

Banco Santander and the SDGs

April 2023





The **2030 Agenda for Sustainable Development**, adopted by United Nations Member States in 2015, provides a **shared blueprint for peace and prosperity**. At its heart are the 17 Sustainable Development Goals (SDGs), which consist of 169 targets and 231 indicators.

Ending poverty and other social issues go hand-in-hand with improving health and education, reducing inequality, spurring economic growth, tackling climate change and working to preserve our oceans and forests.

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

Support the transition to a low carbon economy

- Set targets in our portfolios to align with pathways to net zero while taking into consideration other environmental goals as Nature
- Support customers in accelerating their transition, engaging with them and developing a best-in-class sustainable finance and investment proposition
- Reducing our carbon footprint and environmental impact

Promote inclusive growth

- Diverse and inclusive workplace that fosters employees' wellbeing
- Support financial inclusion and financial health promoting access to financial products and services and offering financial Education
- Support communities, with focus on Education, Employability and Entrepreneurship

Strong governance and culture across the organization

- Drive culture, conduct and ethical behaviour
- Integrate ESG into strategic processes, Risk Management & rest of relevant units and build capabilities

The SDGs promoted by our lines of action



To drive our responsible banking agenda we also engage with a number of local and international initiatives and working groups



Environmental

What

Support the transition to a low carbon economy

Our ambition

→ Net-zero emissions by 2050

Our targets

- Raise and facilitate EUR 120bn in green finance by 2025 and EUR 220bn by 2030
- Reach EUR 100bn in Socially Responsible investment AuMs by 2025
- Thermal coal-related power & mining phase out by 2030
- Decarbonize by 2030 our portfolios of power generation, energy (oil & gas), aviation and steel
- 100% electricity from renewable sources by 2025
- Eliminate unnecessary single-use plastics in corporate buildings and branches ✓



See the Responsible Banking chapter in our [2022 Annual Report](#) or our [2020-june 2021 Climate Finance Report](#) for more details on our strategy to aid the transition to a low carbon economy

How



Set targets in our portfolios to align with pathways to net zero

We joined the **Net-Zero Banking Alliance (NZBA)** and the **Net Zero Asset Managers initiative**. We also established our ambition to **becoming net zero by 2050** and have already set decarbonization targets for five sectors: thermal coal-related power & mining, power generation, energy (oil & gas), aviation and steel

Key progress

- **Risk materiality assessment** in high-emitting sectors
- **Decarbonization action plans:** coal & power



Support customers in accelerating their transition

We continue to **reinforce our sustainable finance proposition** by offering sustainable lending and sustainability linked loans
New function to drive the Green Finance business across Retail & Commercial Banking, leveraging on synergies with SCIB (Santander corporate and Investment banking)

€94.5bn in green finance mobilized since 2019

53.2 bn in Socially Responsible Investment AuMs

Sustainable finance classification system (SFCS), to label green, social and sustainable assets across group



Reducing our carbon footprint and environmental impact

Our 2022-2025 Energy efficiency and sustainability plan includes more than 100 measures that will enable us to reduce our electricity consumption by 2.6% and our absolute CO₂e emissions by 35.4%

88% electricity from renewable sources

Since 2011, we have cut down our CO₂e emissions by **71%**

From 2020 **Carbon neutral** in our own operations

The SDGs supported by our environmental agenda:



Social

What



Promote inclusive Growth

Our targets

- 35% of women in senior positions¹ by 2025
- Equal pay gap by 2025
- Financial Inclusion (Additional 5 million people between 2023-2025): initiatives from access and finance



See the Responsible Banking chapter in our [2022 Annual Report](#) for more details on our strategy to maximize our social impact.

How		Key progress
 <p>With a diverse and inclusive workplace that fosters employees' wellbeing</p>	<p>Putting the employee at the center of all we do</p> <p>Ensuring we have the right talent and skills in place to ensure the Bank's transformation</p> <p>Aligning with the business to ensure we add value proactively and help deliver the strategic objectives</p>	<p>29.3% of women in senior positions¹</p> <p>Equal pay gap: 1%</p>
 <p>Supporting financial inclusion and financial health</p>	<p>We can help more people prosper and enjoy the benefits of growth by empowering them financially</p> <p>Santander Finance for All is our initiative to help people access the financial system; support individuals to set up and grow their businesses, or which are in financial distress, and provide financial education</p>	<p>11.8 million people financially empowered since 2019.</p> <p>More than EUR 950Mn disbursed in loans to microentrepreneurs through our microfinance programmes during 2022</p>
 <p>Support communities, with focus on Education, Employability and Entrepreneurship</p>	<p>Santander Universities is a unique global programme that supports education, entrepreneurship and employability</p> <p>We also promote local initiatives and programmes that strengthen child education and the well-being of the communities we serve</p>	<p>For over 25 years, we have invested more than EUR 2.2bn and awarded more than 1 million scholarships and grants to students, professionals, entrepreneurs and SMEs</p> <p>2.3 million people helped through community programmes</p>

The SDGs supported by our environmental agenda:



Data as of 2022 unless stated otherwise

1. Senior positions make 1.2% of total workforce

Governance

What

Strong governance and culture across the organization

Our approach

- We listen and respond to the suppliers demands of employees, customers, shareholders, investors and society as a whole.
- We keep pace with new regulations and best practices in ESG.
- We have available channels to attend our stakeholders



See the Responsible banking chapter in our [2022 Annual Report](#) for more details

How



Drive culture, conduct and ethical behaviour

The Santander Way is our purpose and how we do business - Simple, Personal and Fair

- We have our **corporate behavior TEAMS** (Think customer, Embrace change, Act now, Move together and Speak up), and, a **solid culture of risk management: Risk Pro**
- Our **General code of conduct (GCC)** and **Corporate culture policy** set out our ethical principles and the standards to ensure consistent group culture

Key progress

8,3 engagement according to our 2022 Your Voice survey
We train our employees on the **GCC, the fight against bribery and corruption, tax evasion, etc**

We overhauled our GCC, making it **easier to understand, accessible and didactic**

We developed **guiding principles** for sales force remuneration, **over-indebtedness, and vulnerable customers**



Integrate ESG into strategic processes, Risk Management & rest of relevant units and build capabilities.

- **Our corporate governance model upholds the highest standards**, and our board of directors has the capabilities and international diversity to deliver on our strategies
- **Specific teams devoted to the agenda:** ESG Risk function (reports to CRO), and Talent and Culture (report to Executive Chair)
- Our **responsible banking framework** identifies roles and responsibilities across the organization
- Our procurement processes includes **ESG criteria and principles of responsible conduct for suppliers**
- Our **incentives** are aligned to promote the ESG agenda
- Our **ESG training** is available for all employees. Specific ESG programmes for employees leading Responsible Banking agenda

66,7% independent directors and **40% woman** director in board composition

ESG included in Long-term and short-term incentives

The SDGs supported by our environmental agenda:



International initiatives we support

Santander is a founding signatory of the Principles for Responsible Banking and the Net Zero Banking Alliance. We also support a broad number of international, regional and local initiatives.



PRINCIPLES FOR
RESPONSIBLE
BANKING



The SDG our support for international initiatives promotes:



