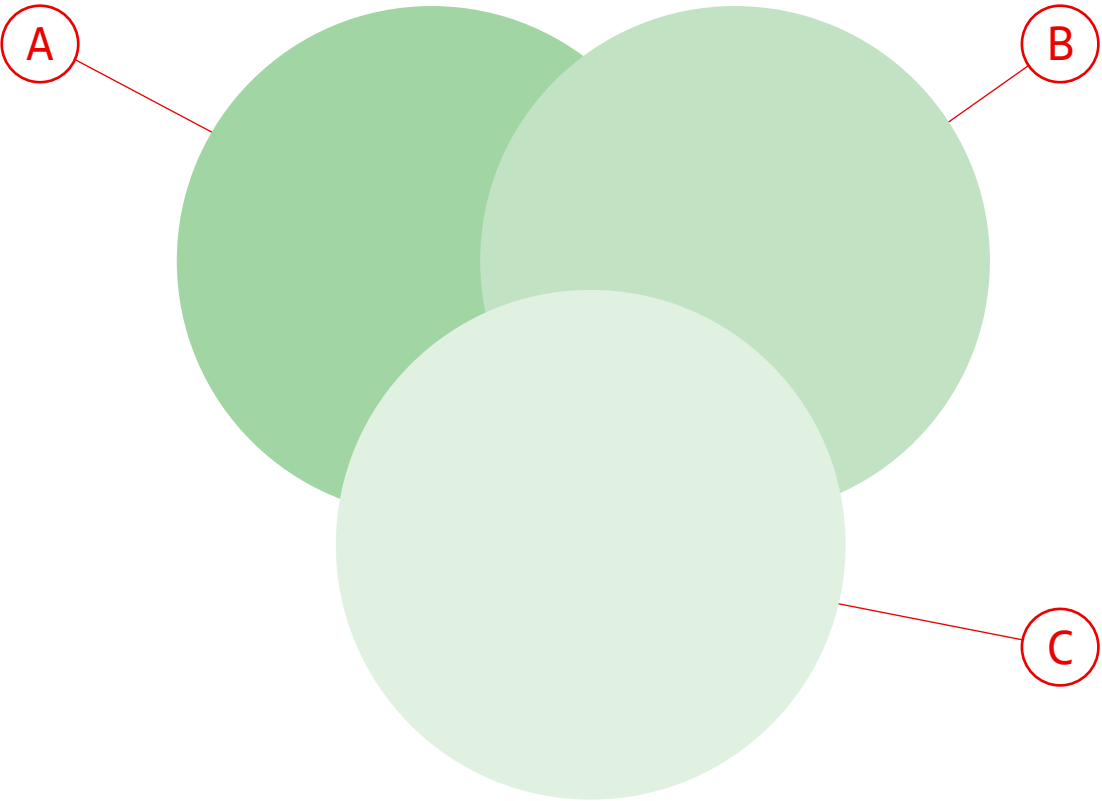
Corporate Governance

Executive variable remuneration

Annual bonus for executive directors subject to meeting financial and non-financial targets

Aligned with our strategic goals

- Annual bonus determined by both financial and non-financial metrics, with 80% of them being shareholder-related metrics, and 20% customer-related metrics. Performance is assessed both quantitatively and qualitatively to ensure financial results is as important as what financial results we achieve
- Long-term targets related to earning per share (EPS) growth, relative total shareholder return (TSR) and regulatory capital (CET1)



Aligned with shareholder interests

- 50% of all variable remuneration is in shares
- Shareholding policy: maximum variable remuneration limited to 200% (over fixed remuneration)
- 60% of variable remuneration is deferred over a 5-year period, with share based payments subject to a one year holding period after vesting

Aligned with regulatory requirements

- Including malus and clawback policy

Corporate Governance  
Scorecard

Detailed quantitative metrics, qualitative assessment factors and weightings:

Category & weighting:	Quantitative metrics	Qualitative assessment
Customers (20%)	NPS <sub>1</sub>	<ul style="list-style-type: none"><li>Accomplishment of objectives in the rules on risk conduct with customers</li></ul>
	Risks - Cost of Credit Ratio (10%)	<ul style="list-style-type: none"><li>Appropriate management of risk appetite and excesses recognized</li><li>Adequate management of operational risk</li></ul>
	Capital -Capital Ratio (CET1)(20%) <sub>2</sub>	<ul style="list-style-type: none"><li>Efficient capital management</li></ul>
Shareholders (80%)	Return -RoTE: return on tangible equity <sub>2</sub> (50%)	<ul style="list-style-type: none"><li>Suitable business growth in respect of the previous year</li><li>Sustainable and robust earnings</li><li>Progress on the 11 public commitments for responsible banking</li><li>Efficient cost management and achievement of efficiency goals</li></ul>

1. Net promoter score.  
2. For this purpose, these metrics may be adjusted upwards or downwards by the board following a proposal from the remuneration committee, when inorganic transactions, material changes to the Group's composition or size or other extraordinary circumstances (such as impairments, legal changes or restructuring procedures) have occurred which affect the suitability of the metric and achievement scale established in each case and resulting in an impact not related to the performance of the executive directors and executives being evaluated.

# External engagement & Recognition



06



# External engagement & Recognition

## Partnerships & initiatives

We drive our responsible banking agenda through a number of local and international initiatives and working groups, which include among others:

**UNEP Finance initiative.** We are a founding signatory to the United Nations Principles for Responsible Banking and signed up to the Collective Commitment to Climate Action (CCCCA) to transition the financial sector to a low-carbon economy faster. In 2020, we participated in Phase II of the UNEP FI project on the TCFD's recommendations for banks, reporting on the progress made to accelerate the adoption of low-carbon and climate-resilient technologies and business models in society

We joined the **Green Recovery Alliance** of the European Union and the Consultative Group of the Taskforce on Scaling Voluntary Carbon Markets

**World Business Council for Sustainable Development (WBCSD).** Our Group Executive Chairman, Ana Botín, sits on the WBCSD's executive committee. In 2020, we supported the Vision 2050 and Future of Work initiatives and signaled our intention to participate in the new Scaling Positive Agriculture project under the Food, Land & Water Program

**Equator Principles.** We analyse the environmental and social risks of our lending according to the Equator Principles and help draw up common criteria

**Banking Environment Initiative (BEI).** We continued to participate in the Bank 2030 initiative, aimed at building a roadmap for the banking industry to help society in the transition towards a low-carbon economy

**United Nations Global Compact.** We've been part of the Global Compact network since 2002. In 2020, we joined the United Nations Global Compact's gender equality programme. We also joined the Target Gender Equality (TGE) program, launched in 19 countries with the goal of increasing the number of women on company boards and in executive roles

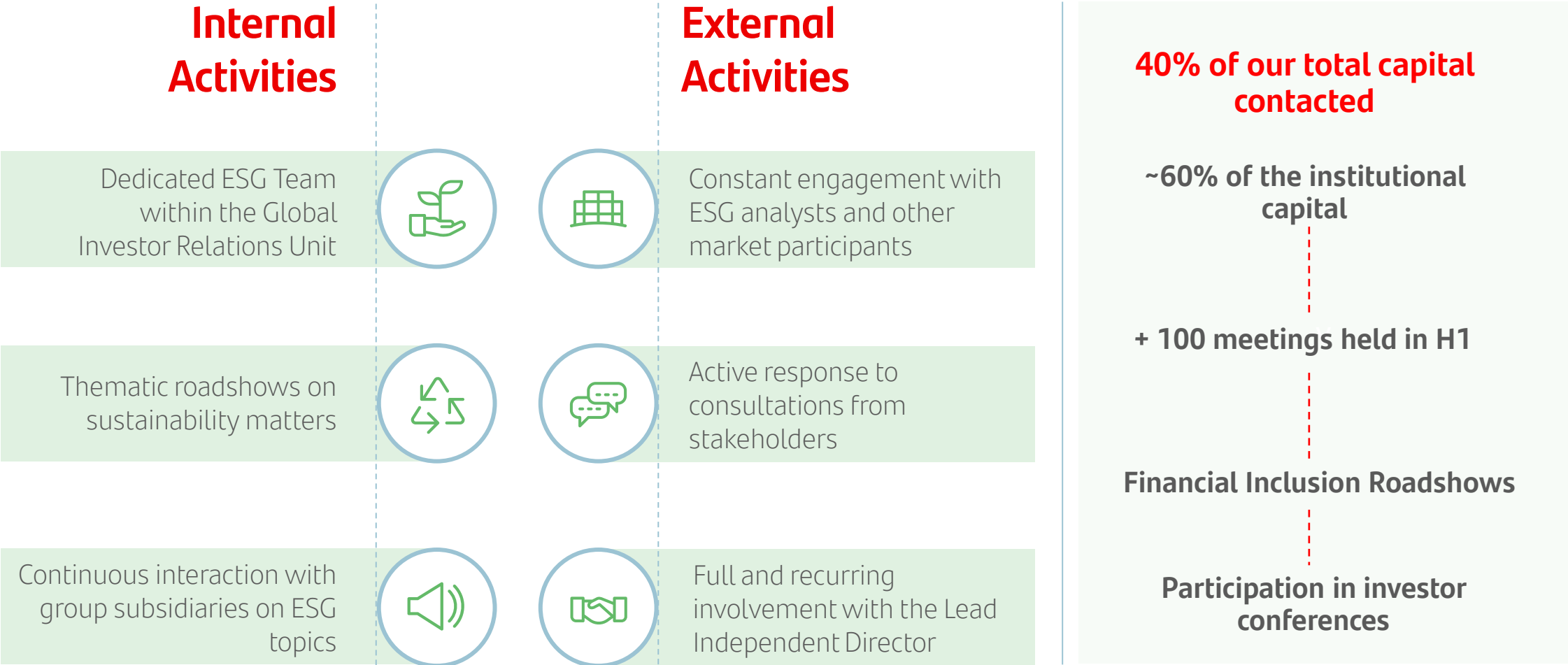
Founding signatory of the **Net Zero Banking Alliance**, also Santander Asset Management is a member of the **Net Zero Asset Managers Initiative** (both under the umbrella of The Glasgow Financial Alliance for Net Zero - GFANZ). And member of the **United Nations Principles for Responsible Banking**



Global Investors for Sustainable Development Alliance



External engagement & Recognition  
Engagement



External engagement & Recognition

Partnerships & initiatives

Our efforts on sustainability continue to be recognised globally, with different awards that endorse our commitment to tackle climate change, promote diversity and inclusion and support the interests of our employees and stakeholders

								
<p>First Ibex 35 Bank to have obtained the AENOR Good Governance Certificate. Some of the indicators evaluated are:</p> <ul style="list-style-type: none"><li>- Board composition &amp; performance</li><li>- Board remuneration</li><li>- Transparency</li><li>- Anti-corruption &amp; fraud</li><li>- Sustainability &amp; Governance</li></ul>	<p>21 years in a row, featuring on the Dow Jones Sustainability World Index (DJSI World)</p> <p>Scored 85 points out of 100.</p>	<p>Listed since 2003, as of June 2020 absolute ESG score of 4.3 points (five being the maximum score), above the banking sector average of 2.9 points</p>	<p>Santander's ESG rating profile has shown a notable improvement, moving from a position of 22<sup>nd</sup> in the sector in December 2016 to 8<sup>th</sup> in 2020</p>	<p>#1 sustainable bank in the world</p> <p>Gold Class in the RobecoSAM Sustainability Award 2020</p>	<p>Ranked as the 1<sup>st</sup> Bank within the Bloomberg Gender-Equality Index and 2<sup>nd</sup> company worldwide, leading among global peers.</p>	<p>Santander's sustainability performance is also rated by Sustainalytics, ISS-ESG, CDP, and MSCI</p> <p>Rating under MSCI has improved to AA</p>	<p>Top Employers Europe 2021 for the 5<sup>th</sup> consecutive year and second employer in the world by the Top Employers Institute</p> <p>One of the 25 best companies to work for in the world by Great Place to Work and as one of the Best Places to Work in Latin America</p>	<p>Best bank for diversity and inclusion, &amp; for SMEs in 2020. Euromoney gave Santander its global 'Best Bank for Diversity and Inclusion' award for the first time, in addition to our third global 'Best Bank for SMEs' award in five years</p>

Other global recognitions:





## ESG in Santander

### Investors Relations Team



**Begoña Morenés**

Global Head of  
Shareholder and  
Investor Relations

ESG



**Héctor Iturralde**



**Carlos Berastain**

Head of Investor  
Relations and  
Market Intelligence



**Tosin Iduh**

#### Equity, Fixed Income & Rating Agencies



**Fernando  
Donoso**

Investor  
Relations



**Beatriz  
Serrano**

Investor  
Relations



**Gema  
Navamuel**

Investor  
Relations

#### Equity, Fixed Income Americas



**Paula  
Cricca**

Shareholder  
and Investor  
Relations- US

#### Corporate Access Coordinator



**Marta  
Conde**

# Annexes





Transparency & Disclosure

Reports and additional information

Please *click on the below images* to consult public details highlighted in this presentation

Climate Finance  
report



2020 Annual report



Corporate Governance  
presentation





[www.santander.com](http://www.santander.com)





Decarbonization Targets

Our Environmental footprint

Var. 2019-2020 (%)		
2,064,113 M <sup>3</sup>		-29.7
water consumed from the supply system		
920 mn KWH		-0.7
total electricity		
18,101 T		1.0
total paper consumed		
5,926,139 Kg		-38.9
paper and cardboard waste		
3,758,225 Gj		-3.5
total integral energy consumption		

Var. 2019-2020 (%)		
194,159 T CO <sub>2</sub> teq		-41.6
total emissions (market based)		
Scope 1	24,818 T CO <sub>2</sub> teq	
direct emissions		
	128,633 T CO <sub>2</sub> teq	
indirect electricity emissions (market based)		
Scope 2	282,216 T CO <sub>2</sub> teq	
indirect electricity emissions (location based)		
	40,708 T CO <sub>2</sub> teq	
indirect emissions from employees travelling to work		
Scope 3		

# Decarbonization Targets

## Current exposure

We have conducted an analysis of our exposure to **climate most concerning sectors** (based on NACE codes). Most of these sectors are concentrated in SCIB (around 90%) **representing 10% of the whole portfolio**

Dec 2020: Billions euros

	TR	PR	SCIB	Other segments
Power (Conventional)			23	2
Power (Renewables Project Finance)			9	0
Oil & Gas			18	0,5
Mining & Metals			8	2
Transport			27	85
Real Estate			4	345
Agriculture			2	4
Construction			21	7
Manufacturing			32	12
Water Supply			2	1
Total Climate Sectors			148	458
Other sectors			55	170
Total			203	628

Low Moderately low Medium High Very High

The following materiality assessment includes additional sectors and segments. Describing the exposure to transitional and physical risks in the most concerning sectors

Our ESG strategy  
Local efforts

EUROPE



Environmental

Social

Governance



EUR 170 mn in Green Finance since 2019 & 100% renewable energy consumption

272 k people financially empowered since 2019 & 53.2 k scholarships granted since 2019

ESG criteria considered when considering remuneration with a 20% women representation on the Board



-45% carbon emissions in 2020 & participation in the issuance of EUR 750 mn green hybrid debt from EDP

312 k people financially empowered since 2019, and 1,043 scholarships granted in Q1'21

Familiarly Responsible Company: Degree of excellence in the EFR certificate  
  
43% of women on the Board



1<sup>st</sup> ESG-linked loan & 1<sup>st</sup>SDG-linked bond in Poland and PLN 15,487 mn in Green Finance since 2019

35.9% women in Leadership positions, Top Employer Certificate and 76,935 people financially empowered since 2019

40% women in Supervisory Board and ESG indicator as part of the process of evaluating products and services



1<sup>st</sup> Top UK lender for renewables in 2020; aligning to Paris targets with 2<sup>nd</sup> TCFD disclosure

10,250 scholarships granted in 2020 >500 k financially empowered people since 2019 and 120 k participants in our 2020 numeracy initiative

Taking ESG criteria into account when determining remuneration. Two in-depth Board trainings held in 2020 on sustainability and climate



Our ESG strategy  
Local efforts

LATAM



Environmental

Social

Governance



Helping the Amazon region BRL 50 mn credit line for cooperatives and agribusiness enterprises in the Amazônia



EUR 7.9 bn in Green finance since 2019; EU 298 mn Social Women SME Bonds issued



Participated in the placement of the 1<sup>st</sup> local bond issuance with green and social certification

Prospera microfinance initiative 580K customers and BRL 1.4 bn loan portfolio and 31 k scholarships granted since 2019

Top 1 company to work for; 200K financially empowered people since 2019 and 4.1 k scholarships granted since 2019

Top 3 Company to work for and >EUR 150 k invested in university programmes scholarships

>70% Independent directors and 33% of women on Board

>64% of Independent Directors; ESG criteria is taken into account when determining remuneration

33% Independent Directors; and 25% of women on Board

Our ESG strategy  
Local efforts

NORTH  
AMERICA



Environmental

Social

Governance



Financial Advisor on the issuance of 4 Bonds in 2020  
SAM – ESG 1<sup>st</sup> sustainable equity fund in Mexico



USD 1.9 bn of renewable projects financed and continued financing of electric powered energy products

835 k financially empowered people since 2019; 238 k beneficiaries from financial education programmes in 2020

185 k financially empowered people; USD 1.1 mn scholarship funds granted and USD 329 mn invested in affordable housing projects

70% Independent directors and 40% of women on Board

Governance embedded to deliver on ESG with an independent and diverse board

# 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**

