

9M'23

ESG

Towards a more sustainable world



Important Information

Non-IFRS and alternative performance measures

This document contains financial information prepared according to International Financial Reporting Standards (IFRS) and taken from our consolidated financial statements, as well as 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, and other non-IFRS measures. The APMs and non-IFRS measures were calculated with information from Grupo Santander; however, they are neither defined or detailed in the applicable financial reporting framework nor audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider them to be useful metrics for our management and investors to compare operating performance between periods. APMs we use are presented unless otherwise specified on a constant FX basis, which is computed by adjusting comparative period reported data for the effects of foreign currency translation differences, which distort period-on-period comparisons. Nonetheless, the APMs and non-IFRS measures are supplemental information; their purpose is not 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. APMs using ESG labels have not been calculated in accordance with the Taxonomy Regulation or with the indicators for principal adverse impact in SFDR. 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 2022 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the SEC) on 1 March 2023 (<https://www.santander.com/content/dam/santander-com/en/documentos/informacion-sobre-resultados-semestrales-y-anales-suministrada-a-la-sec/2023/sec-2022-annual-20-f-2022-en.pdf>), as well as the section "Alternative performance measures" of Banco Santander, S.A. (Santander) Q3 2023 Financial Report, published on 25 October 2023 (<https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#quarterly-results>). Underlying measures, which are included in this document, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the businesses included and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

Non-financial information

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

NFI is not audited nor 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 are 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 the information is fit for any particular purpose or that it is material to us under mandatory reporting standards. NFI is for informational purposes only and 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 hereby warns that this document contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such statements can be understood through words and expressions like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future", "commitment", "commit", "focus", "pledge" and similar expressions. They include (but are not limited to) statements on future business development, shareholder remuneration policy and NFI.

While these forward-looking statements represent our judgement and future expectations concerning our business developments and results may differ materially from those anticipated, expected, projected or assumed in forward-looking statements.

In particular, 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 and may change, including, but not limited to (a) 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' (including governments and other public actors) energy and climate strategies, and the underlying assumptions and estimated impacts on Santander's and third-parties' businesses related thereto; (b) Santander's and third-parties' approach, plans and expectations in relation to carbon use and targeted reductions of emissions, which may be affected by conflicting interests such as energy security; (c) changes in operations or investments under existing or future environmental laws and regulations; (d) changes in rules and regulations, regulatory requirements and internal policies, including those related to climate-related initiatives; (e) our own decisions and actions including those affecting or changing our practices, operations, priorities, strategies, policies or procedures; and (f) the uncertainty over the scope of actions that may be required by us, 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.

In addition, the important factors described in this document 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 lead to outcomes materially different from what our forward-looking statements anticipate, expect, project or assume.

Forward-looking statements are therefore aspirational, should be regarded as indicative, preliminary and for illustrative purposes only, speak only as of the date of this document, are informed by the knowledge, information and views available on such date and are subject to change without notice. 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. Santander does not accept any liability in connection with forward-looking statements except where such liability cannot be limited under overriding provisions of applicable law.

Not a securities offer

This document and the information it contains does not constitute an offer to sell nor the solicitation of an offer to buy any securities.

Past performance does not indicate future outcomes

Statements about historical performance or growth rates must not be construed as suggesting that future performance, share price or results (including earnings per share) will necessarily be the same or higher than in a previous period. Nothing in this document should be taken as a profit and loss forecast.

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& Recognition

A high-angle photograph of a wind farm. In the foreground, a large white wind turbine is partially visible, with its blades extending towards the top of the frame. The background shows a vast green landscape with several other wind turbines scattered across the horizon under a clear blue sky. A semi-transparent grey box is overlaid on the left side of the image, containing the text '01 ESG strategy'.

01

ESG strategy

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 in the financing Renewable Energy¹

Governance

Best practices and robust board composition

ESG strategy | Our approach

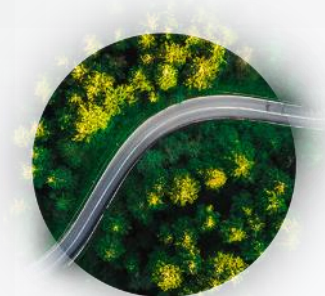


As a responsible bank we place **sustainability at the centre of our core activities** to deliver on our purpose of helping people & business prosper



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 commitments, 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 behaviors, 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 	  

ESG strategy | Our journey



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

- » Signed the Equator Principles
- » Approved 1st sectorial policies

2009

- » Started managing our environmental footprint

2011

- » TCFD Endorsement

2017

- » Top Risk exercise began covering Climate Risk
- » Creation of The Responsible Banking Board Committee & Responsible Banking corporate team & network
- » Creation of ESG Wealth Management team, ESG Risk team

2018

- » Responsible Banking Commitments under each sustainability theme
- » Joined UN Collective Commitment to Climate Action
- » Global Sustainable Bonds Framework creation
- » Founding members of the Principles for Responsible Banking
- » SCIB global ESG Solutions team creation

2019

- » Became carbon neutral in our own operations
- » Pledged to reduce our carbon footprint focusing on the most material sectors to climate risk
- » Creation of a dedicated ESG within Investor relations

2020

- » Set an ambition to be net zero by 2050 and became Founding Member of the Net Zero Banking Alliance
- » Development of internal Taxonomy – Sustainable Finance Classification System (SFCS)
- » Creation of an ESG dedicated Investor Relations team

2021

- » Creation of a Global Green Finance Team and Risk team reporting directly to the CRO
- » Publication of our Green, Social and Sustainability Funding Global Framework
- » We continued to embed climate management in business as usual across SCIB units and Risks

2022

ESG strategy | Responsible Banking ambition

→ From...to...  Accumulated  Target achieved

We have set targets in those areas where we have the greatest potential impact. We have been making progress towards the targets we set back in 2019 and highlight below the evolution under our climate & environmental goals.

	2018	2019	2020	2021	2022	9M'23	2025/2030 target
Green finance raised and facilitated (€bn)		19	33.8	65.7	94.5	105,9 bn →	120 bn by 2025/ 220 bn by 2030
SRI AuMs (€bn)				27.1	53.2	64 bn →	100 bn by 2025
Financially empowered people/Financial inclusion		2 mn	5 mn	7 mn	✓ 11.8 mn	1.33 mn →	+5 mn ¹ (2023-25)
Women in senior positions	20%	23%	23.7%	26.3%	29.3%	30.82 →	35% by 2025
Equal pay gap	3%	2%	2%	1%	1%	→	~0% by 2025
Thermal coal related power & mining phase out (€bn)				7 bn	5.9 bn	→	0 by 2030
Emission intensity of power generation portfolio		0.21	0.17	→			0.11 tCO ₂ e / MWh in 2030
Absolute emissions of energy (oil & gas) portfolio		23.84	22.58	→			16.98 mtCO ₂ e in 2030
Emissions intensity of aviation portfolio		92.47	93.05	→			61.71 grCO ₂ e / RPK in 2030
Emissions intensity of steel portfolio		1.58	1.40	→			1.07 tCO ₂ e / tCS in 2030
Electricity from renewable sources	43%	50%	57%	75%	88%	→	100%

ESG strategy | Our achievements

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



1,33 mn

Financial inclusion (#People)¹



#1 bank worldwide

by number of deals in
renewable project finance²



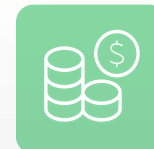
€105,9 bn

of Green Finance mobilized
since 2019



3 Green bonds

issued since 2019 for an
amount of EUR 1 bn each



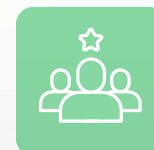
>€864 mn

in microcredits provided during 2023



88%

of electricity used from renewable
resources already



€4.6 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 "

ESG strategy | Main challenges



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

Different drivers		Challenges		>>	Initiatives
	Paris Agreement	Decarbonization: Working to hold a 1.5 °C scenario	02		<ul style="list-style-type: none">› Internal Policies and corporate culture› External engagement› Green value proposition› Supporting clients in the transition
	EU Taxonomy	Fostering sustainable activities (green finance)	03		
	UN Sustainable Development Goals	Tackling global challenges to support inclusive growth	04		
	TCFD	Increase transparency and efficiency through governance	05		



02

Decarbonization
ambition

Decarbonization Targets | 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 committed to be net zero in carbon emissions by 2050 also as part of the NZBA**



Decarbonization Targets | What do we want to achieve?

As one of the world's largest banks, we have a clear role to play in financing the transition to a greener economy. We have met the goal of being carbon neutral in our own operations in 2020, but we aim to continue progressing towards our net zero ambition.



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



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



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





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 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



Our ratio of financed fossil fuels to total financing (including lending, underwriting of corporate bonds, government bonds, and equity issuances) is one of the lowest among all reviewed banks

Source: The Banking on Climate Chaos: Fossil Fuel Finance Report 2023

Ranking by fossil fuels financed

Rank	Mandated Arranger	Fossil fuels financed in 2022 (Billion \$)	Fossil fuels financed over total financing 2022
1	Bank 1	40,626	13%
2	Bank 2	39,240	5%
3	Bank 3	37,399	7%
4	Bank 4	35,467	4%
5	Peer 1	33,943	5%
6	Bank 5	29,515	18%
7	Peer 2	29,469	15%
12	Peer 3	20,083	5%
19	Peer 4	11,659	5%
22	Peer 5	11,074	2%
34	Santander	6,640	4%



Santander's fossil fuels financing is more than **6 times smaller than the leading banks.**

Decarbonization ambition | New targets



We have decarbonization targets for five climate material sectors, according to the internal roadmap from our last year's Climate Finance Report.

The targets were presented to our key climate governance bodies and approved by our board of directors.

Sector	Scenario	Emissions	Metric	2019 baseline	2020 progress	2030 targets
 Power generation	IEA Net Zero 2050	Scope 1	tCO ₂ e/MWh	0.21*	0.17	0.11 (-46%)
 Energy (Oil & Gas)	IEA Net Zero 2050	Scope 1 + 2+3**	mtCO ₂ e	23.84	22.58	16.98 (-29%)
 Aviation	IEA Net Zero 2050	Scope 1 + 2	grCO ₂ e/RPK	92.47	93.05	61.71 (-33%)
 Steel	IEA Net Zero 2050	Scope 1 + 2	tCO ₂ e/tS	1.58	1.40	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 					

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

01 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

02 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

- » Participation in key investors climate initiatives
- » Collaboration as a tool for driving change
- » Engagement plan in our core markets with a focus on SME's
- » Polluting Sectors strategy, phasing-out coal exposure and focusing on key material sectors
- » Portfolio construction evolution, towards Net Zero
- » Facilitation of investment in climate solutions
- » 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



03

Financing the green transition

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:



Raising and mobilizing EUR 120 bn in green finance by 2025 and EUR 220 bn by 2030



Developing a green value proposition and ESG investment solutions for our clients



Progress with ESG bonds issuance, EUR 3 bn since 2019

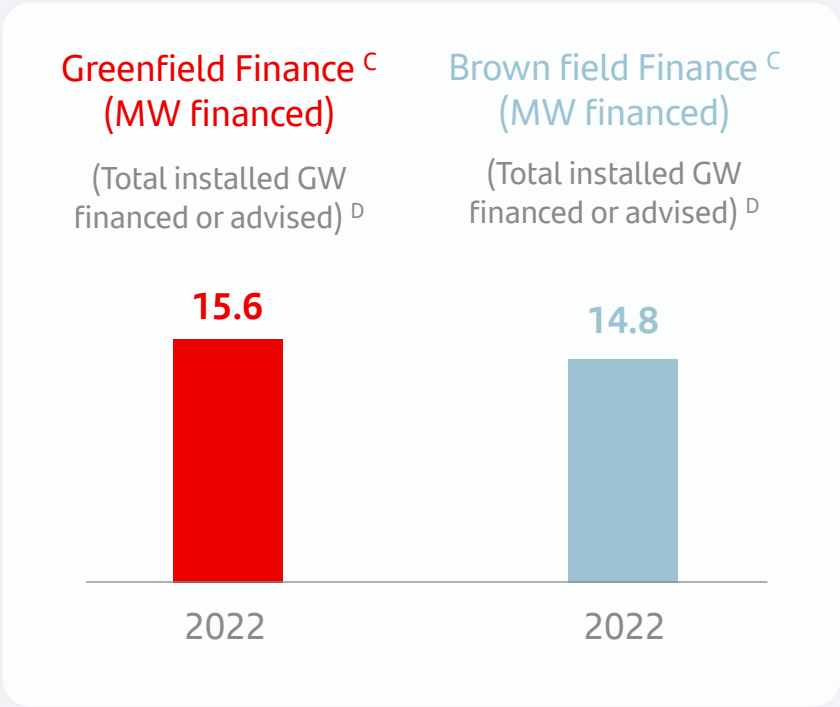
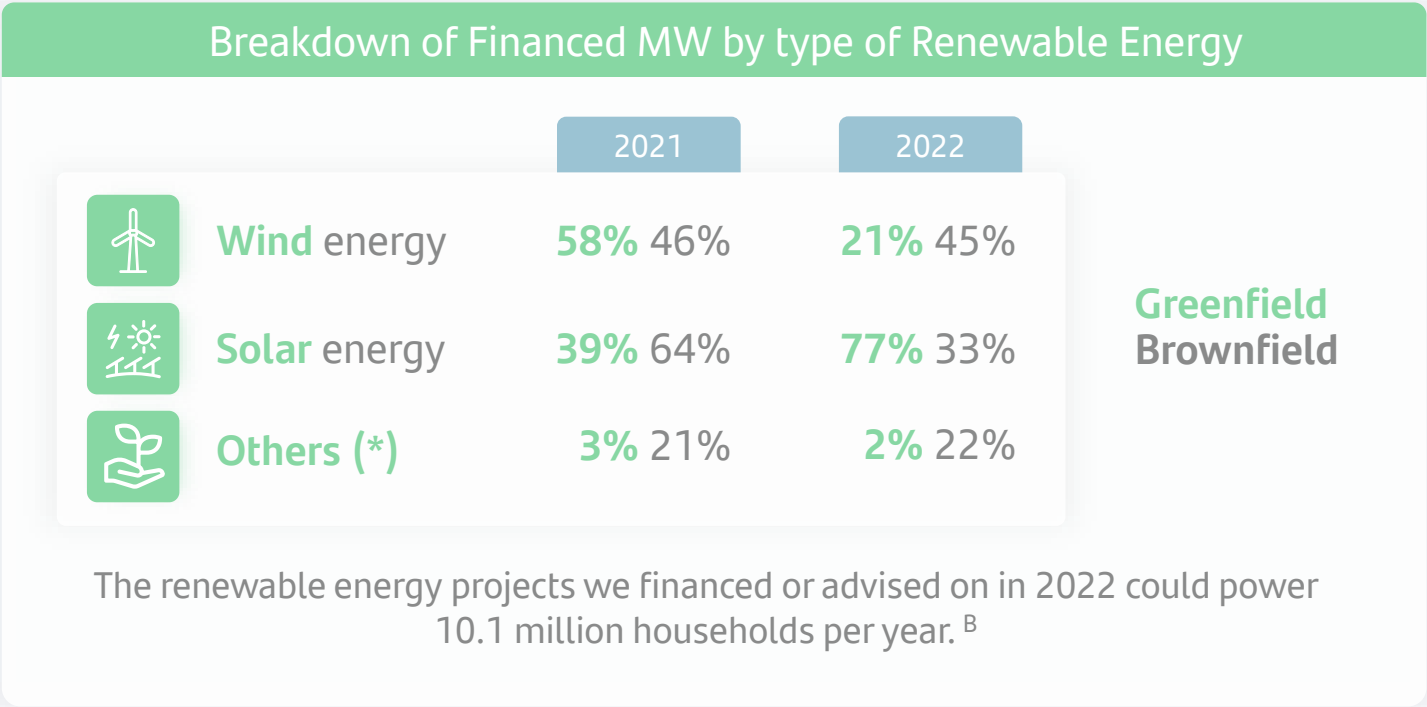


Engaging in global initiatives like the Net zero Banking Alliance where we are a founding member



Green Finance | 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

Green Finance | Green solutions for our individual, SMEs and Corporate customers

Building on our current offering of green products, we continue to strengthen our sustainable finance proposition with dedicated purpose and sustainability linked financing. Our green financing products and services are designed around five key verticals, adapted to the specific needs of our customers in all geographies.

As a leading retail and commercial banks, we have responsibility to help our Corporates, SMEs and individual clients go green.

	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

>144.000 Electric cars financed: €4.6 bn

Electric vehicles representing 25.8% of new business – new cars in September YTD

- » 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 Brazilian Amazon

We believe protecting the Amazon rainforest is key to tackle climate change. 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 to formally incorporate a sustainability rating into the credit score of our corporate clients.

Collective action is critical to enable a sustainable transition in the beef sector. Febraban announced in May 2023 the approval of a new voluntary standard (NORMATIVO SARB 026/2023) that reflects the alignment amongst 21 banks towards financing beef processing clients. As such, we are currently refining our implementation framework to support this unprecedented move by the Brazilian Financial sector.

Actions taken:

- » Loan requests by farmers & ranchers are checked for embargoes related to illegal deforestation
- » 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)



- » 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 region, 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



04

Financial Inclusion,
Empowerment &
Community support

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

12,2 mn

People financially empowered since 2019, exceeding our 10 mn target before 2025

€864 mn

Disbursed microcredits in 2023

€63 mn

Invested in community support programmes²

€100 mn

Granted to Universities

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:



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
Santander

tuiio
FINANZAS DE TÚ A TÚ
Santander

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

>718 mn

€ of funding
disbursed

>1.1 mn

Microentrepreneurs
helped

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

>138 mn

€ of funding
disbursed

>300 k

Microentrepreneurs
helped

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

Main lines of action

1

Education
Scholarships



100

million euros
granted to universities

1,306

Partner universities and
institutions in 25 countries_A

2

Entrepreneurship
Santander X program

Santander X

Support emerging ventures through specialized
training and connections to the resources they
need to grow and prosper

3

Employability
Universia portal

uni>ersia

>266 k

beneficiaries, scholarships,
internships and entrepreneurial
programs in 2022

6,352

people benefiting from Fundación
Universia's Support



05

Corporate Governance

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%



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



Focus on responsible business practices and attention to all stakeholders' interests

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

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



Respect for
shareholders' rights



A balanced Board
composition



Maximum transparency
regarding remuneration



Be at the forefront
of **best practices** and
long-term vision



Embedding ESG in
our decision-making
progress

Corporate Governance | Board composition

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

Number of Directors

15

Directors appointed for a **3-year term** (1/3 of the Board is subject to re-election on an annual basis)

Geographical diversity

6

Spanish, US, Portuguese, Brazilian, British and Mexican

Independent Board members

66,6%

4.05 average years on board vs 11.1 years in 2011

Women on Board

40%

Achievement of gender equality (40-60%)

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

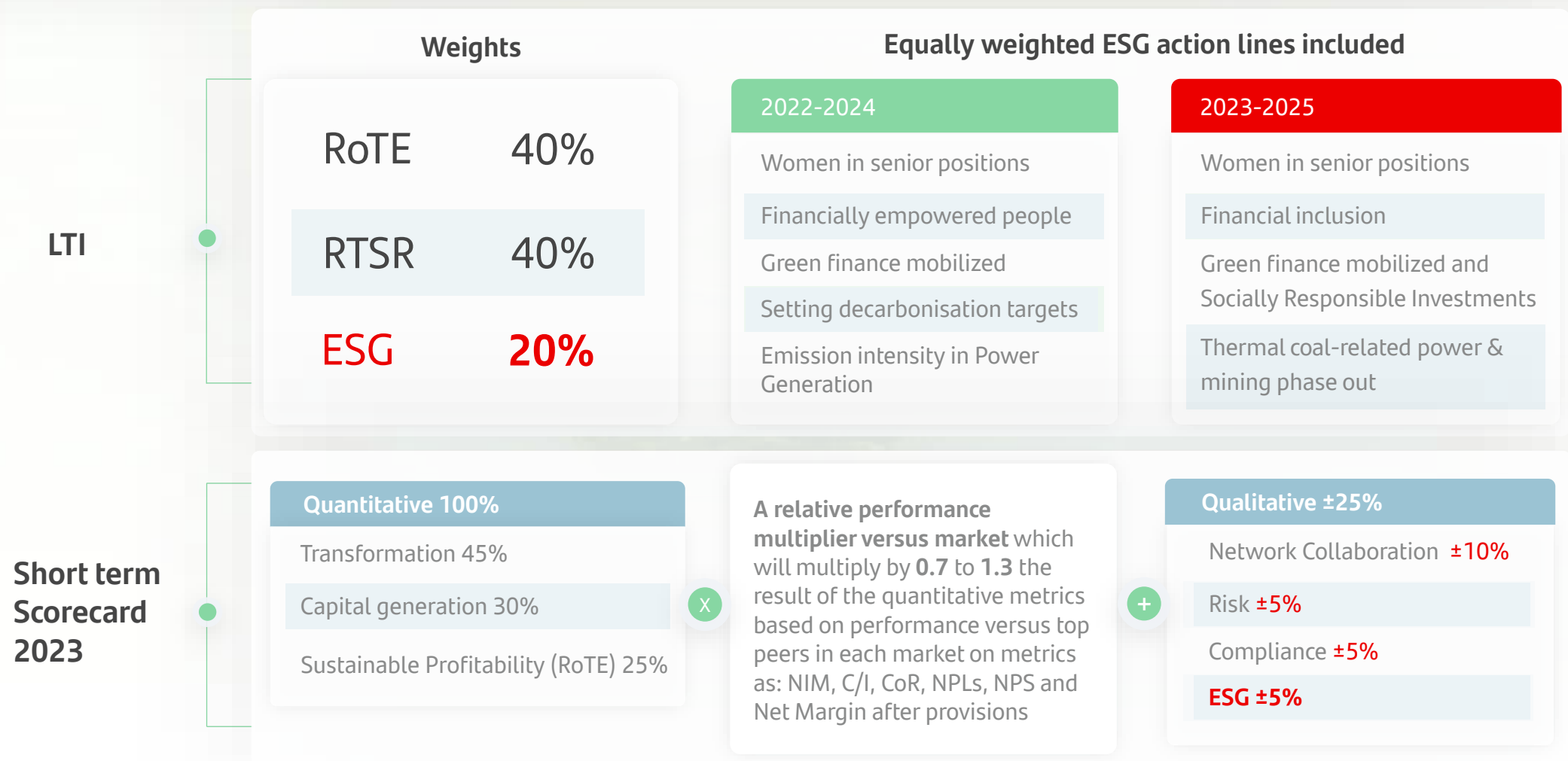


Aligned with shareholder interests

- › 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



06

External
engagement
& Recognition

NASDAQ Welcomes Santander
to the sustainable bond network



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.

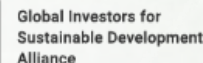
Equator Principles. We analyse the environmental and social risks of our lending according to the Equator Principles and help draw up common criteria.

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	MSCI index AA	MSCI index AA	=
 SUSTAINALYTICS *	22.4	23.9	▲
 CDP	A	A -	▲
 Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	World & Europe index 83	World & Europe index 86	=
 ISS ESG	C (55.6)	C (51.8)	=
 Moody's ESG Solutions	61 (Advanced)	61 (Advanced)	=
 FTSE4Good	FTSE4Good Index 4.2	FTSE4Good Index 4.5	=
 Bloomberg Gender Equality Index	92.87	90.26	▲
 WDi	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 Investor Relations



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Tosin Iduh



ESG & Market Intelligence

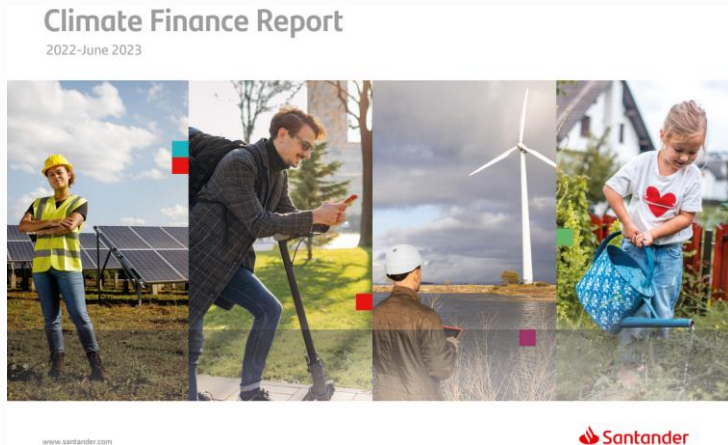


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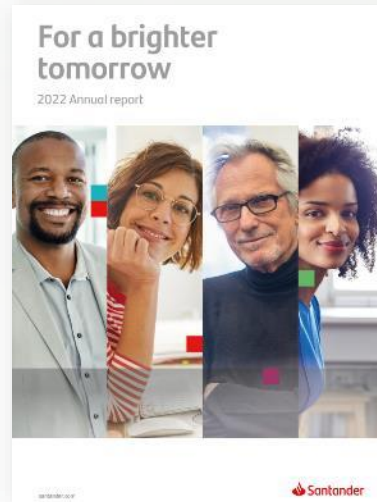
Transparency & Disclosure | Reports and additional information

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

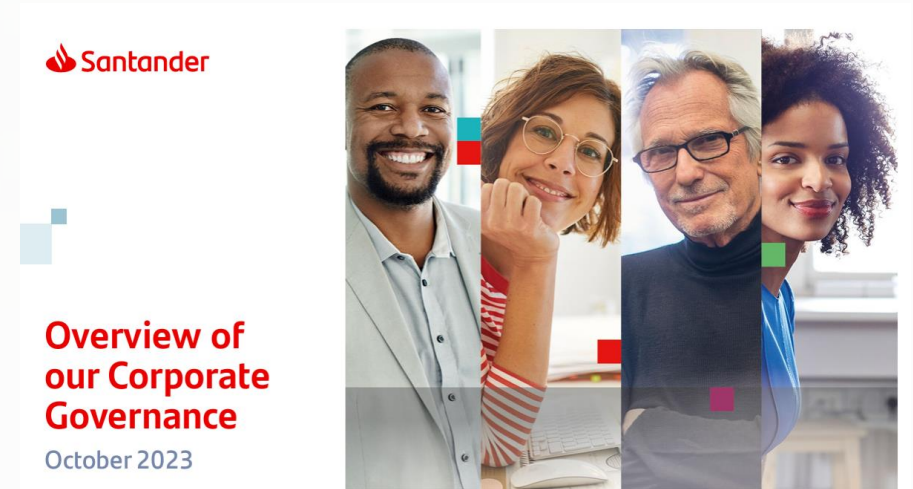
Climate Finance report



2022 Annual report



Corporate Governance presentation



www.santander.com

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

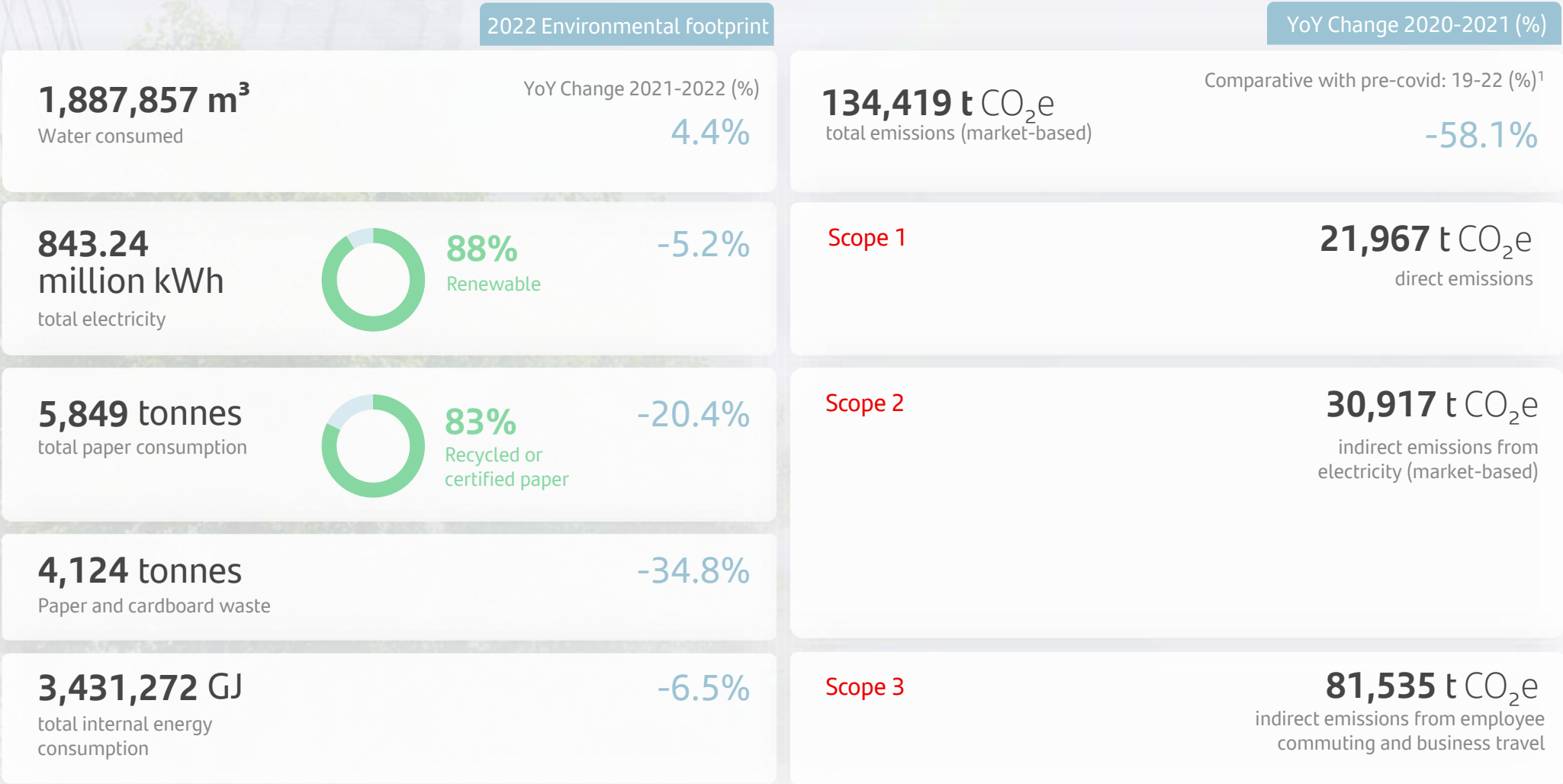
Embedding climate into risk management



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



1. Group's total emissions increased in 2022 by 18%, due to the employee travel emissions. In the last two years the Covid-19 pandemic caused these emissions to plummet. Comparing these emissions with 2019 annual report data, prior to this exceptional situation, employee travel emissions have been reduced by 33%, and total emissions have been reduced by 58.1%. A 2020-2022 comparative is available in the annex

Decarbonization Targets | Current exposure

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

December 2022, Credit risk (before mitigants)
EUR billion

	TR	PR	SCIB	Other segments
Power (Conventional)	■	■	27	2
of which, power generation clients with more than 10% of revenues coming from coal	■	■	3	0
Power (Renewables Project Finance)	■	■	11	0
Oil & Gas	■	■	22	1
Mining & Metals	■	■	15	8
of which clients affected by the Thermal Coal phase out			2	0
Transport	■	■	29	12
Auto Consumer	■	■	0	96
Real Estate	■	■	7	394
Agriculture	■	■	3	8
Other Climate-related sectors				
Construction	■	■	18	14
Manufacturing	■	■	49	27
Water Supply	■	■	3	1
Total Climate Sectors			184	563
Other sectors	■	■	54	226
Total			245	790

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



The materiality assessment has been enhanced with scenario analysis models that are also presented in quantitative heatmaps to measure the impact of transition and physical risks on core credit metrics (mainly PDs & LGDs).

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

