

Analysis of social and environmental risk

In 2009 Banco Santander adopted the Equator Principles, which meant including social and environmental risk analysis for several transactions.

EQUATOR PRINCIPALS REPORTING 2014

Since the early origination of the projects, all business and risk units are engaged to analyze the social and environmental risks according to the Bank's policies and Equator Principles(EP) requirements.

The analysis process for a project finance transaction or project-related corporate loan proceed as follows:

- For project finance transactions worth €10 million or more, or project-related corporate loans worth €100 million or more and in which Santander's participation is €50 million or more, a preliminary generic questionnaire is completed. The questionnaire is designed to gauge the social and environmental risk of the project (rated A, B, or C, with A presenting the greatest risk).
- For projects classified as being of the greatest risk (categories A and B), a further, more detailed questionnaire must be filled out specific to the sector in question. These projects must also undergo a social and environmental audit (conducted by independent external advisors).

The Bank's migration towards the new obligations arising under the updated EPIII has required to redefine its internal detection and analysis processes for the transactions. In that way, the process is currently being incorporated in the IT system for Credit Risk Admission, allowing to control that all projects have been properly assessed from an environmental and social perspective before being approved by the Credit Committees.

Santander is really committed with the Equator Principles requirements and, in order to guarantee its rigor and accuracy, implemented specific policies and procedures. The analysis of the EP projects is audited periodically by internal/external auditors.

	Project Finance			Project Related Corporate Loans		
	39			4		
Category	A	B	C	A	B	C
Total	3	15	21	0	1	3
Sector						
Mining	0	0	0	0	0	0
Infrastructure	0	1	0	0	0	1
Oil & Gas	2	2	0	0	0	0
Power	1	11	4	0	1	1
Real Estate	0	0	14	0	0	0
Others	0	1	3	0	0	1
Region						
Americas	1	11	12	0	0	3
USA	1	9	6	0	0	0
Mexico	0	2	3	0	0	2
Chile	0	0	3	0	0	1
Others	0	0	0	0	0	0
Europa & Middle East	2	3	9	0	1	0
UK	0	0	2	0	0	0
Spain	0	0	2	0	0	0
Portugal	0	0	2	0	0	0
Poland	0	0	2	0	0	0
France	1	1	1	0	0	0
Others	1	2	0	0	1	0
Asia Pacific	0	1	0	0	0	0
Australia	0	1	0	0	0	0
Designated Countries						
Designated Countries	2	13	18			2
Non Designated Countries	1	2	3		1	1
Independent Review						
Yes	3	15	4	0	1	1
No	0	0	17	0	0	2