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1. Disclaimer

The information and opinions contained in this Banco Santander, S.A. Green Bond Framework (hereafter the “Framework”) are provided as at the date of this document and are subject to change without notice. No one who becomes aware of the information contained in this Banco Santander, S.A. Green Bond Framework should regard it as definitive, because it is subject to changes and modifications. Furthermore, Santander does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Banco Santander, S.A. Green Bond Framework is provided for information purposes only and does not constitute, nor it should be interpreted as, or form part of, any offer or invitation to underwrite, subscribe for or otherwise acquire or dispose of, or any solicitation of any offer to underwrite, subscribe for or otherwise acquire or and is not intended to provide the basis for any credit or any other third party evaluation of securities. Any decision to buy or invest in securities shall be made solely and exclusively on the basis of the information set out in the pertinent prospectus or equivalent or related documentation filed or otherwise made available to prospective investors by Santander. 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 presentation 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.
2. Green Bond Framework

2.1 Use of Proceeds

Santander actively participates in financing renewable energy projects which contribute to its mission of helping people and business prosper and specifically towards the transition to a low carbon emission economy and the fight against climate change.

The net proceeds of green bond issuances under the scope of this Green Bond Framework (the “Green Bond”) will be used to finance and refinance loans related to renewable energy (Wind and Solar).

Eligible assets categories have been identified by Santander to provide financing for renewable energy production in projects located in core countries for the bank (Europe, US and Latin America) and funded by Banco Santander S.A.

The net proceeds of the Green Bond will be allocated to both existing wind and solar assets on Santander balance sheet at the date of this issuance (assets which operation starting date is between 2016 and 2018), as defined in this section, and new assets of the same nature that will be added to this balance sheet within 36 months after its settlement. The Refinancing share of eligible assets won’t exceed 50% during the term of the green bond. The new eligible assets will include the production during 2019 and onwards.

**Eligible Green Asset categories**

**Wind and solar technologies:** The eligible technologies are always commercially proven and with years of track record. The design concept always consists in the transformation of wind energy or solar irradiation into electricity (no other primary energy source involved), through different physical processes.

- **Solar projects:**
  - Photovoltaic (PV) plants: The technology is based in the photovoltaic effect, where light absorbed by solar modules, made of semiconducting materials, is transformed into electricity. PV assets are usually ground mounted utility-scale plants, with state of the art components and renowned manufacturers for the main components (modules, inverters, etc.).
- **Concentrated Solar Power**: Although several technologies fall within this category, our activity is mostly concentrated in parabolic trough solar thermal plants. Here, there is a fluid being heated by the reflection of the sun in fields of arrays of parabolic mirrors. Heat energy is then transformed into electricity as in other thermal plants.

- **Wind projects**: As for windfarms, Santander typically finances onshore and offshore projects, with world-leader turbine manufacturers. The principle is quite simple: Wind turbine generators partially capture the wind through three rotating blades, and then the mechanical energy is transformed into electricity through generators.
  - **Onshore wind**: This technology is very mature, and there are no important concerns or technical challenges.
  - **Offshore wind**: For offshore wind, the projects financed to date have always had ground-mounted foundations (monopole/tripod/jacket); while other developing technologies (floating foundations) are still not within the possible scope.

The eligible projects will include the electricity generation technologies as described above, and also any ancillary infrastructure, such as transmission lines, substations, etc.

Moreover, the eligible assets comply with Santander’s Group sectorial policies (Defence, Energy, Soft Commodities and Mining and Metal policies), a copy of which is available at Santander website.

These policies prohibit financing certain activities and establish restrictions for others (e.g., transactions needing special attention in light of their potential social and environmental impact and subject to certain requirements being met in order to be approved).

For all clients or transactions approved under the scope of each policy, the appropriate monitoring, control and information mechanisms are established in accordance with the Bank’s internal frameworks and processes.

Santander’s Energy Policy states that Santander Group will not participate in any transaction related to lending, financial consulting services, equity, asset management or insurance with customers who take part in any of the following activities:

- **New coal-fired power plants projects worldwide**, new clients with coal-fired power plants worldwide.
• Any revamping of any existing coal-fired power plant being already in operation (brownfield projects) if the project does not provide a significant improvement in CO₂ emissions or in its average thermal efficiency compared to the current situation.

• Nuclear power plants in countries that have not ratified the Non-Proliferation Treaty, Convention on Nuclear Safety, the joint Convention on the Physical Protection of Nuclear Materials, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

**Other eligibility criteria**

In addition to complying with the above criteria, the eligible assets will be categorized according to the Equator Principles (EP). Only Projects designated under EP with the category “B” and “C” will be eligible.

In the case of “B” projects, an independent assessment will be carried out on to determine the compliance with the EP. In the case of “C” projects the bank will evaluate compliance with the EP principles through its internal EP screening.

**CO₂ emissions avoided**

On an annual basis, the issuer will calculate and estimation of the CO₂ emissions avoided by the eligible assets financed or refinanced with the proceeds of the Green Bond. The methodology used to that purpose is based on an internal estimation methodology based on GHG Protocol.

Avoided emissions are estimated considering that the estimated generation attributable to Santander would be otherwise produced with the technology mix of associated national electricity grids of the countries in which each of the eligible assets were located, using latest available data from the International Energy Agency emission factors (tCO₂/MWh). The initial refinanced eligible assets are located in Continental Europe. Under this methodology, electricity generation (MWh) is based on average production reported by project promoters or, when not available, the installed capacity (MW) and an adequate technology-specific load factor.

Santander may consider future opportunities to update this Green Bond Framework to expand the eligible green assets categories subject to an external party evaluation.
2.2 Project Evaluation & Selection

Santander has a dedicated Project Finance department for renewable energy which is responsible for the selection and financing of projects that potentially will be eligible assets for the purposes of the Green Bond.

Santander has a general project selection and evaluation process as defined in the Global Sustainable Bonds Framework and follows the specific selection process to select the assets for the Green Bond:

- **Project selection**: In the Power and Energy industry, Santander is mainly focused on technology-proven renewable assets (e.g. photovoltaic (PV) and onshore and offshore wind), located in core countries for the bank (Western Europe, US and Latin America). The issuer can also explore opportunities in other regions, mainly when there is an Export Finance angle. Existing renewable projects on balance at the date of the issuance are located in Europe and the US; future new renewable projects under the definition of this green framework may be located in all core countries for the bank (Western Europe, US and Latin America).

In addition, Santander Group has also been applying the Equator Principles (EP) since 2009, to Project Finance and corporate funding for a known purpose, including bridge loans before project finance is granted and corporate lending arrangements for building or remodeling a specific project.

2.3 Management of Proceeds

The Management of Proceeds are clearly defined and formalized in Santander’s Global Sustainable Bond Framework.

The intention of the issuer is to allocate the net proceeds of the Green Bonds within 36 months after its settlement.

- The net proceeds of the Green Bond will be managed by Santander’s Funding business unit in the form of liquidity in a single funding pool in accordance with Santander’s normal liquidity management policy.

- The allocation of funds to Eligible Assets will be appropriately tracked by the Sustainable Steering Group using a relevant internal system. The Sustainable Bond Steering Group will ensure that a portfolio of Eligible Assets at least notionally equivalent to the Green Bond outstanding is maintained all the time.
2.4 Reporting

The process for reporting is clearly defined, formalized and following Santander’s Global Sustainable Bonds Framework.

Santander will confirm that the use of proceeds of the Green Bond issuance conforms to this Green Bond Framework as well as the Global Sustainable Bonds Framework.

- The amount of proceeds allocated to the Eligible Green Assets and amounts pending allocation, and the list of Eligible Green Assets in line with confidentiality practices, with their related summary description:
  - Type of asset (solar, wind farm...),
  - Date of entry into service, localization, outstanding loan of the Eligible Green Asset,
  - Renewable energy capacity installed (MW); annual energy produced (MWh)
- Information on the environmental impacts of the Eligible Green Assets
  - Annual CO₂ emissions reduced/avoided as per methodology described in section 2 of this document
- The indicators will focus on Eligible Green Assets allocated prior to December 31st each year
- All the assets data will be anonymized for confidentiality reasons
- Green Bond information will be externally verified by the financial auditor assuring compliance with this framework

2.5 External Reviews

Santander’s Green Bond issuance is supported by external reviews provided by:

- Vigeo Eiris’ review (“Second Party opinion”), as sustainability consultant, on the responsible credentials of the Green Bond Framework, based on pre-issuance commitments and covering all the note dimensions, i.e. issuer sustainability commitments, alignment of the green bond issue to the issuer’s sustainability strategy, Green Bond principles compliance, use of proceeds including ESG integration, project evaluation and selection, management of proceeds and reporting (processes and indicators), contribution of the issuance to sustainable development and fight against climate change.

- An ad-hoc Second Party Opinion in the event that additional Eligible Green Assets categories will be added to the Green Bond Framework.

- On annual basis, an external verification (third party ESG and/or financial audit) of the compliance, in all material respects, of (i) the actual allocation of proceeds to Eligible Green Assets and their alignment with the eligibility criteria, (ii) the pending cash allocation, annually and until the maturity date of the note, (iii) review of the avoided CO₂ emissions estimated.