

Santander ESG

Towards a more sustainable world

Q4 2022





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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.

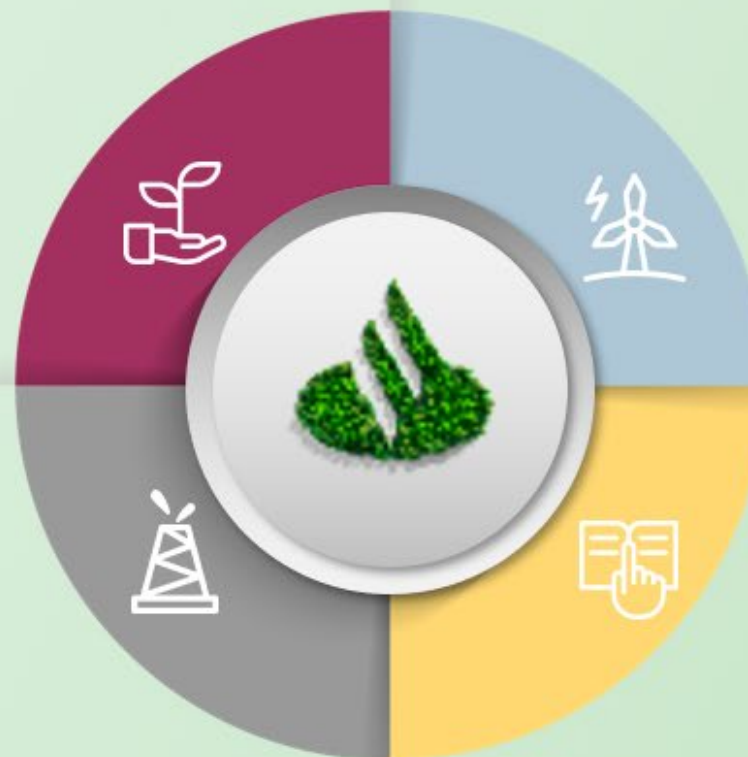
ESG strategy

01

What makes us different

Financial Inclusion
Awarded Best Bank for Financial Inclusion in 2022 by Euromoney

Decarbonization
Net zero decarbonization targets as founding members of the NZBA



Green Finance
#1 worldwide Bank in¹ financing Renewable Energy

Governance
Best practices and robust board composition

ESG strategy

Our approach

As a responsible bank we place **sustainability at the centre of our core activities** to deliver on our purpose of helping people & business prosper



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 ambition, to help tackle global challenges



Founding Member 2021



Best bank for Financial Inclusion 2022



Principles for Responsible Banking,
Founding Member 2019



Signing member 2009



Good Corporate Governance
Certificate 2021

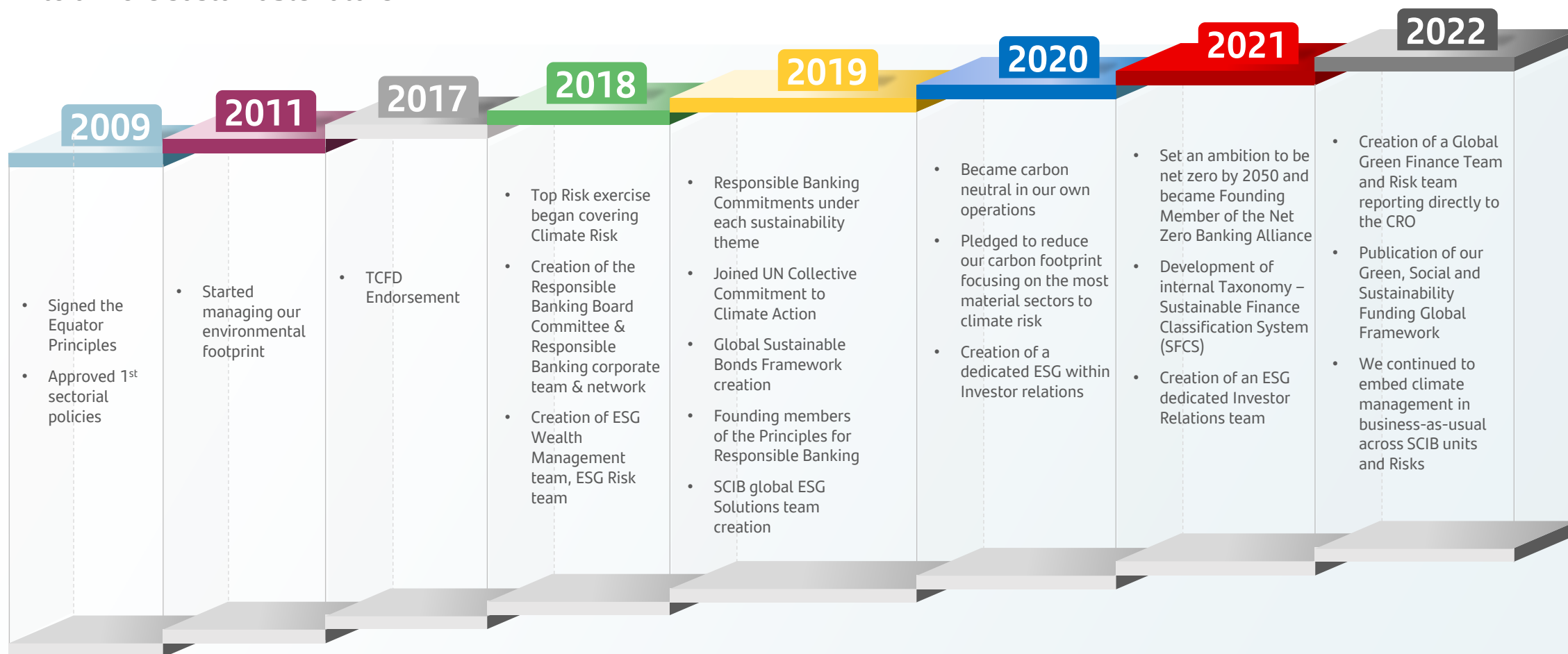
ESG strategy

Overarching goal: Focus on most material items

Ambition	Goals	Priority action plans	SDG's
Support the transition to a low carbon economy	Deliver our Net zero ambition by 2050	<ul style="list-style-type: none"> • Set targets in our portfolios to align with pathways to net zero, while taking into consideration other environmental goals as Nature • Support customers in their transition, engaging with them and developing a best-in-class sustainable finance and investment proposition 	    
Promote inclusive growth	Support productive inclusion across our main stakeholders : employees, customers and communities	<ul style="list-style-type: none"> • Diverse and inclusive workplace that fosters employee wellbeing • Support financial inclusion of the most vulnerable customers, promoting access to banking products and services and offering financial education • Community support, with focus on Education, Employability and Entrepreneurship 	      
Strong governance and culture across the organization	Incorporate ESG in behaviours, policies, processes and governance throughout the Group	<ul style="list-style-type: none"> • Consistent tone from the top to drive cultural change and deliver on our commitments (climate, diversity, training...) • Integrate ESG into strategic processes, Risk Management & rest of relevant functions and build capabilities 	  

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

Responsible Banking ambition

We have set targets in those areas where we have the greatest potential impact. Thanks to the progress we have made towards some of the targets we set in 2019, we are considering revising our ambition in a few of them.

	2018	2019	2020	2021	2022	2025/2030 target
• Green finance raised and facilitated (€bn)		19	33.8	65.7	94.5	120 bn 2025 / 220 bn 2030
• SRI AuMs (€bn)				27	53	100 bn by 2025
• Financially empowered people		2 mn	5 mn	7 mn	📈 11.8mn	+5M ¹ (2023-25)
• Thermal coal-related power & mining phase out (€bn)				7	6	0 by 2030
• Emission intensity of power generation portfolio		0.21	0.17			0.11 tCO _{2e} / MWh in 2030
• Absolute emissions of energy (oil & gas) portfolio		23.84				16.98 mtCO _{2e} in 2030
• Emissions intensity of aviation portfolio		92.47				61.71 grCO _{2e} / RPK in 2030
• Emissions intensity of steel portfolio		1.58				1.07 tCO _{2e} / tCS in 2030
• Electricity from renewable sources	43%	50%	57%	75%	88%	100%
• Women in senior positions	20%	23%	23.7%	26.3%	29.3%	35% by 2025
• Equal pay gap	3%	2%	2%	1%	1%	~0% by 2025

While we also continue to:

- ✓ Have a board of directors with 40-60% women members
- ✓ Not provide single-use plastics in our buildings and offices
- ✓ Be carbon neutral in our own operations

ESG strategy

Our achievements

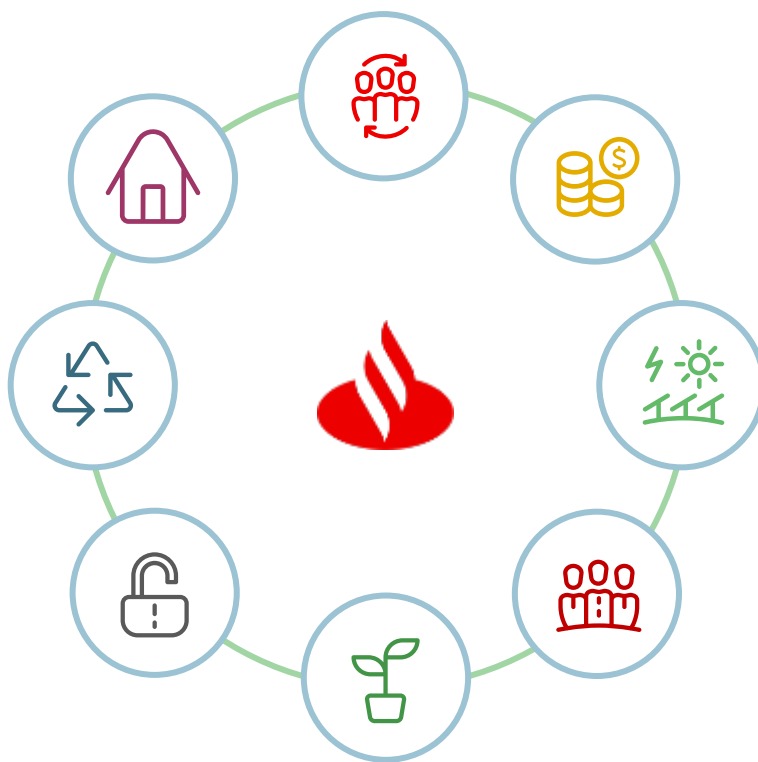
We want to **make a positive impact** with actions that reflect our sustainability strategy and commitment

11,8 mn People financially empowered since 2019

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

€94,5 bn of Green Finance mobilized since 2019

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



>€950 mn in microcredits provided within LATAM during 2022

88% of electricity used from renewable resources already

€4.8 bn in the financing of electric vehicles under our consumer businesses

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

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

"As a responsible bank, our approach to ESG issues is central to our strategy"

"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"



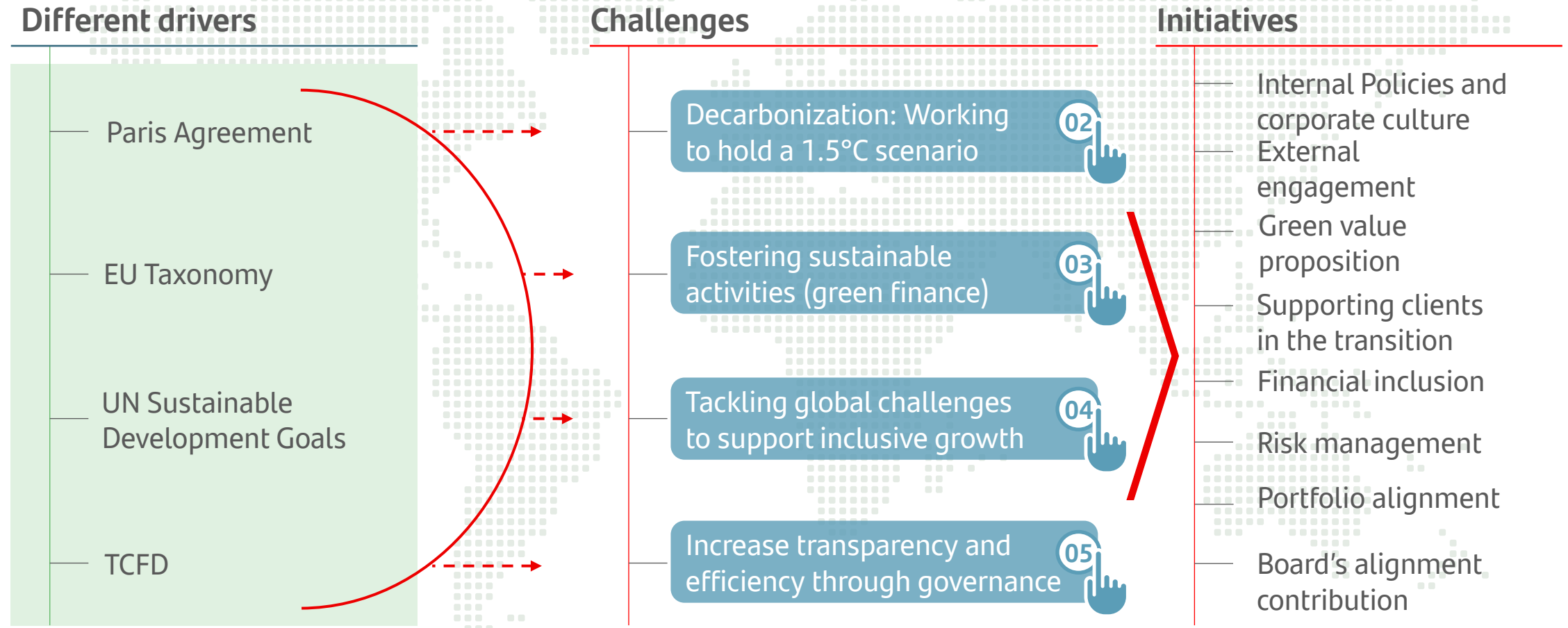
Héctor Grisi Checa
CEO

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

"For many years, Santander has been committed to the environment and supporting sustainable and inclusive growth, for which we have set clear goals, supporting our clients in their transition to a low-carbon economy"

Main challenges

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



Decarbonization ambition

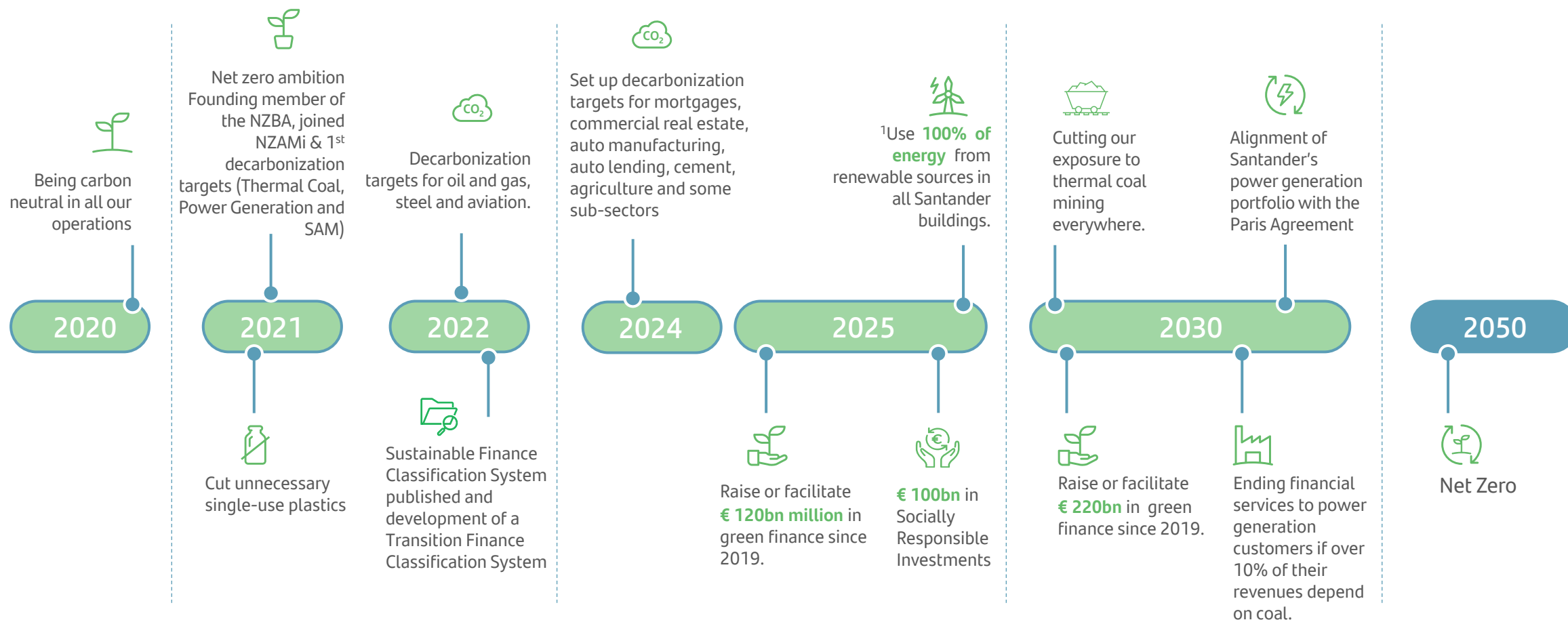
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Decarbonization ambition

Our 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 the ambition to be net zero in carbon emissions by 2050 also as part of the NZBA



Decarbonization ambition

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 continue progressing towards our net zero ambition.

1



Align our portfolios to the **Paris Agreement while delivering on our decarbonization targets and setting new ones**

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 published last year in the following sectors: energy, aviation and steel, you can check the full details in our [Climate Finance Report](#)

Decarbonization ambition

Sectorial policies

Our Environmental, Social and Climate Change (ESCC) risk management policy sets out standards for investing in, and providing financial products and services to, companies and customers engaging in sensitive activities expressly prohibiting funding to (among others):



Oil & Gas

- New oil upstream clients, except for transactions for the specific financing for renewable energy
- Project-related financing to Oil upstream greenfield projects. Any projects, or expansion of existing facilities, north of the Arctic Circle
- Projects involved in the exploration, development, construction or expansion of oil & gas extraction from tar sands, fracking or coal bed methane



Mining & Metals

- Project-related financing for new, or the expansion of thermal coal mines.
- Project-related financing for the construction or development of infrastructure projects whose expected revenues from coal mining-related activities will be more than 30% of the project's revenues in the first five years.
- New clients that own thermal coal mining operations and projects worldwide, except for transactions for the specific financing for renewable energy



Power Generation

- From 2030, any entities with more than 10% of revenues, on a consolidated basis, directly derived from coal fired power generation
- Project-related financing for new coal-fired power plants projects worldwide, or for the upgrade and/or expansion of existing coal-fired plants
- New clients with coal-fired power plants, except for transactions for the specific financing for renewable energy



Soft commodities

- Extraction of native tropical wood species not certified to FSC¹
- Palm oil processors that are not certified to RSPO²
- Developments in forested peatlands in High-Risk Geographies

Decarbonization ambition

Fossil fuel financed

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

Ranking by fossil fuels financed

Rank	Mandated Arranger	Fossil fuels financed (Billion \$)	Fossil fuels financed over total lending
1	Bank 1	61,732	5.73%
2	Bank 2	46,215	5.16%
3	Peer 1	41,351	6.35%
4	Bank 3	38,757	9.65%
5	Bank 4	31,978	3.27%
6	Bank 5	31,899	3.26%
7	Peer 2	30,402	4.94%
16	Peer 3	17,976	1.72%
19	Peer 4	14,745	1.53%
24	Peer 5	10,753	1.45%
28	Peer 6	9,946	1.48%
35	Santander	7,920	0.69%

Source: The Banking on Climate Chaos: Fossil Fuel Finance Report 2022
Data as of 2021

Santander's fossil fuels financing remains below 1%, more than 7 times less when compared to the leading bank



Decarbonization ambition

New targets

We have set new decarbonization targets according to our internal roadmap from last year's Climate Finance Report. They focus on the most carbon intensive and material sectors. **These new targets have been set for 2030 against 2019, for the energy (oil & gas), aviation and steel sectors.**

Sector	Scenario	Emissions	Metric	2019 baseline	2030 targets
Power generation	IEA Net Zero 2050	Scope 1	tCO ₂ e/MWh	0.21*	0.11 (-46%)
Energy (Oil & Gas)	IEA Net Zero 2050	Scope 1 + 2 + 3**	mtCO ₂ e	23.84	16.98 (-29%)
Aviation	IEA Net Zero 2050	Scope 1 + 2	grCO ₂ e/RPK	92.47	61.71 (-33%)
Steel	IEA Net Zero 2050	Scope 1 + 2	tCO ₂ e/tS	1.58	1.07 (-32%)
Thermal coal	Phase-out targets to eliminate exposure by 2030 to: <ul style="list-style-type: none">• Power generation customers with a revenue dependency on coal of over 10%• coal mining				

* In 2021 Annual report and Climate Finance report, we assessed the 2019 financed emissions of our power generation portfolio, including guarantees and other types of off-balance exposure to our customers that do not entail current funding. Because, according to the PCAF standard, such exposure should not be calculated if its attribution factor is "outstanding", we were over-attributed with our corporate customers' emissions. Therefore, the 2019 baseline emissions intensity has been updated from 0.23 to 0.21. The target and climate ambition remains for this sector. ** Use of sold products.

Decarbonization ambition

Examples of some Country and Unit efforts

Net zero actions and targets in Wealth Management & progress in our decarbonization strategy in Poland

Wealth Management Road to Net Zero

1 Climate Commitments

In March 2021, Santander AM joined the global Net Zero Asset Managers (NZAM) initiative for net zero greenhouse gas emissions by 2050

2030 interim target to reduce net emissions by half for 50% of AUM in-scope¹

2 EUR 100 bn in Socially responsible investments AUMs by 2025²

Increase through fund reprofiling and new sustainable investment products and services

Creation of a global ESG strategy team to coordinate the efforts of our three businesses and strengthen SAM's ESG dedicated team

Net Zero Actions

1 Participation in key investors climate initiatives

2 Collaboration as a tool for driving change

3 Engagement plan in our core markets with a focus on SME's

4 Polluting Sectors strategy, phasing-out coal exposure and focusing on key material sectors

5 Portfolio construction evolution, towards Net Zero

6 Facilitation of investment in climate solutions

7 Maintain leadership in climate stewardship and advocacy in core markets



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

Financing the green transition

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Green Finance

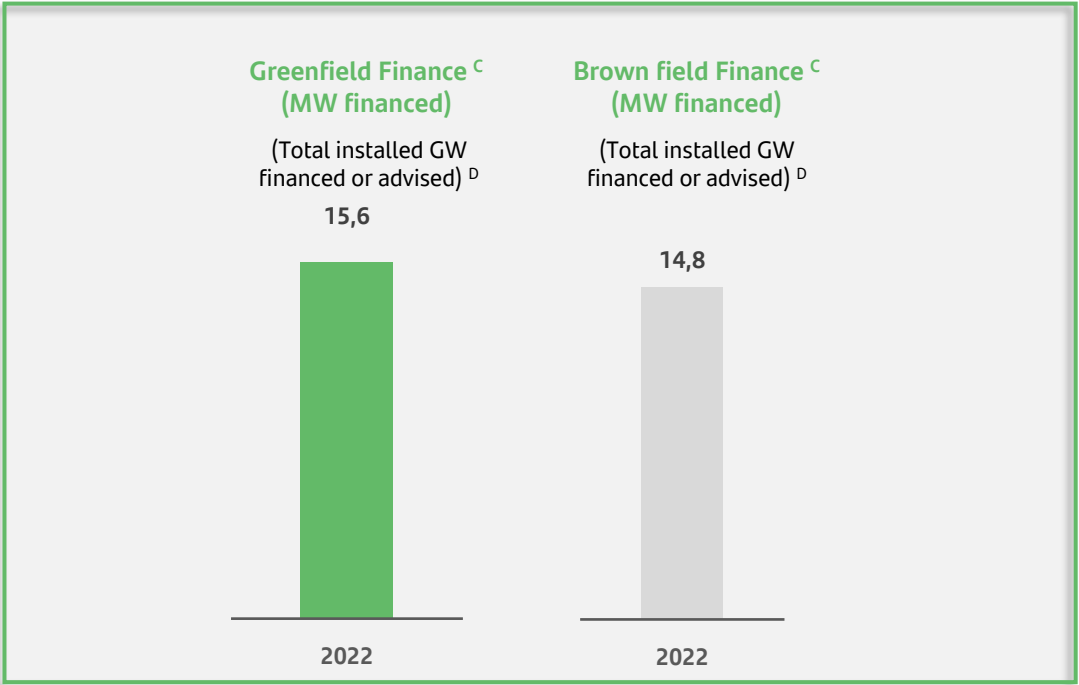
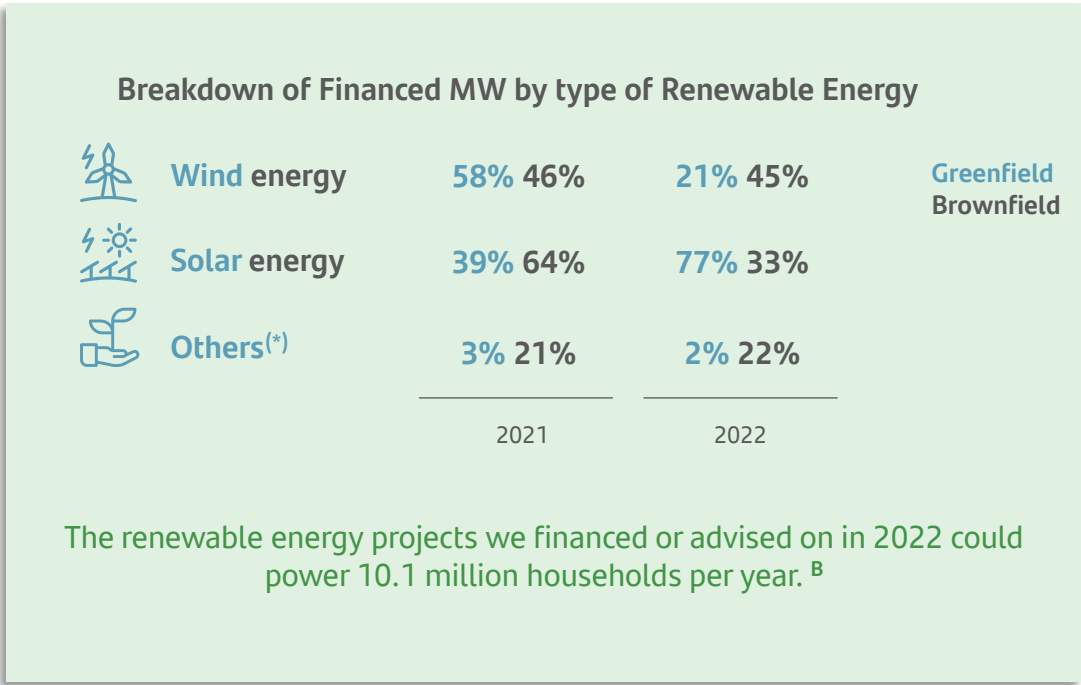
Our global reach

Finance is a key enabler of the transition towards a low-carbon economy. 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:



Our global reach

The greenfield renewable energy projects we financed or advised on in 2022 have a total installed capacity of 15.6 GW and prevent the emission of 152 million tons of CO2^A. We also helped expand, enhance and sustain renewable energy brownfield projects with a total installed capacity of 14.8 GW.



A. Emissions prevented during the projects' estimated useful lifespans, based on emissions factors figures from the International Energy Agency (updated in 2022 with data from 2020). The estimated allocation to the amount financed by Santander is 51.6 million tons of CO2 . B. Based on final electricity consumption data published by the International Energy Agency (updated in 2022 with data from 2020). C. Greenfield = new projects to be built. Brownfield = projects already existing and producing electricity at the financing date. Installed capacity based on Infralogic and complemented by internal data. D. Of the megawatts attributable to Banco Santander in 2022, 70% were from Greenfield finance and 30% were from Brownfield finance. (*). Includes, among others, hydropower, battery energy storage, mix solar-biomass and energy from waste



Green Finance

Our #1 global franchise

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

Global Renewable Energy Project Finance Volume and Transactions by MLA FY 2012-22

Rank	Mandated Arranger	Vol. (€m)	Nº
1	Santander	38,153	663
2	Mitsubishi UFJ	35,133	539
3	Sumitomo	31,343	510
4	Société Generale	19,810	349
5	Natixis (Groupe BPCE)	19,361	330
6	Crédit Agricole	18,984	327
7	Norddeutsche Landesbank	14,070	317
8	BNP Paribas	18,585	301
9	ING Group	15,562	298
10	Rabobank Group	13,774	288

Europe & Americas Energy Project Finance Volume and Transactions by MLA FY 2012-22

Rank	Mandated Arranger	Vol. (€m)	Nº
1	Santander	37,800	660
2	Mitsubishi UFJ	27,650	405
3	Sumitomo	21,566	326
4	Natixis (Groupe BPCE)	17,398	299
5	Crédit Agricole	17,089	296
6	Norddeutsche Landesbank	13,009	292
7	Société Generale	16,113	274
8	Rabobank Group	13,135	273
9	BNP Paribas	16,382	252
10	ING Group	13,250	250

Source: Based on the league tables provided by Infralogic as of January 2023 for FY2022.

Green Finance

Green solutions for our individual, SMEs and Corporate customers

Building on our current offering of ESG products (launched in 2019), we continue to strengthening our sustainable finance proposition with **dedicated purpose and sustainability-linked financing using the SFCS as a key enabler in this process.**

In 2022 we updated the SFCS, beyond green activity, we are also working to identify transition activities to support our customers and contribute to our net zero objective.

Our green financing products and services are designed around **five key verticals**, adapted to the specific needs of our customers in all geographies

	What we finance	Our customers needs...	Key geographies
 Green buildings	Purchase, construction and refurbishment of energy-efficient buildings. Installation and refurbishment of renewable power systems that use 30% less energy.	Developer loans, private solar panel installation, smart meters, energy-efficient lighting, mortgages with an "A" or "B" energy rating.	
 Clean mobility	Clean transport and infrastructure.	Leases of electric and hybrid vehicles (<50 g CO2 per passenger km) and financing for charging stations and bicycle lanes.	
 Renewables	Renewable energy production and transport. Energy storage.	Financing of solar panels, wind farms and battery and storage battery production.	
 Agro	Sustainable and protected agriculture. Land and forest conservation. Sustainable farming.	Financing of greenhouses, reduced irrigation systems, efficient machinery, reforestation and reduced fertilizer use.	
 Circular economy	Activities to adapt to, or mitigate, climate change; preserve biodiversity; and boost the circular economy.	Financing of water, waste and soil treatment; greater energy efficiency; lower emissions; and conservation.	

Green Finance

Examples of some Country and Unit efforts

Providing sustainable solutions to our customers in Consumer Finance & Santander España

Santander Consumer Finance Green proposition already a reality

309.413 Electric + Hybrid cars
financed: €9,6 bn

(4.5% of New Business)
of which >154.000
Electrics representing
21,2% of new business
and €4.8 bn of financing

- Subscription Services
- New agreements with OEM specialists
- New finance product catalogue for EVs

Consumer (non-auto)
business already green:

- Solar Panels
- Green heating systems
- Chargers
- Bikes & e-bikes
- Eco cards
- Green fashion
- Social Education
- Retrofit



Santander España Sustainable product proposition

Products for SME's

Green Loans – 5 verticals

- > Green Buildings
- > Clean mobility
- > Renewable Energy
- > Sustainable Agro
- > Circular economy

Sustainable products offer:

- Real estate developers
- Green mortgage
- Home retrofitting loans
- ECO Renting / leasing mobility
- Renovation of agricultural machinery, and EIB sustainable Agro line
- Photovoltaic leasing for the installation of solar panels

Non-financial offer

- Carbon footprint calculation and compensation for individual customers
- Eco cards
- Home and mobility eco simulators
- Sustainability certification for SME's provided by AENOR in partnership with Santander
- Platform to help companies manage and benefit from public aid and the NextGenEU funds
- Other services provided include assistance to complete **Non-financial reports and carbon footprint calculator for Corporates**

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
- Looking ahead we will expect beef processing clients in the Amazon to have a fully traceable supply chain that is deforestation-free by 2025, including indirect suppliers of cattle, 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 17,000 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, as well as the RSPO (Round Table on Sustainable Palm Oil) and RTSR certifications



Financial Inclusion, Empowerment & Community support

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Financial Inclusion, Empowerment & Community support

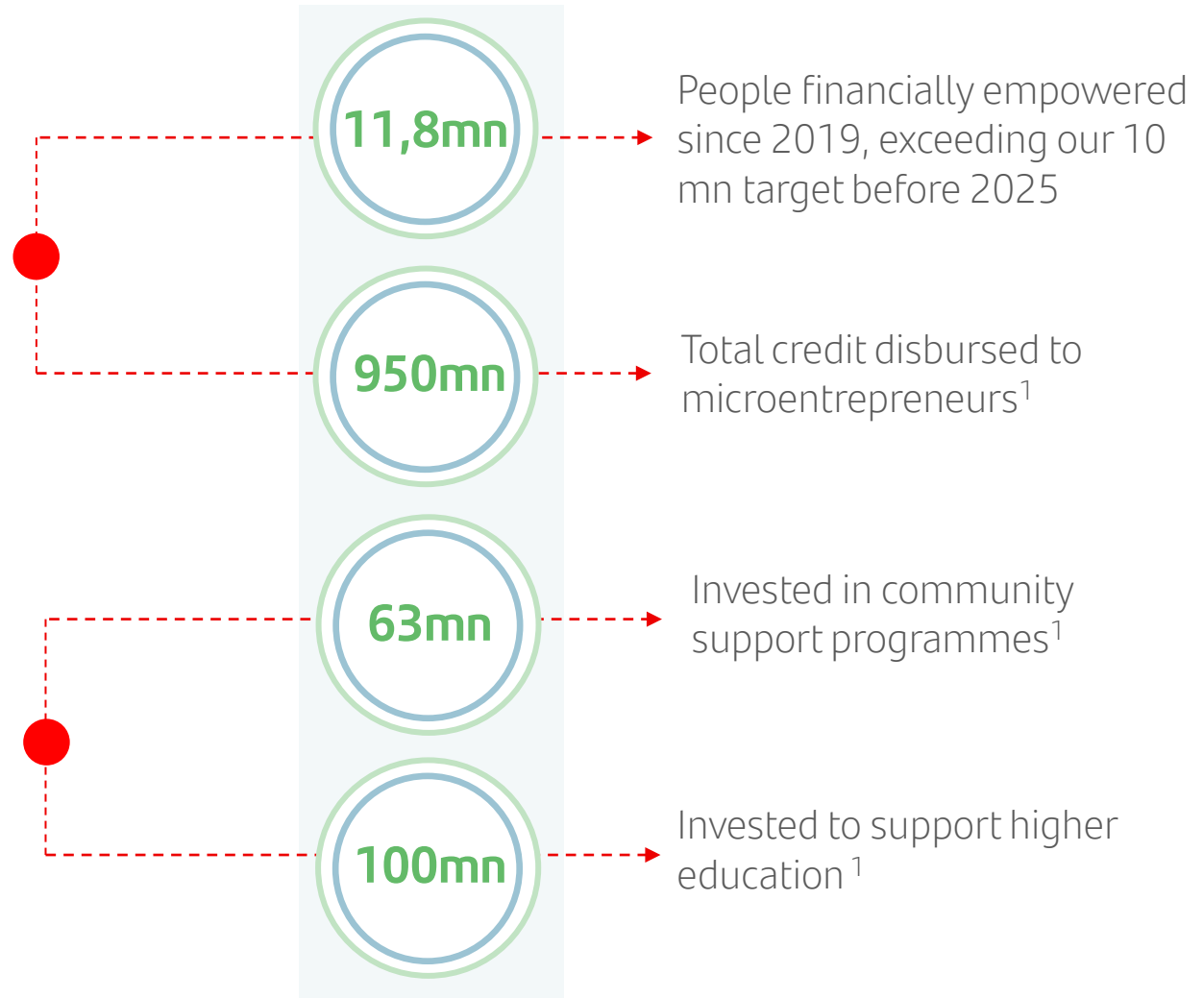
Global approach

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. **Santander Finance for All** is our initiative to support financial inclusion and empowerment. **We financially empower people in three ways:**

Santander Finance for All



Access

We help people access and use basic financial services through simple payment platforms and cash-in/cash-out services in remote and small communities



Finance

We provide tailored finance to individuals and SMEs with difficulty accessing credit or that are in financial distress.



Financial Education

We help people gain financial knowledge, making economic concepts more understandable and enabling them to make better financial decisions

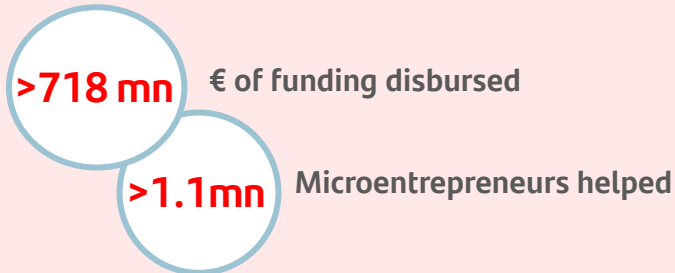
Financial Inclusion, Empowerment & Community support

Financial Inclusion & Empowerment - Key initiatives

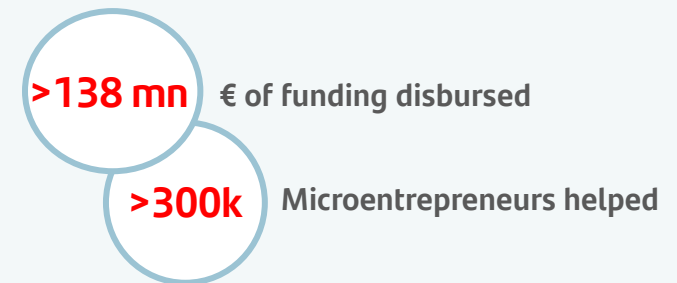
We are proud to have developed financial inclusion initiatives that have been successfully implemented in the LATAM region



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 in Colombia & Peru in 2021, and with the following figures as of December 2022



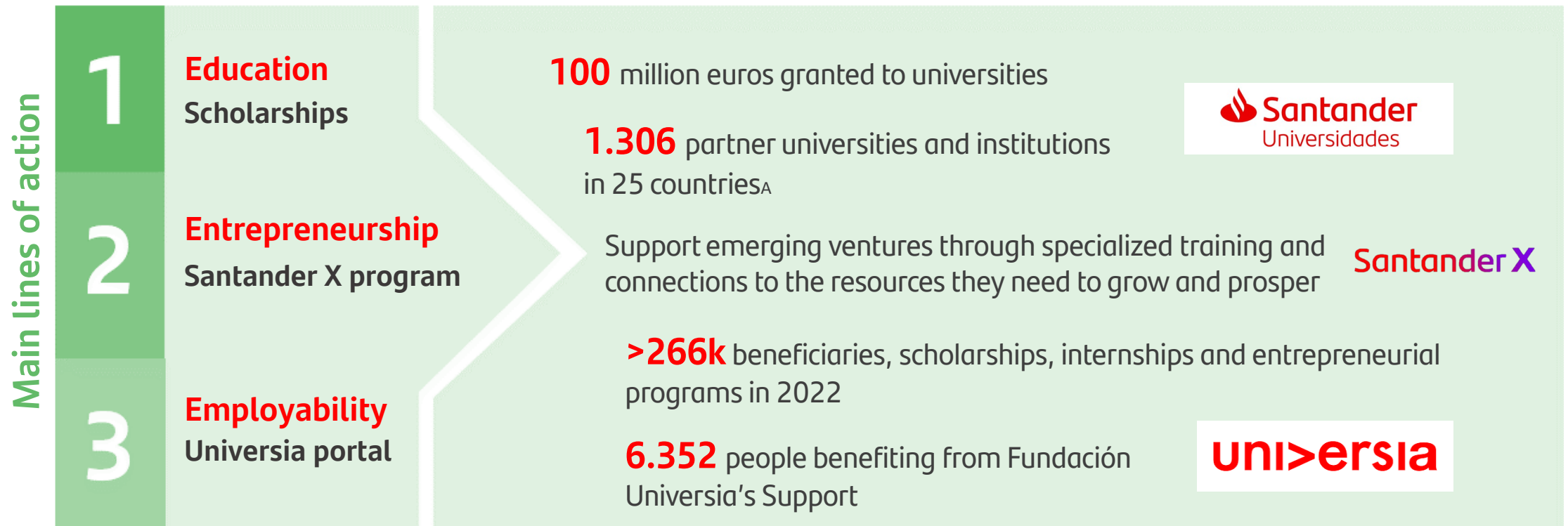
Launched in 2017, Tuiio is a financial inclusion programme in Mexico for low-income households, designed to make a positive impact by offering competitive microloans, especially to support and develop businesses with the following figures as of December 2022



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



Effective engagement with our shareholders

- High participation in our General Shareholders' meetings

AGM quorum 2019	April 2020	October 2020	2021	2022
68.5%	65%	60.3%	67.7%	68.7%

- Commitment to **maximise the disclosure and quality of information**
- Our remote attendance electronic application enabled online participation in a virtual-only format for the 2021 AGM, the 2022 AGM was held in a hybrid format. Irrespective of the AGM format, our Shareholders were able to fully exercise all their rights, attend and participate in the meetings in real time
- Update of our policy on communication and engagement with shareholders and investors
- **Transparency and simplification of remuneration** with performance metrics aligned with shareholder interest and the Group's objectives



Effective board of directors

- **Majority of independent directors**
- **Balanced, qualified and diverse composition** in the boardroom
- **Separate and complementary roles** of Chairman and CEO, and leadership of our lead independent director

- **Strong committee** structure supporting the board
- **Good long-standing practices** in corporate governance embedded in our Board Regulations



Focus on responsible business practices and attention to all stakeholders interests

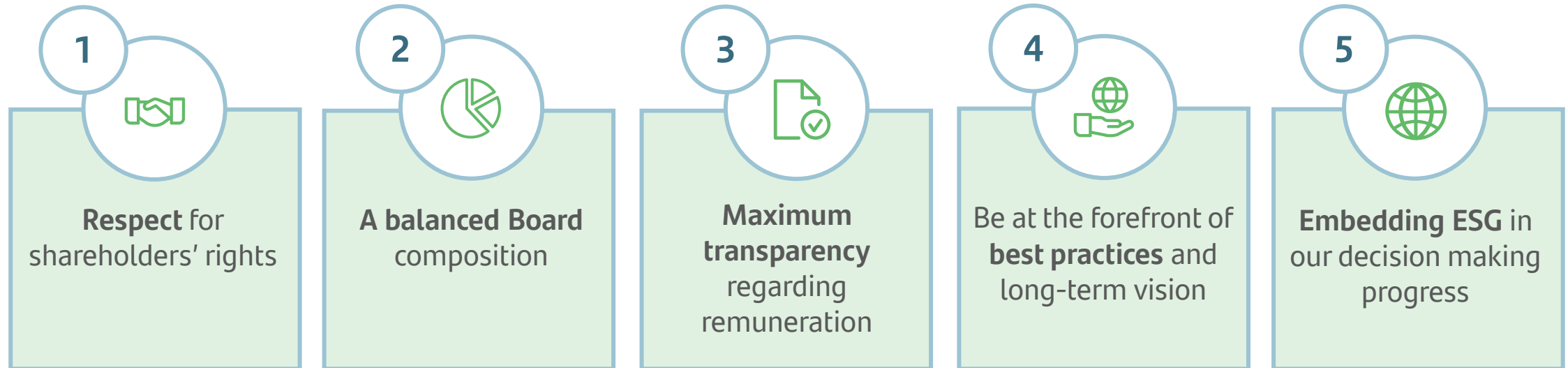
- **Publicly communicated responsible banking targets** in particular, in relation to climate change

- Thematic **responsible banking, sustainability and culture committee** in full coordination with the other committees

Corporate Governance

Our strengths

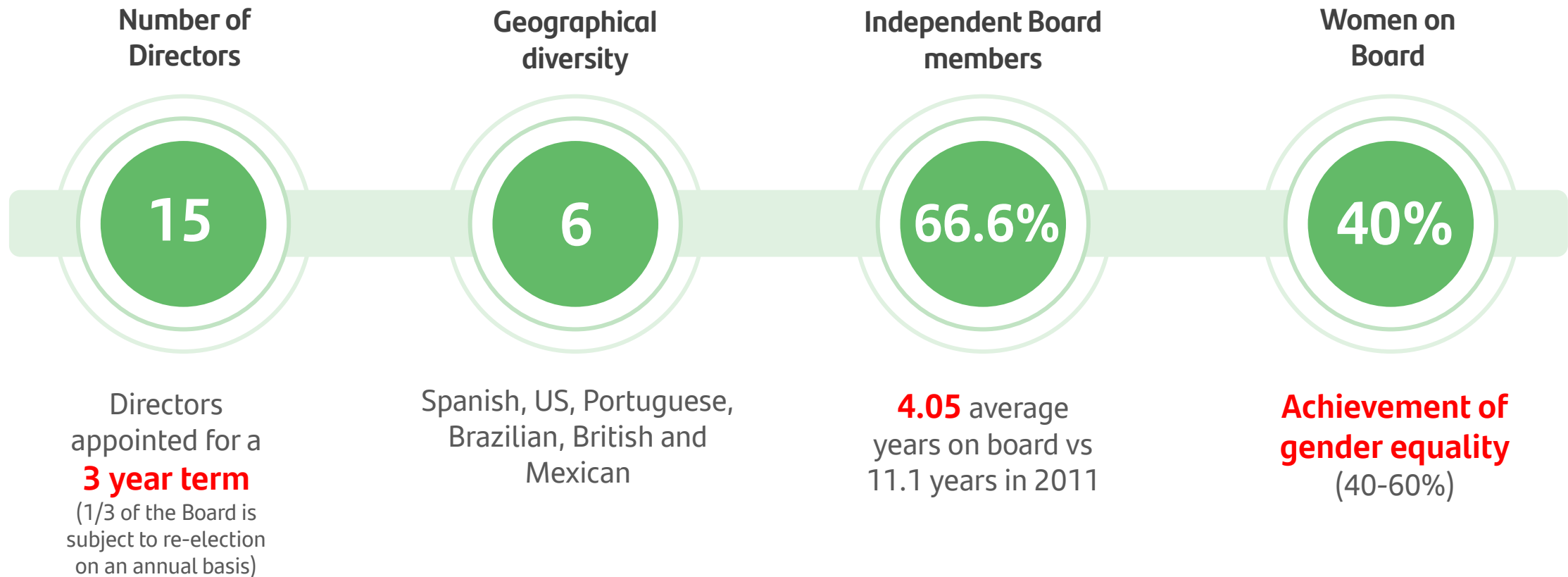
We strive to have a clear and robust governance with well-defined accountability and a prudent management of risks and opportunities to ensure:



Corporate Governance

Board composition

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



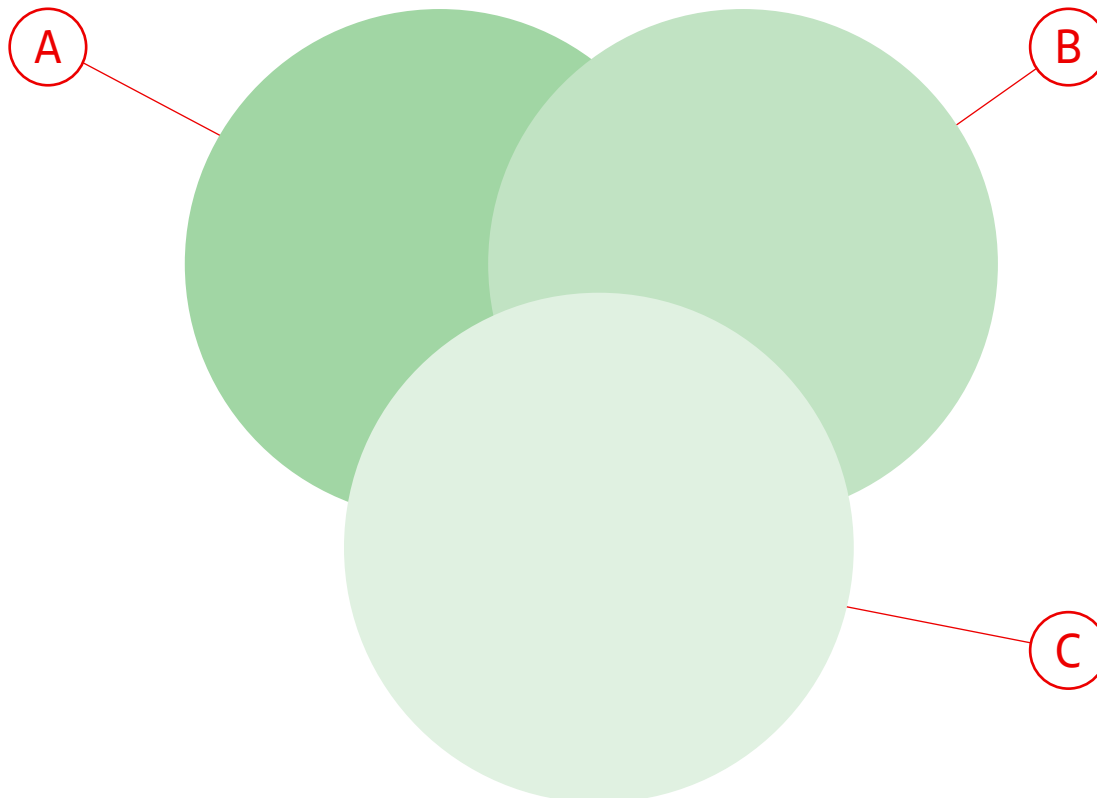
Corporate Governance

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 70% of them being shareholder-related metrics, and 30% 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 objectives related to consolidated Return on tangible Equity (RoTE), Total Shareholder Return (TSR) and Environmental, Social and Governance (ESG) metrics



Aligned with shareholder interests

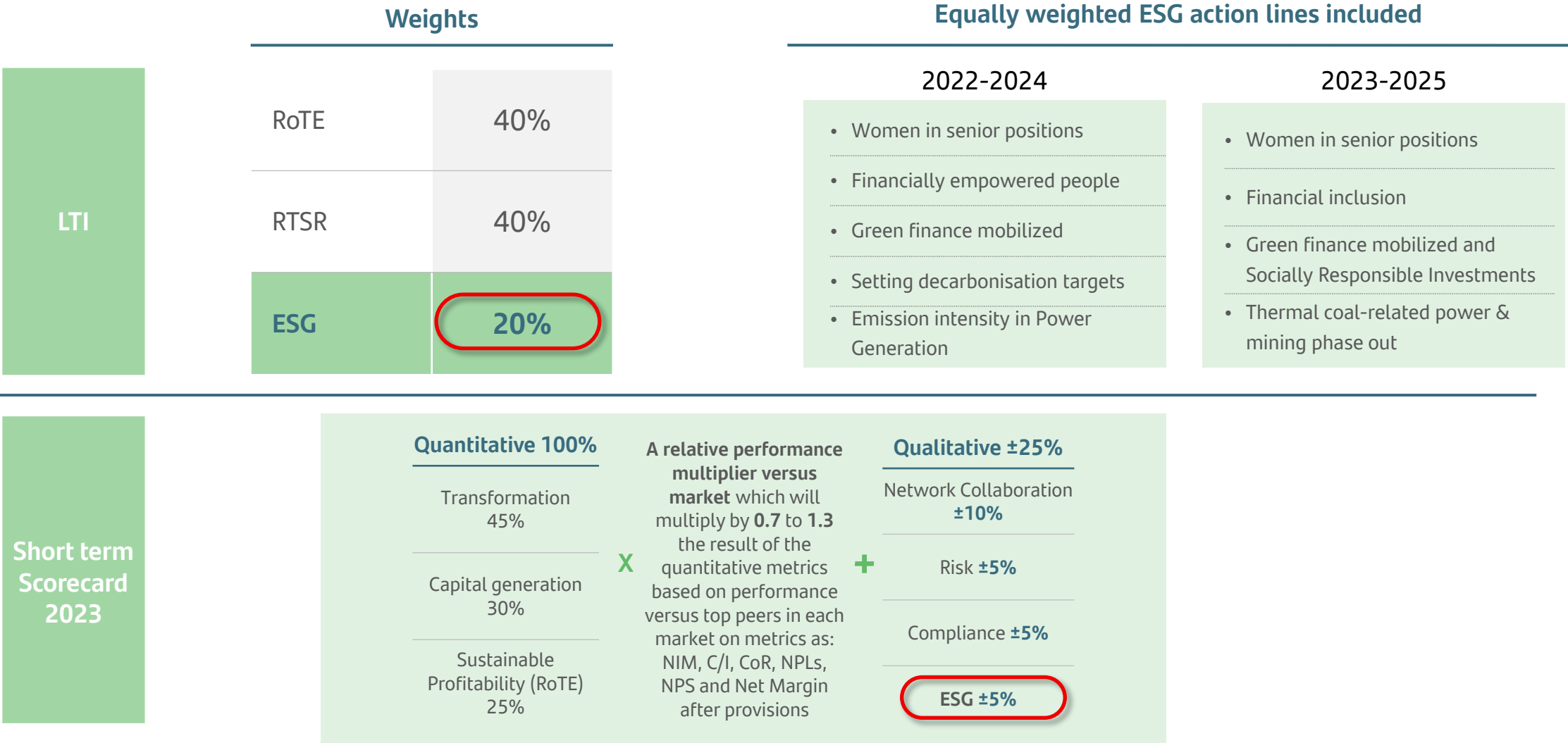
- 50% of variable remuneration is in instruments (25% in shares and 25% in share options)
- Shareholding policy: maximum variable remuneration limited to 200% (over fixed remuneration)
- 60% of variable remuneration is deferred over a 5-year period, with share and share options-based payments subject to a one year holding period after vesting

Aligned with regulatory requirements

- Including malus and clawback policy

Corporate Governance

ESG in Reward



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 (CCCA) 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

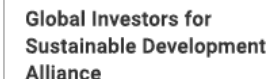
Equator Principles. We analyse the environmental and social risks of our lending according to the Equator Principles and help draw up common criteria

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**

Santander participated in the **TNFD (Taskforce for Nature-related Financial Disclosures)** a project coordinated by Global Canopy and UNEP FI. The group has also joined the TNFD Forum.



External engagement & Recognition

ESG Ratings

Rating Agcy. 2022 2021 Evol.



MSCI index
AA

MSCI index
AA

=



22.4

23.9

▲



A

A-

▲

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

World & Europe index
83

World & Europe index
86

=



C (55.6)

C (51.8)

=



61 (Advanced)

61 (Advanced)

=



FTSE4Good index
4.2

FTSE4Good index
4.5

=



92.87

90.26

▲



92

89

▲

We engage with ESG ratings to signal our progress and keep improving with their feedback

Highlights in 2022

→ We maintained our positioning on the **MSCI World Index**. And we've consecutively featured in the **S&P DJSI World and Europe indices** since 2002 and in the **FTSE4Good** since 2003.

→ **CDP**. We were placed in the highest score band (Climate Change A List - Leadership level), improving on governance, risk disclosure, targets and portfolio impact.

→ **Sustainalytics**. We improved to 22.4 points, maintaining on "medium risk", improving on business ethics, ESG integration, data privacy and human capital.

→ **ESG Corporate Rating by ISS**. We improved to 55.6 points, maintaining the ESG performance on "C", above the sector specific "Prime" threshold;

→ **Bloomberg Gender Equality Index (BGEI)**. We improved to 92.87 points, above the financial sector average (74.11). Highest ranked among banks and second company overall.

Annexes



ESG in Investor Relations

Main contact details

Begoña Morenés: Global Head of Shareholder and Investor Relations (bmorenes@gruposantander.com)

Fernando Donoso: Equity & ESG (fdonoso@gruposantander.com)

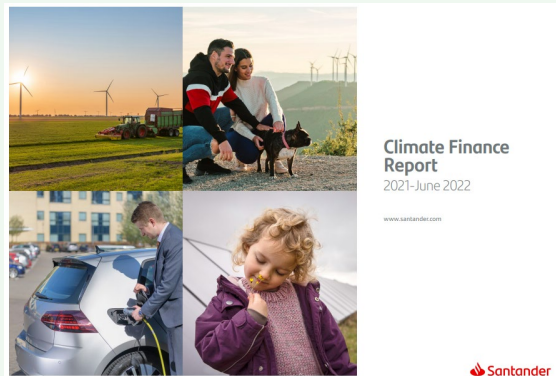
Tosin Iduh: ESG (oiduhija@gruposantander.com)

Transparency & Disclosure

Reports and additional information

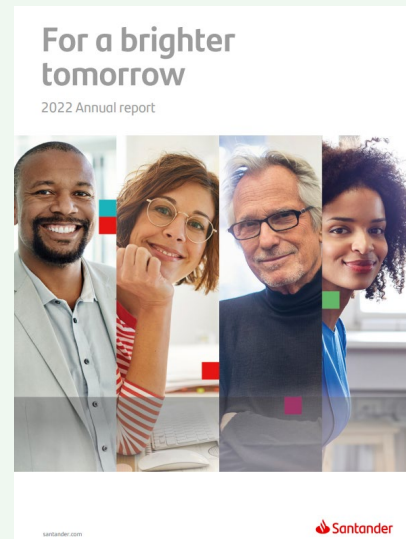
Please click on the below images to consult public details highlighted in this presentation

Climate Finance report

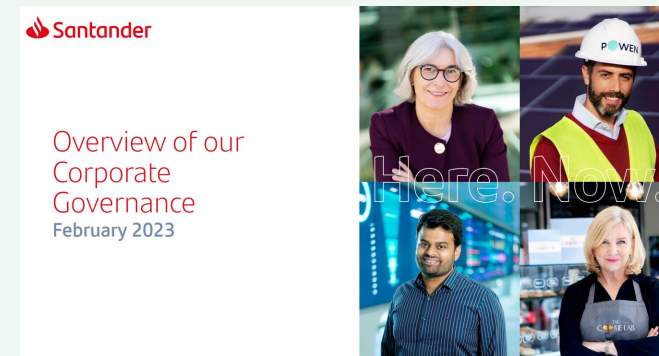


www.santander.com

2022 Annual report



Corporate Governance presentation



Santander Climate strategy and four Pillars

Group wide ambition to be Net Zero carbon emissions by 2050

Aligning our portfolio to meet the Paris agreement goals



Align portfolios to ensure the projected carbon emissions are in line **with limiting to a 1.5°C temperature** increasing accordance with NZBA & NZAMi

- Cutting exposure to thermal coal mining, and to customers with >10% of revenues coming from thermal coal power
- Reduce emissions intensity on the power generation, aviation and steel portfolios
- Reduce absolute emissions for the energy portfolio
- Halve net emissions for 50% of SAM AUMs in scope 3 by 2030

Supporting our customers in their green transition



Support our **customers transition to a low carbon economy**, offering 150 million of customers guidance, advice and investments and business solutions.

- Green Finance: €120 bn 2019- 2025 (in total €220 bn 2019 – 2030).
- Sustainable investment (AUM under ESG): 100 €bn by 2025 (new)
- SFCS¹, key tool to comply with GAR, disclosed

Reducing our environmental impact



Remain carbon neutral and **source electricity from renewable energy by 2025** to reduce our impact on the environment

- Carbon Neutral in our own operations (since 2020)
- Electricity used from renewables sources: 100% by 2025

Embedding climate into risk management

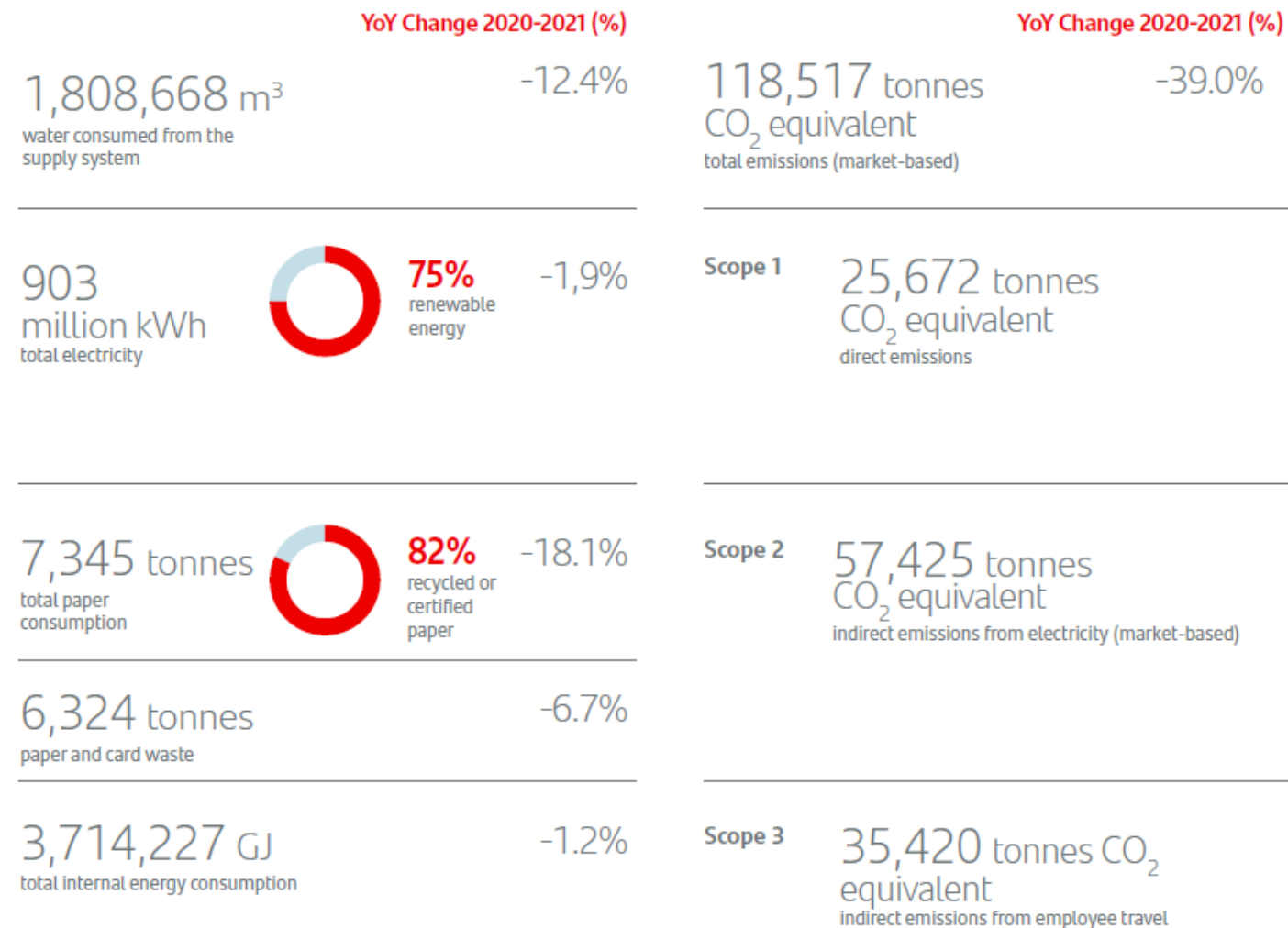


Ensure adherence to **regulatory/supervisory** expectations & integrate climate considerations into **risk management frameworks**

TCFD: assessing and reporting Financed emissions of our portfolios

Environmental footprint

Ensuring we have the lowest possible impact on the environment



Decarbonization Targets

Current exposure

We have enhanced the materiality assessment with scenario analysis to calculate quantitative heatmaps

December 2022: EUR Billions

	TR	PR	SCIB	Other segments
Power (Conventional)			27	2
of which, power generation clients with more than 10% of revenues coming from coal			4	0
Power (Renewables Project Finance)			11	0
Oil & Gas			25	1
Mining & Metals			15	8
of which coal mining			3	0
Transport			30	105
Real Estate			8	398
Agriculture			3	8
Other Climate-related sectors			18	14
Construction			50	29
Manufacturing			3	1
Water Supply				
Total Climate Sectors			190	566
Other sectors			55	224
Total			245	790

■ Low
 ■ Moderately low
 ■ Medium
 ■ High
 ■ Very High

We have already used qualitative and quantitative heatmap information to recognize the best positioned customers and portfolios and how strategical risk is evolving, and to monitor, measure and develop new metrics for risk Management, Credit policies and Business strategy



TR: Transition Risk / PR: Physical Risk
 SCIB : REC (on and off balance sheet lending + guarantees + derivatives PFE); other segments: Drawn amount
 Other Sectors: SCIB and Corporate NACES outside of risk taxonomy perimeter // Individuals and SCF: Cards and Other Consumer
 Other segments include individuals, SCF, Corporates and Institutions
 0 exposure amounts to exposures below EUR 500 mn

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

