

Green Bond report 2021



Banco Santander Green Bond report 2021

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Introduction

By delivering on our purpose to help people and businesses prosper, we grow as a business while helping address society's challenges.

We translated this overarching objective into a strategy that is based on the three ESG pillars (Environmental, Social and Governance):

E	Deliver our net zero carbon ambition by 2050 by setting decarbonization targets, helping our customers transition and remaining carbon neutral in our own operations.
S	Support inclusive growth through financial empowerment; support education, enterprise and employment; and build a diverse, talented workforce.
G	Embed behaviours, processes, policies and governance to ensure we are acting responsibly, listening to our stakeholders, and treating them in a Simple, Personal and Fair way – all based on solid governance and prudent risk management.

This strategy led us to announce in 2019 public commitments that reflect our ambition to embed ESG criteria in our operations¹. In 2021 we achieved (or exceeded) all our targets set for this

period and made new commitments related to our decarbonization targets. This report refers to the use of proceeds of green bonds issued between 2019 and 2021 allocated to renewable energy projects.

	2018	2019	2020	2021	Target
Top 10 company to work for	4 →	5	6	6 ✓	Top 10 in 6 countries by 2021
Women board members	33% →	40%	40%	40% ✓	40-60% by 2021
Women in senior positions (%)	20% →	22.7%	23.7%	26.3%	→ 30% by 2025
Equal pay gap	3% →	2%	1.5%	1%	→ ~0% by 2025
Financially empowered people (cumulative)	—	2.0 mn	4.9 mn	7.5 mn	— 10 mn by 2025
Green finance raised and facilitated (cumulative)(EUR)	—	19 bn	33.8 bn	65.7 bn	— 120 bn by 2025 220 bn by 2030
Electricity used from renewable energy sources	43%	50%	57%	75%	60% by 2021 100% by 2025
Carbon neutral in our own operations		→	✓	✓	since 2020
Reduction of unnecessary single-use plastics in corporate buildings and branches		75% →	98%	100% ✓	100% by 2021
Scholarships, internships and entrepreneurship programmes (cumulative)	—	69k	225k	388k ✓	325k by 2021
People helped through our community programmes (cumulative)	—	1.6 mn	4.0 mn	6.1 mn ✓	4 mn by 2021

— Cumulative target → From... to...

1. For more information, please see our [Annual Report 2021](#)



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Our activity and investments contribute to several United Nations' Sustainable Development Goals.




8 DECENT WORK AND ECONOMIC GROWTH




Our skilled and committed team enables us to respond to customers' needs; help entrepreneurs create businesses and jobs; and strengthen local economies

13 CLIMATE ACTION



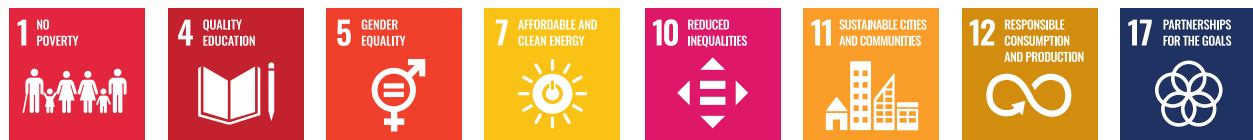
We tackle climate change by reducing our own carbon footprint and environmental impact while helping our customers transition to a sustainable economy.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

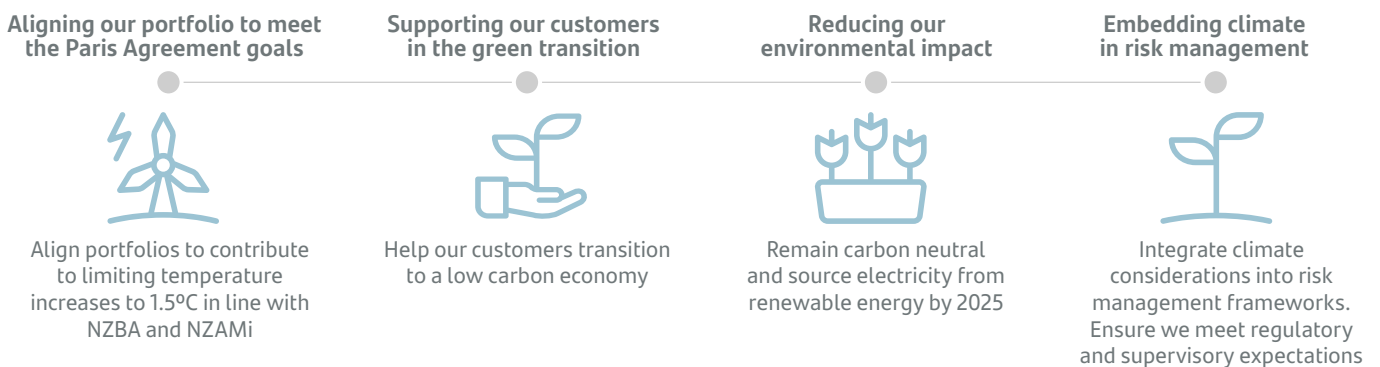


We promote transparency, the fight against corruption and robust institutions for sustainable development. We have policies and codes of conduct that regulate our activity and behaviour and steer our commitments towards a more responsible banking system.

The SDGs on which we have the greatest impact are SDG 8, SDG 13 and SDG 16. We also have impact on:



Tackling climate change is one of our priorities. We support the Paris Agreement goals and our ambition is to be net zero carbon emissions by 2050, and our four-pronged climate strategy consider:





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We are aware that enhancing our sustainable finance proposition across all our divisions and regions is critical to meet our climate ambition and our commitment to support our customers in the green transition. To help us achieve this, in 2021 we created the **Sustainable Finance Classification System (SFCS)**², an internal guide that enables us to recognize sustainable finance activities and measure them consistently throughout the

Group. The SFCS is a key enabler to develop our sustainable finance proposition.

We remain focused on doing all we can to support our customers in an orderly, just transition, working with others to both cut emissions and to realize the opportunities that transition presents.

Financing the green transition

<p>We have a commitment to raise or facilitate EUR 120 bn between 2019 and 2025, and EUR 220 bn between 2019 and 2030, as well as to reach EUR 100 bn in sustainable Assets under Management (AuM) by 2025</p>	<p>We've been a leading bank in renewable energy finance for the past 10 years</p>	<p>We continue to strengthen our sustainable finance proposition with dedicated purpose and sustainability-linked financing</p>	<p>We are stepping up our efforts to align our portfolios to net zero, and help businesses decarbonize</p>
<p>→ In 2021 we raised or facilitated EUR 32.3 bn (EUR 65.7 bn accumulated since 2019³).</p> <p>→ We're expanding our range of Socially Responsible Investments (SRI) products. We had over EUR 27 bn Assets under Management (AuM) until the end of 2021⁴.</p>	<p>→ The greenfield renewable energy projects that we financed and advised on in 2021 have a total installed capacity of 13,604 MW and prevent the emission of 251 million tons of CO₂, while the brownfield projects have a total installed capacity of 1,776 MW.</p> <p>→ The renewable energy projects we financed or advised on in 2021 powered 9.2 million households per year.</p>	<p>→ We set up a global Green Finance team in 2022 to embed green finance in all business areas, ensure consistency and make the most of the Group's scale, unifying our retail, commercial and investment banking green finance business proposition under the same umbrella.</p> <p>→ We disclosed our Sustainable finance Classification System (SFCS), which enables us to identify lending for economic activities that contribute to climate change mitigation and adaptation and to track these volumes consistently across the Group.</p> <p>→ One of our key priorities is to grow the green finance business, which entails defining a complete green finance strategy for the Group, deliver a best-in-class value proposition for our customers and deploy well-trained commercial teams to capture the opportunity.</p>	<p>→ In 2021 we set the first decarbonization targets to support the green transition: reduce our thermal coal exposure to zero and align our power generation portfolio to the Paris Agreement by 2030⁵.</p> <p>→ We're disclosing the financed emissions (absolute and emissions intensity) for the financed sectors we have set decarbonization targets: power generation, energy, aviation and steel.</p>

2. For more details, please see the [Sustainable Finance Classification System \(SFCS\)](#).

3. EUR 74.4 bn up to June 2022.

4. EUR 30.1 bn AuM up to June 2022.

5. In 2022 we've set additional decarbonization targets for 2030 against 2019: for energy (-29% absolute emissions), aviation (-33% emissions intensity) and steel (-32% emissions intensity)



For past 10 years, we've been a leading bank in renewable energy finance. We're top 3 in number of deals and top 5 in deal value globally. The greenfield renewable energy projects that we financed and advised on in 2021 have a total installed capacity of 13,604 MW and prevent the emission of 251 million tons of CO₂⁶. We also helped expand, improve and maintain renewable energy brownfield projects that have a total installed capacity of 1,776 MW.

Our renewable energy greenfield and brownfield portfolio totalled more than EUR 12.9 billion by the end of the year. Spread over 326 transactions, it accounts for approximately half our project finance portfolio.

For more details on Santander's approach and performance regarding sustainable and climate finance, see our [Climate Finance Report 2021-June 2022](#). For additional information on how Santander conducts business, please read our policies.

GLOBAL RENEWABLE ENERGY PROJECT FINANCE VOLUME BY MLA -FY 2021^A

Rank	Mandated Arranger	Vol. (USDm)	Nº.	%share
1	Bank 1	6,421	82	6.6
2	Bank 2	5,534	68	5.7
3	Banco Santander	5,280	129	5.4
4	Bank 3	4,228	64	4.3
5	Peer 1 ^B	3,504	63	3.6
6	Bank 4	3,084	40	3.1
7	Bank 5	3,071	40	3.1
8	Bank 6	3,003	40	3.1
9	Peer 2	2,796	53	2.8
10	Bank 7	2,703	30	2.8

A. In the lead arranger category of Dealogic and Bloomberg New Energy Finance league tables for project finance

B. Peers are banks such as BBVA, BNP Paribas, Citi, HSBC, ING, Itaú, Scotia Bank and UniCredit, which are similar in size to Santander. Banks, as referred in the table above, are other banks that cannot be considered peers.

6. Emissions prevented over the projects' useful lifespans, in 2021 based on emissions factors figures from the International Energy Agency (updated in 2021 with data from 2019). 66.7 million tons of CO₂ is the estimated part allocated to Santander.



2. Overview of Santander Group Green, Social & Sustainability Funding Global Framework⁷

Published in June 2022, our Green, Social & Sustainability Funding Global Framework is the reference for all green, social and sustainability labeled funding instruments offered by Banco Santander and/or any of its consolidated subsidiaries across the Group.

It superseded and replaced our previous Global Sustainable Bond and Green Bond frameworks. Consistent with best market practices and the changing expectations of investors, it covers use of proceeds, process for project evaluation and selection, management of proceeds and reporting, in line with the International Capital Market Association's (ICMA) and Loan Market Association's (LMA), and/or any other specific applicable regulation, principles or guidelines.

Additionally, the new Framework includes:

- (i) a larger range of use of proceeds eligible categories;
- (ii) a greater span of funding instruments governed from under it; and
- (iii) a broader scope of entities from within Grupo Santander are explicitly included so that they are able to use this Framework for their own purposes.

It is complemented by our Sustainable Finance Classification System (SFCS), which outlines our classification rationale, eligibility parameters for green and social activities and verification methodology for sustainable finance transaction data.

Use of Proceeds

Eligible categories

The net proceeds from the issuances under our Green, Social & Sustainability Funding Global Framework will be used to finance and/or refinance eligible assets related to the categories listed below. Specifically, this Green Bond report 2021 refers to eligible assets within the renewable energy category, in particular solar and wind.

GREEN ELIGIBLE CATEGORIES*







	UN SDG alignment		UN SDG alignment
Renewable energy		Use of Proceeds Green Bonds 2021 (Solar and Wind)	
Energy efficiency			
Pollution prevention and control			
Environmentally sustainable management of living natural resources and land use			
Terrestrial and aquatic biodiversity			
Clean Transportation			
Sustainable water and wastewater management			
Climate Adaptation			
Eco-efficient Products and Technologies			
Green Buildings			

* The following table outlines economic activities that contribute to environmental sustainability and, therefore, are eligible as long as they meet the eligibility criteria detailed in the Santander Group Green, Social & Sustainability Funding Global Framework.

7. For more details, please see the [Santander Group Green, Social & Sustainability Funding Global Framework](#).



SOCIAL ELIGIBLE CATEGORIES*

UN SDG alignment		UN SDG alignment	
Affordable basic infrastructure	 	Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	 
Access to essential services			
Affordable housing	 		

* The following table outlines economic activities that contribute to environmental sustainability and, therefore, are eligible as long as the eligibility criteria detailed in the Green, Social & Sustainability Funding Global Framework is satisfied.

The use of proceeds report contains both allocation and expected impact metrics on the proceeds of the outstanding funding instrument, including the category of Eligible Assets, their location, outstanding drawn amount and, where practical and if relevant, operational status (under construction or in operation). Still on the allocation side, the remaining balance of unallocated proceeds as well as the share of new financing vs. re-financing is also included.

On the impact reporting side, the report includes qualitative description of the portfolio of Eligible Assets allocated, the impact pursued and a description of the chosen key impact indicators (KPI)⁸ and information on the methodology and assumptions used to evaluate the portfolio's impacts.

In fact, the key impact indicators of the present Green Bond report are: annual GHG emissions avoided (tCO₂), annual renewable energy production (MWh), and installed capacity of renewable energy plants financed or refinanced (MW). Please refer to chapter 3. Calculation methodology for more information.

According to its Second Party Opinion, Sustainalytics is of the opinion that the Santander Group Green, Social and Sustainability Funding Global Framework is credible and impactful and aligns with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. The eligible categories for the use of proceeds are aligned with the abovementioned Principles and will lead to positive environmental and social impacts.



8. As per the indicative KPI list included in the Green, Social & Sustainability Funding Global Framework



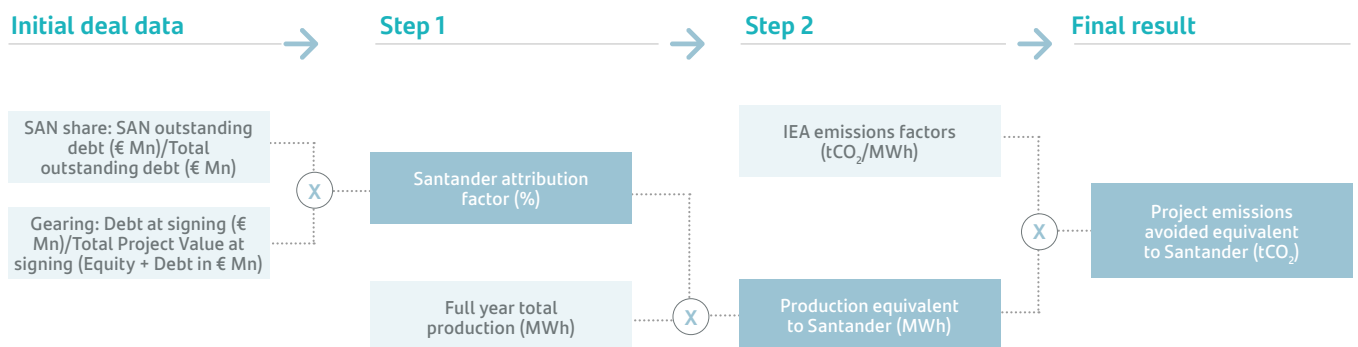
3. Calculation methodology

Installed capacity, energy production and avoided CO₂ emissions:

Every year, Santander estimates the CO₂ emissions that the power generation attributable to its renewable energy portfolio, allocated to green bonds, avoids. Emissions calculations come from the technology mix of associated national grids in the countries where the Eligible Assets are located. Here, we used the latest available data from the International Energy Agency (IEA) emission factors (tCO₂/MWh)⁹.

Under this methodology, electricity generation (MWh) is based on the yearly production reported by project developers or, when not available, on the installed capacity (MW) and an adequate technology-specific load factor.

Steps to calculate avoided emissions



The impact measurement methodology we use is based on an internal estimate calculation according to the [GHG Protocol](#) and the Partnership for Carbon Accounting Financials

(PCAF) standard for financed emissions.¹⁰ It takes into account Santander's attribution factor in the overall financing of each project, which includes both debt and equity (gearing).

9. International Energy Agency (IEA) 2022 edition of the emission factors data package; CO₂ emission factors for 2020 for electricity only generation (CHP electricity included) for world countries (in CO₂ per kWh).

10. PCAF developed the banking industry's main standard to assess financed emissions. According to the PCAF methodology, the denominator should include the total capital needed to finance the project. As per the standard used to assess financed emissions, the denominator to assess avoided emissions should include the total amount of debt and equity already disbursed.



Step 1 - Santander attribution factor:

$$\text{Attribution Factor}_p = \frac{\text{SAN outstanding debt}_p}{\text{Total outstanding debt}_p} * \text{Gearing}_p$$

- p is the project.
- SAN outstanding debt_p is the outstanding amount of debt already disbursed by Santander at 31 December 2021.
- Total outstanding debt_p is the total amount of outstanding debt at 31 December 2021.
- Gearing_p is the ratio between debt and debt+equity at signing of project.

Step 2 - Project production:

To calculate the avoided CO₂ emissions, we classified the eligible projects by virtue of their operational status and energy production calculation method:

- **Actual production:** Projects that began up to and including 31 December 2020.
 - Avoided emissions calculated using actual production and Santander's attribution factor (MWh/year). For multilocation projects, the avoided emissions take into account the amount of energy produced in each country and the emission factor for the corresponding country.
- **Estimated annual production:** Projects that began after and including 1 January 2021.
 - Avoided emissions calculated using estimated annual production, based on the P50 estimation model¹¹, and Santander's attribution factor (MWh/year). For multilocation projects, the avoided emissions take into account the amount of energy produced in each country and the emission factor for the corresponding country.

11. An estimation model according to which the P50 value is the predicted annual production and for which there is a 50% probability that it will be exceeded in a given year. Source: Platform Carbon Accounting Financials (PCAF), *Harmonising and implementing a carbon accounting approach for the financial sector*, 2018.



4. Key figures

Since our first €1 billion green bond issuance in 2019 and implementation of our global sustainable debt issuance plan, we have continued leveraging on our origination capabilities to issue more green bonds and notes.

The green bond issuances as of 31 December 2021 were:

- October 2019: €1 billion senior preferred bond with a 7-year tenor issued by Banco Santander S.A (details in last year's report).
- June 2020: €1 billion senior non-preferred bond with a 7-year tenor issued by Banco Santander S.A. (details in last year's report)
- December 2020: € 1 million note with a 3-year tenor issued by SAN PRO (Retail Spain), guaranteed by Banco Santander S.A. (details in last year's report).
- June 2021: €1 billion senior non-preferred bond with an 8-year¹² tenor issued by Banco Santander S.A.
- March 2021: € 3 million note with a 3-year tenor issued by SAN PRO (Retail Spain), guaranteed by Banco Santander S.A.
- March 2021: € c. 2 million note with a 3-year tenor issued by SAN PRO (Retail Spain), guaranteed by Banco Santander S.A.

The issuances total € 3,006 million and are detailed below:

Issuer	Banco Santander, S.A. ¹³	Banco Santander, S.A. ¹³	SANPRO (guarantor Banco Santander S.A.)	Banco Santander, S.A. ¹³	SANPRO (guarantor Banco Santander S.A.)	SANPRO (guarantor Banco Santander S.A.)
Issue Rating	A2 / A+ / A (Moody's / S&P / Fitch)	Baa1 / A- / A- by Moody's / S&P / Fitch	Notes have not been rated	Baa1 / A- / A- by Moody's / S&P / Fitch	Notes have not been rated	Notes have not been rated
Nominal Amount EUR)	1,000,000,000	1,000,000,000	1,000,000	1,000,000,000	3,039,000	1,925,000
Pricing Date	1 October 2019	18 June 2020	23 December 2020	17 June 2021	3 March 2021	30 March 2021
Maturity	4 October 2026	23 June 2027	27 December 2023	24 June 2029	3 March 2024	2 February 2024
Instrument	Senior Preferred	Senior Non Preferred	Senior Preferred	Senior Non Preferred	Senior Preferred	Senior Preferred
Coupon	0.30%	1.13%	Constant Percentage (3.00%) if the Coupon Barrier Condition (103%) is satisfied in respect of a ST Coupon Valuation Date; otherwise: zero.	0.625%	Variable	Variable
Listing	EuronextDublin	EuronextDublin	AIAF	EuronextDublin	EuronextDublin	EuronextDublin
ISIN	XS2063247915	XS2194370727	ES0305466056	XS2357417257	ES0305466072	ES0305466080

12. With a call date on 24/06/2028

13. Issuer rating: A2 (Stable) / A+ (Stable) / A- (Stable) by Moody's/S&P/Fitch



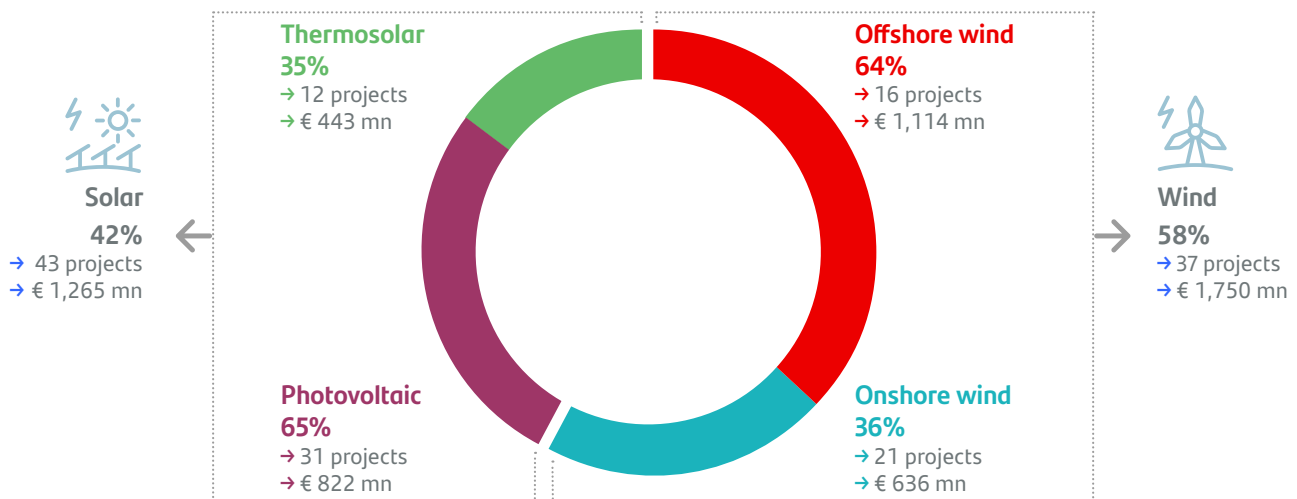
5. Green bond allocation & impact report

i. Use of proceeds

The proceeds from the green bonds issued between 2019 and 2021 (total notional amount of €3,006 million) have been allocated to 80 renewable energy (wind and solar) transactions: 26 greenfield and 54 brownfield projects that were originated between 2016 and 2021 and represent a total drawn outstanding amount of €3,015 million. The share of eligible assets allocated to existing loans¹⁴ represents 45.5% of the total issued amount.¹⁵ There is no remaining balance of unallocated proceeds of the green bonds.

2021 Green Bonds allocated assets by technology

Distribution, number of projects and allocated amount

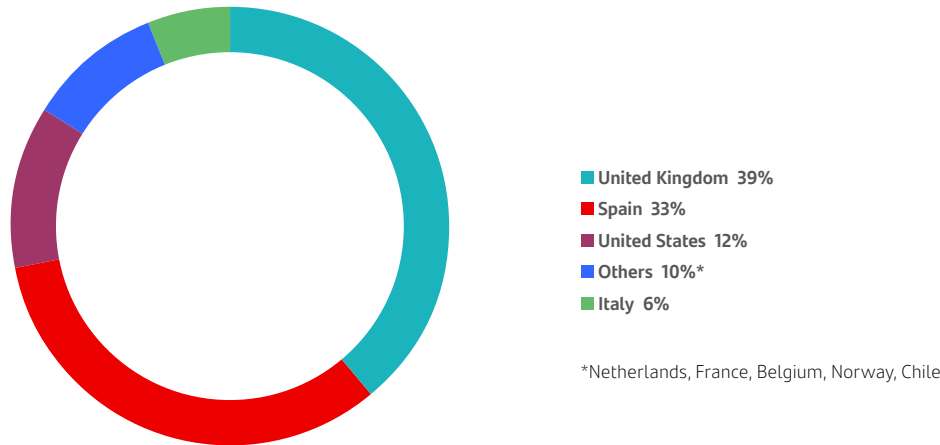


14. As per the definition of existing loan under the Santander Group Green, Social & Sustainability Funding Global Framework.

15. Calculated as a weighted average of the share of Eligible Assets allocated to existing loans at the date of each issuance.



2021 Green Bonds allocated assets by geography (EUR)



Origination in 2021

Banco Santander's ambition is to be our customers' trusted partner in their transition towards a net zero and sustainable business model. Clean energy is at the heart of the decarbonization of the economy, and Santander plays a relevant role in accelerating the deployment of new installed renewable energy capacity in our core markets. Despite a slowdown in activity due to the Covid-19 pandemic, followed by a supply chain crisis in 2021, we have continued to close renewable energy transactions worldwide.

In 2021, we were the global leader in renewable energy project finance for the fourth consecutive year, ranking #1 by number of deals and by volume by Dealogic. In 2021¹⁶, Santander helped finance 13,604 MW of new installed capacity in Brazil, Germany, Italy, Poland, Spain, United Kingdom and United States. We also participated in the financing or refinancing of 1,776 MW of existing projects in different geographies; 58% of the installed capacity of new projects were in the wind sector (onshore and offshore), while solar

(photovoltaic and CSP) assets represented 39%; other renewable energy assets amounted 3%.

Subsequent events in 2022

In 2022, the war in Ukraine, the energy crisis, supply chain issues, the scarcity of raw materials and a huge increase of the cost of capital are having a significant impact on activity in some countries or causing delays to some projects. Nevertheless, we remain #1 by number of deals¹⁷, with some important achievement as a market leader.

Among other roles, Santander recently acted as Exclusive Financial Advisor, as well as Bookrunner, Mandated Lead Arranger and Hedge Provider in the financing of Project Gauss, the 2.3 bn EUR refinancing of the c. 1,600 MW wind portfolio in Iberia of Finerge, a renewables platform owned by funds managed by Igneo Infrastructure. The first-of-a-kind innovative financial structure includes a variable amortisation feature which modulates debt repayment as a function of the electricity produced - which is primarily linked to wind variation.

16. As per the data published in the [Annual Report 2021](#).

17. As per the data from Infralogic (inframation) League Tables from January 1st to September 30th, 2022, as of December 2nd, 2022. In FY 2021: 1st position in the number of deals in the Lead arranger category of Dealogic and Bloomberg New Energy Finance League tables for project finance, as disclosed in the [Annual Report 2021](#).



Landmark deals in 2021

• Provence Grand Large

Santander acted as Mandated Lead Arranger of Provence Grand Large's first floating offshore wind farm being financed by commercial banks globally. The 24 MW project is located in France and is supported by three key entities with track record in the French offshore wind market.

• Project Darwin

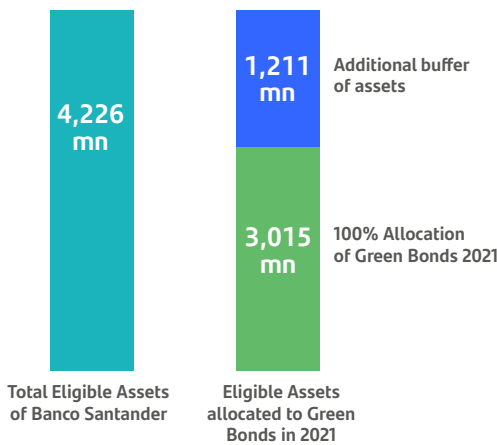
Santander was mandated lead arranger in the financing for the Darwin Project, a 900MW offshore wind farm, to be built in the German North Sea, close to the Netherlands and some 72km from mainland Germany. It is the first offshore wind transaction with private PPAs in Germany and continental Europe.

• Vineyard Wind I

Vineyard Wind I is the first major offshore wind farm in the US, an 800 MW offshore wind farm to be constructed off the Massachusetts coast, 15 miles south of Martha's Vineyard. The Project is jointly owned by Avangrid Renewables and Copenhagen Infrastructure Partners and is scheduled to complete construction by April 2024, making it the first commercial-scale offshore wind farm in the United States.

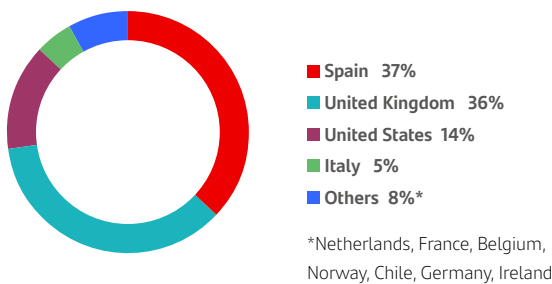
Santander participated as Financial Advisor, Joint Lead Arranger, Hedge Coordinator, Syndication Agent, Administrative Agent, Green Loan Coordinator in the USD 2.5 bn financing of the first large-scale offshore wind farm in the US.

Total eligible assets of Banco Santander and Allocation to Green Bonds in 2021 (EUR)



The proceeds of outstanding Green Bonds as at 31 December 2021 have been fully allocated towards €3,015mn eligible assets.

Total eligible assets of Banco Santander by geography (EUR)





ii. Use of proceeds impact report

The following data shows the use of proceeds of the assets portfolio:

Green Bonds Asset Allocation				
	Number of loans	Allocated Loan Amount (€mn)	Allocated Loan Amount %	Average Attribution Factor
Total general	80	3,015	100%	20%
Wind	37	1,750	58%	15%
Offshore	16	1,114	37%	7%
Onshore	21	636	21%	21%
Solar	43	1,265	42%	24%
Photovoltaic	31	822	27%	27%
Thermosolar	12	443	15%	15%

iii. Installed capacity and avoided CO₂ emissions

The impact pursued with green bonds issued is measured using renewable energy installed capacity (MW), production (MWh) and the corresponding avoided CO₂ emissions (tCO₂).

	Belgium	Chile	France ¹⁸	Italy	The Netherlands	Norway ¹⁹	Spain	UK ²⁰	United States
Nº of deal	1	1	2	9	1	1	38	18	9
Average SAN share (€mn)	52	21	44	20	105	49	26	65	39
TOTAL installed Capacity (MW)	487	210	1,163	797	600	170	4,420	11,755	1,993
TOTAL installed Capacity (MW) attributed to SAN	31	3	86	105	45	19	683	827	403
TOTAL Production (MWh)	1,844,623	1,108,018	2,568,848	1,128,874	2,193,150	597,470	9,017,028	38,783,678	6,622,040
TOTAL Production (MWh) equivalent to % SAN	117,098	18,296	191,867	150,025	166,138	67,303	1,394,419	2,642,543	1,057,848

18. Installed capacity, production and avoided emissions of one project in a joined France/ Spain/ Portugal/ Belgium/ Germany portfolio with assets in all countries have been included in the France values. Avoided emissions are calculated considering the emission factor of each country.

19. Installed capacity, production and avoided emissions of one project in a joined Norway/ Sweden portfolio with assets in both countries have been included in the Norway values. Avoided emissions are calculated considering the emission factor of each country.

20. Installed capacity, production and avoided emissions of one project in a joined UK/Ireland portfolio with assets in both countries have been included in the UK values. Avoided emissions are calculated considering the emission factor of each country.



Avoided emissions have been calculated using actual production for the period January 2021 to 31 December 2021 and Santander's attribution factor (MWh/year) for projects that began up to and including 31 December 2020 and using estimated annual production, based on the P50 estimation model, and Santander's attribution factor (MWh/year), for projects that began after and including 1 January 2021.

Technology	SAN Avoided CO ₂ emissions (tCO ₂)	%	SAN Avoided CO ₂ emissions (tCO ₂ /€ Mn invested)	Overall avoided CO ₂ emissions (tCO ₂)	%
Wind	851,977	68%	487	11,229,552	84%
Projects with actual production	338,698	27%	444	4,200,482	31%
Projects with estimated annual production	513,279	41%	520	7,029,070	53%
Solar	391,966	32%	310	2,089,944	16%
Projects with actual production	186,193	15%	179	1,034,746	8%
Projects with estimated annual production	205,773	17%	915	1,055,198	8%
TOTAL GENERAL	1,243,942	100%	413	13,319,496	100%

Avoided emissions for the period January 2021 to 31 December 2021 amounted to **1,243,942 tons of CO₂ (413tCO₂/€ Mn invested)**, while the average avoided CO₂ per MWh of the projects allocated to the Green Bonds was **0.214tCO₂/MWh**.



6. Disclaimer

IMPORTANT INFORMATION

Non-IFRS and alternative performance measures

This report contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from the Banco Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance.

We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including their definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2021 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC") on 1 March 2022, as updated by the Form 6-K filed with the SEC on 8 April 2022 in order to reflect our new organizational and reporting structure, [as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") Q3 2022 Financial Report,

published as Inside Information on 26 October 2022. These documents are available on Santander's website (www.santander.com). Underlying measures, which are included in this report, are non-IFRS measures.

Non-financial information

This report also contains, in addition to financial information, non-financial information including environmental, social and governance-related metrics, statements, goals, commitments, data and opinions ("NFI").

NFI is not audited nor (with the exception of the identified sections of this report which have been subject to the limited assurance report of PricewaterhouseCoopers Auditores, S.L. dated 21 December 2022, carried out in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) (Reviewed), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)) reviewed by an external auditor.

NFI is prepared following various external and internal frameworks, reporting guidelines and measurement, collection and verification methods and practices, which may be materially different from those applicable to financial information and are in many cases emerging and evolving. NFI is based on various materiality thresholds, estimates, assumptions, judgments and underlying data derived internally and from third parties. NFI is thus subject to significant measurement uncertainties, may not be comparable to NFI of other companies or over time or across periods and its inclusion is not meant to imply that that the information is fit for any particular purpose or that it is material to us under mandatory reporting standards. The NFI is for informational purposes only without any liability being accepted in connection with it except where such liability cannot be limited under overriding provisions of applicable law.



Forward-looking statements

Santander advises that this report contains “forward-looking statements” as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future”, “commitment”, “commit”, “focus”, “pledge” and similar expressions. Found throughout this report, they include (but are not limited to) statements on our future business development, performance, shareholder remuneration policy and ESG Data. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from those anticipated, expected, projected or assumed in forward looking statements. The following important factors, in addition to other factors discussed elsewhere in this report and other risk factors, uncertainties or contingencies detailed in our most recent Form 20-F and subsequent 6-Ks filed with, or furnished to, the SEC, as well as other unknown or unpredictable factors, could affect our future development and results and could cause materially different outcomes from those anticipated, expected, projected or assumed in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; energy prices; and the effects of the war in Ukraine or the COVID-19 pandemic in the global economy); (2) climate-related conditions, regulations, targets and weather events; (3) exposure to various market risks (particularly interest rate risk, foreign Exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (4) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (5) political stability in Spain, the United Kingdom, other European countries, Latin America and the United States; (6) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the United Kingdom exit from the European Union and increased regulation in response to financial crises; (7) our ability to integrate

successfully our acquisitions and related challenges that result from the inherent diversion of management’s focus and resources from other strategic opportunities and operational matters; (8) uncertainty over the scope of actions that may be required by Santander, governments and others to achieve goals relating to climate, environmental and social matters, as well as the evolving nature of underlying science and industry and governmental standards and regulations; and (9) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire Santander, the Banco Santander Group or significant subsidiaries.

Forward looking statements are based on current expectations and future estimates about Santander’s and third-parties’ operations and businesses and address matters that are uncertain to varying degrees, including, but not limited to developing standards that may change in the future; plans, projections, expectations, targets, objectives, strategies and goals relating to environmental, social, safety and governance performance, including expectations regarding future execution of Santander’s and third parties’ energy and climate strategies, and the underlying assumptions and estimated impacts on Santander’s and third-parties’ businesses related thereto; Santander’s and third-parties’ approach, plans and expectations in relation to carbon use and targeted reductions of emissions; changes in operations or investments under existing or future environmental laws and regulations; and changes in government regulations and regulatory requirements, including those related to climate-related initiatives.

Forward-looking statements (such as any commitments, goals and targets discussed in this report, including but not limited to our net-zero related commitments, goals and targets) are aspirational, should be regarded as indicative, preliminary and for illustrative purposes only, speak only as of the date of this report, are informed by the knowledge, information and views available on such date, are subject to change without notice and there can be no assurance that they will occur or be achieved. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise, except as required by applicable law.



No offer

The information contained in this report is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure report published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this report. No investment activity should be undertaken on the basis of the information contained in this report. In making this report available Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

Neither this report nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this report is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Historical performance is not indicative of future results

Statements about historical performance must not be construed to indicate that future performance, share price or results (including earnings per share) in any future period will necessarily match or exceed those of any prior period. Nothing in this report should be taken as a profit forecast.

Third Party Information

In this report, Santander relies on and refers to certain information and statistics obtained from publicly-available information and third party sources, which it believes to be reliable. Neither Santander nor its directors, officers and employees have independently verified the accuracy or completeness of any such publicly-available and third-party information, make any representation or warranty as to the quality, fitness for a particular purpose, non-infringement, accuracy or completeness of such information or undertake any obligation to update such information after the date of this report. In no event shall Santander be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for inaccuracies or errors in, or omission from, such publicly-available and third-party information contained herein. Any sources of publicly-available information and third-party information referred or contained herein retain all rights with respect to such information and use of such information herein shall not be deemed to grant a license to any third party.



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I. PWC Independent Limited Assurance Report



Independent limited assurance report on the “Banco Santander, S.A. Green Bond report 2021”

To the management of Banco Santander, S.A.:

We have undertaken a limited assurance on the accompanying “Banco Santander, S.A. Green Bond report 2021” of Banco Santander, S.A. (hereinafter, Banco Santander) for the year ended 31 December 2021, in regards with the Green Bond of 2019 (ISIN XS2063247915), the Green Bond of 2020 (ISIN XS2194370727) and the Green Bond of 2021 (ISIN XS2357417257) issued by Banco Santander, S.A., and the Santander International Products plc notes (ISIN ES0305466056, ISIN ES0305466072 and ISIN ES0305466080) guaranteed by Banco Santander, S.A., (hereinafter, “the Green Bonds”), prepared in accordance with the criteria described in the “Santander Group Green, Social & Sustainability Funding Global Framework” document dated on February 2022, defined by Santander Group (hereinafter, “Green, Social & Sustainability Framework” or “the Framework”), available on its website:

<https://www.santander.com/content/dam/santander-com/es/documentos/presentaciones-de-renta-fija/2022/06/prf-2022-06-20-santander-gss-global-funding-framework-es.pdf>

Specifically, the sections of the “Banco Santander, S.A. Green Bond report 2021” under our review have been the following:

- The allocation of the Green Bonds proceeds in accordance with the eligibility criteria, defined by Santander Group in the Green, Social & Sustainability Framework and detailed in the sections “5. Use of Proceeds (“5.1.1 Sectors and activities covered” and “5.1.2 Green eligibility criteria)” and “6. Project Evaluation & Selection Process (Practices aligned with Equator Principles)”.
- The Green Bonds funding allocation indicators included in the section “5. Green bond allocation & impact report” of the “Banco Santander, S.A. Green Bond report 2021”, and specifically the indicators referenced in the subsections “i. Use of proceeds” and “ii. Use of proceeds impact report”.
- The environmental impact indicator (avoided CO₂ emissions) associated to the Green Bonds, included in the section “5. Green bond allocation & impact report” of the “Banco Santander, S.A. Green Bond report 2021”, and specifically the indicators referenced in the subsection “iii. Installed capacity and avoided CO₂ emissions”.

Responsibility of the directors of Banco Santander, S.A.

The directors of Banco Santander are responsible for the preparation, content and presentation of the “Banco Santander, S.A. Green Bond report 2021” in accordance with the criteria included in the Green, Social & Sustainability Framework in which the eligibility criteria of the projects, the allocation of funds and the impact indicators are described. This responsibility includes the design, implementation and maintenance of the internal control necessary to allow the information included in the “Banco Santander, S.A. Green Bond report 2021” to be free of material misstatement, whether due to fraud or error.



The directors of Banco Santander are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the mentioned “Banco Santander, S.A. Green Bond report 2021”, is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (“IESBA Code”) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and sampling tests. The general procedures employed are described below:

- Meetings with Banco Santander, S.A. personnel from various departments who have been involved in the preparation of the “Banco Santander, S.A. Green Bond report 2021” to understand the allocation of the funds obtained through the Green Bonds, the existing internal procedures and management systems, the information gathering process and the control environment.
- Analysis of the procedures used for gathering and validating the information and data presented in the environmental impact indicator (avoided CO₂ emissions) included in the “Banco Santander, S.A. Green Bond report 2021”.
- Verification that the investments undertaken by Banco Santander, S.A. in the (re)financed projects and the environmental impact indicator (avoided CO₂ emissions) have been made in accordance with the Green, Social & Sustainability Framework’s criteria.
- Checking, through sampling tests revisions and substantive tests on the quantitative and qualitative information included in the sections of the “Banco Santander, S.A. Green Bond report 2021” under our review. We have also verified whether they have been appropriately compiled from the data provided by Banco Santander’s sources of information.
- Obtainment of a representation letter from the directors of Banco Santander.



Limited assurance conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- the Framework has not been properly applied to the selection of projects and associated impact indicators,
- the funds obtained through the Green Bonds have not been assigned to the assets or projects (re)financed by them and that the capital invested in the (re)financed assets or projects is not attributable to the Green Bonds,
- the environmental impact indicator (avoided CO₂ emissions) contains significant errors or has not been prepared, in all their significant matters, in accordance with what is indicated in the Framework in the “Banco Santander, S.A. Green Bond report 2021” in relation to its calculation.

Use and distribution

Our report is only issued to the directors of Banco Santander, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Banco Santander’s directors.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, consisting of a stylized, cursive script that appears to read 'Pablo Bascones Ilundáin'.

Pablo Bascones Ilundáin

21st December 2022