

Banco Santander Green Bond report 2020

Banco Santander S.A.



Updated version of the Green Bond Report 2020 as of 31st of March 2022, which replaces and supersedes the earlier version of this document which was previously published on Santander's website.



Green Bond report 2020

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Introduction

Climate change is a global challenge that requires everyone's commitment and engagement. At Santander, we want to play our part in supporting our customers and the economy on our journey to become net zero carbon by 2050 for a greener, more sustainable world. This ambition applies to the Group's operations (which have been carbon neutral since 2020) and emissions from our lending, advisory and investment services and our four-pronged climate strategy is based on:



At Santander, we've always been aware of our responsibility towards society. By delivering on our purpose to help people and businesses prosper, we address key global challenges while growing as a business. Our culture, The Santander Way, aligns with our corporate strategy and includes our purpose and ways of working. It's the cornerstone of our bank; a responsible bank.

We focus on the areas where our operations can have the greatest impact. We embed environmental, social and governance criteria into our decision-making and commit to promoting inclusive and sustainable growth.

Our operations and investments contribute to several of the United Nations' Sustainable Development Goals (SDGs) and to the objectives of the Paris Agreement on Climate Change. The three main SDGs we have the greatest impact on, as well as another eight that our operations also have a bearing on, are:



The SDGs on which Banco Santander has the greatest impact



Other SDGs on which Banco Santander also has an impact



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We are fully committed to promoting a low-carbon economy: we are founder member of the UN Principles for Responsible Banking and the Collective Commitment to Climate Action; a founder of the Net-Zero Banking Alliance (NZBA); and joined the Net Zero Asset Managers initiative.

Additionally to our NetZero 2050 commitment, we're one of the world's largest green finance providers and will continue to bolster our commitment to the transition towards a more

sustainable economy. As a tangible way of supporting our strategy and meeting new green investment targets, we developed the Santander Global Sustainable Bond Framework and issued our first green bond. To kick off our global sustainable issuance plan, in October 2019 we issued a €1 billion, seven-year green bond to fund wind and solar power projects. The following year, we issued another green bond and a green note for €1 billion and €1 million, respectively.

Financing the green transition

Raise or facilitate the mobilization of 120 billion euros in green finance by 2025 and 220 billion euros by 2030



→ As of June 2021, Santander CIB had contributed 41.7 billion euros. Moreover, Santander's Retail and Commercial divisions are also raising green financing.

Maintain our leadership position in renewables, as well as leveraging our origination capabilities to issue more green bonds



→ Santander is a leading bank in financing renewable energies, ranking consistently in the Top 3 by number of deals and Top 5 by transaction value globally

→ In 2020, we invested over 6 billion dollars in 143 renewable energy finance deals.

Continue to develop our green product proposition



→ Focus on green mortgages; energy efficiency loans; loans to install solar panels, for electric vehicles, and for low-carbon agriculture; ESG investment solutions incentivizing our clients to improve their ESG performance through Sustainability linked Loans (SLLs); and additional services such as eco-cards and carbon footprint measurement tools, which enable customers to offset emissions.

Santander AM has joined the global Net Zero Asset Managers initiative

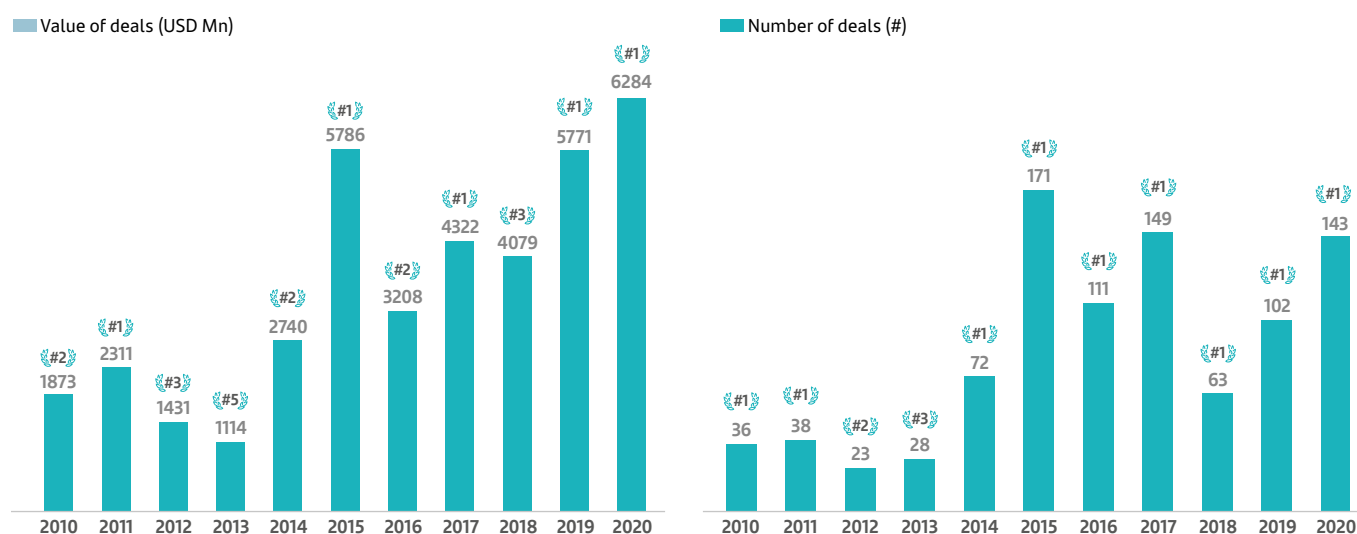


→ Santander AM will halve the net emissions of 50% of its portfolio across the entire range of assets in which it has set targets to align with Net Zero Asset Managers, the global initiative that it joined in March, becoming the first Spanish asset manager to do so.

→ As part of commitment, SAN will measure portfolio greenhouse emissions, create climate-related investment products, define climate stewardship & disclose its progress towards the Net Zero pledge.



For the last 10 years Santander has been the leader in renewables financing, since 2014 ranking consistently among the banks in the top 3 by value of deals and top 1 by number of deals. The following data shows the evolution of the renewable financing offered by Santander in the last decade by value and number of deals¹:



For more details on Santander's approach and performance regarding sustainable and climate finance, see our [Climate Finance Report - June 2021](#). For additional information on how Santander conducts business, please read our [policies](#).

1. Source: Dealogic League tables Role: Mandated Lead Arranger Sectors: Wind + Renewable Fuel (solar, hydroelectric, biomass, geothermal and other).



2. Overview of Banco Santander's Global Sustainable Bonds Framework²

In 2019, we created a Global Sustainable Bond Framework and a Green Bond Framework in line with the ICMA Green and Social Bond Principles, and updated them in 2020. Both frameworks also align with and support Santander's Responsible Banking strategy and outline our intention to allocate additional capital to green, social and sustainable operations. The Global Sustainable Bond Framework enables the issuance of green, social and sustainability bonds that promote sustainable development. Under the Framework,

Santander committed to release an annual report that explains how the proceeds from each green bond issuance are used, in accordance with the Green Bond Framework.

We finance renewable energy projects as part of our mission to help people and businesses prosper; to aid the transition to a low-carbon economy; and to help fight climate change, reflecting our contribution to SDG 7: Affordable and clean energy.



Green Bonds Use of Proceeds

Eligible Green Asset categories

The net proceeds from green bond issuances will be used to finance and refinance loans related to:



Solar

Eligible categories comprise photovoltaic (PV) plants and concentrated solar power



Wind

Eligible categories include onshore and offshore wind projects

Eligible projects include electricity generation from these technologies and any ancillary infrastructure such as transmission lines, substations, etc.



The use of proceeds report covers allocated funds; financed and refinanced assets; installed capacity and energy production; environmental impact (avoided emissions); and the proportion of

new financing compared to existing funding. Our external auditor, PwC, verifies the tracking and allocation of funds from green bond proceeds.

2. For more details, please see the [Global Sustainable Bonds Framework](#)



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3. Calculation methodology

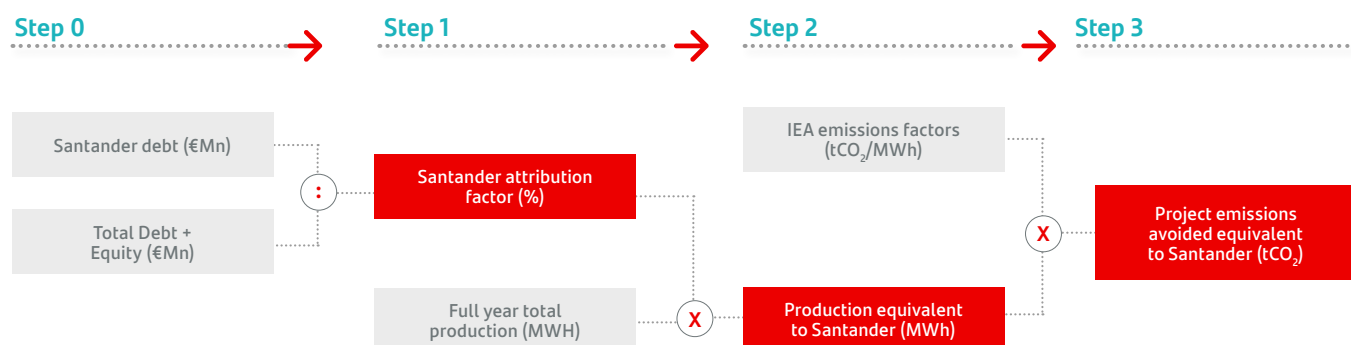
Avoided CO₂ emissions:

Every year, Santander (the issuer) estimates the CO₂ emissions that the power generation attributable to its renewable energy portfolio avoids. Otherwise, emissions calculations come from the technology mix of associated national grids in the countries where the Eligible Assets are located. Here, we used latest available data from the International Energy Agency (IEA) emission factors (tCO₂/MWh). Please refer

to Annex I for emission factors used and its comparison between emission factors used in Green Bond Report 2019.

Under this methodology, electricity generation (MWh) is based on the yearly production reported by project developers or, when not available, on the installed capacity (MW) and an adequate technology-specific load factor.

Steps to calculate avoided emissions



The impact measurement methodology we use is based on an internal estimate calculation according to the [GHG Protocol](#) and the Partnership for Carbon Accounting Financials (PCAF) standard for financed emissions.³ It takes

into account Santander's share in the overall financing of each project, which includes both debt and equity (gearing). The 2019 Report only considered our share in the total outstanding debt, following market standards at the time.

3. PCAF, which developed the banking industry's main standard to assess financed emissions, will launch "[green bonds greenhouse gas accounting methods](#)" early next year to set specific avoided emissions calculation criteria. More recently, PCAF published a [draft methodology paper for consultation](#) describing the methodology to be used for Green Bond emissions reporting. According to the PCAF methodology, the denominator should include the total capital needed to finance the project. As per the standard is used to assess financed emissions, the denominator to assess avoided emissions should include the total amount of debt and equity already disbursed.



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Step 1 - Santander attribution factor:

$$\text{Attribution Factor}_p = \frac{\text{SAN outstanding debt}_p}{\text{Total outstanding debt}_p} * \text{Gearing}_p$$

- p is the project.
- SAN outstanding debt_p is the outstanding amount of debt already disbursed by Santander at 31 December 2020.
- Total outstanding debt_p + equity_p is the total amount of outstanding debt at 31 December 2020.
- Gearing_p is the ratio between debt and debt+equity at signing of project.

Step 2 - Project production:

To calculate the avoided CO₂ emissions, we classified the eligible projects by virtue of their operational status and energy production calculation method:

- **In operation:** Projects that began up to and including 31 December 2019.
 - Avoided emissions calculated using actual production and Santander's share (MWh/year).
- **Under development:** Projects that began after and including 1 January 2020.
 - Avoided emissions calculated using estimated annual production, Santander's share (MWh/year) and the P50 estimation model.⁴

We reassessed the emissions calculations in the [Green Bond Report 2019](#) to include equity instead of the outstanding debt only. This aligns with Santander's climate narrative and more recent international standards.

4. An estimation model according to which the P50 value is the predicted annual production and for which there is a 50% probability that it will be exceeded in a given year.

Source: Platform Carbon Accounting Financials (PCAF), *Harmonising and implementing a carbon accounting approach for the financial sector*, 2018.



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4. Key figures

In October 2019, we issued a seven-year senior preferred €1 billion green bond and implemented our global sustainable debt issuance plan. Since then, we have continued to leverage on our origination capabilities to issue more green bonds and notes.

The green bond issuances as at 31 December 2020 were:

- October 2019: €1 billion senior preferred bond with a 7-year tenor issued under Banco Santander S.A (details in last year's report).
- June 2020: €1 billion senior non-preferred bond with a 7-year tenor issued under Banco Santander S.A.
- December 2020: € 1million note with a 3-year tenor issued under SAN PRO (Retail Spain).

The issuances total € 2,001 million and are detailed below:

Issuer	Banco Santander, S.A.	Banco Santander, S.A.	SANPRO (guarantor Banco Santander S.A.)
Issuer Rating	A (Stable) / A2 (Stable) / A- (Stable) by S&P / Moody's / Fitch	Baa1 / A- / A- by Moody's / S&P / Fitch	Notes have not been rated
Nominal Amount (EUR)	1,000,000,000	1,000,000,000	1,000,000
Pricing Date	1 October 2019	18 June 2020	23 December 2020
Maturity	4 October 2026	23 June 2027	27 December 2023
Instrument	Senior Preferred	Senior Non Preferred	Senior Preferred
Coupon	0.30%	1.13%	Constant Percentage (3.00%) if the Coupon Barrier Condition (103%) is satisfied in respect of a ST Coupon Valuation Date; otherwise: zero.
Use of Proceeds	Under Banco Santander's Global Sustainable Bonds Framework		
Second Party Opinion	The Second Party Opinion report by Vigeo Eiris ¹ issued in May 2020 highlighted Santander's ESG performance and qualified its performance as "advanced" (the highest score possible) in all three pillars: Environment, Social and Governance.		
Listing	EuronextDublin	EuronextDublin	AIAF
ISIN	XS2063247915	XS2194370727	ES0305466056

1. According to the Second Party Opinion on the Sustainability of Santander's Green Bonds Framework issued by Vigeo Eiris in May 2020, Santander displays an advanced ESG performance, achieving an advanced performance in the Environment, Social and Governance pillars, as of February 2020. As for the Vigeo Eiris ESG score, in November 2019 Banco Santander reached a score of 63, positioning itself in a 5th place within a group of 31 diversified banks defined by Vigeo in 2019. Results for 2020 have not been published yet as of the date of issuance of the Green Bond report 2020.



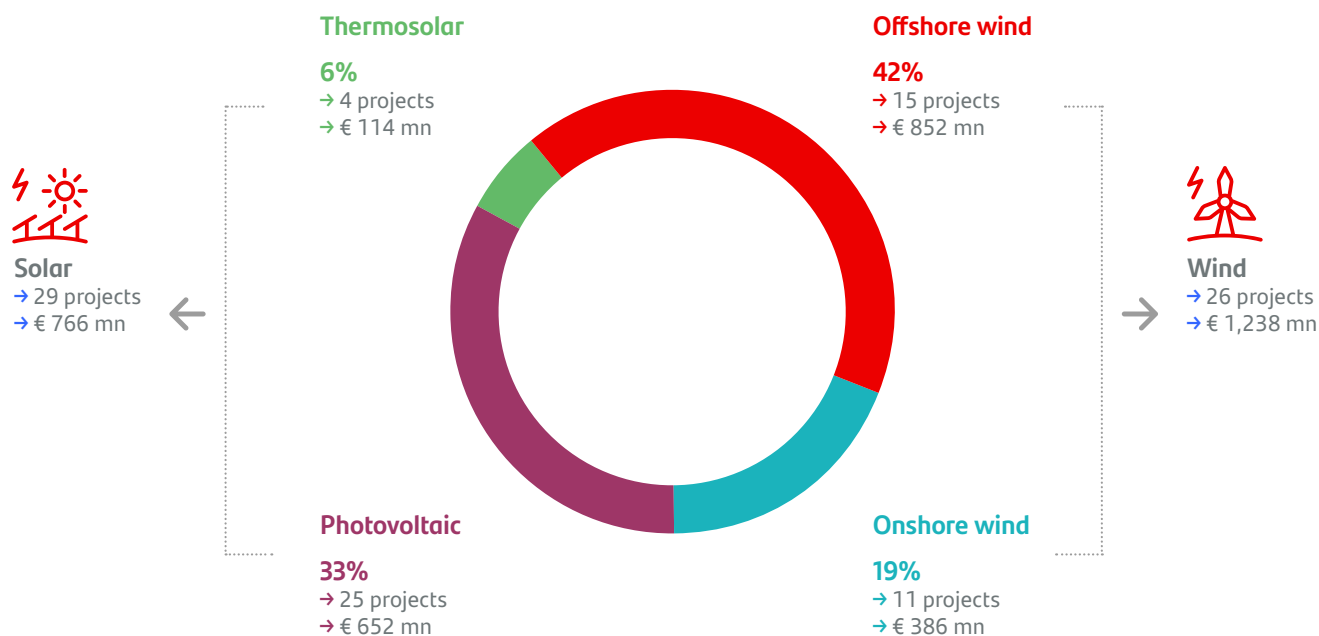
5. Green bond allocation & impact report

i. Use of proceeds

The proceeds from the green bonds issued in 2019 and 2020 (total notional amount of €2,001 million) have been allocated to 55 transactions: 23 greenfield and 32 brownfield projects that originated between 2016 and 2020 and represent a total drawn outstanding amount of €2,004 million.

In line with the Global Sustainable Bond Framework, the share of Eligible Assets allocated to existing loans at the date of each issuance does not exceed 50% of the total issued amount for any of the green bonds issued between 2019 and 2020. Existing loans represent 49% of the total issued amount.⁵

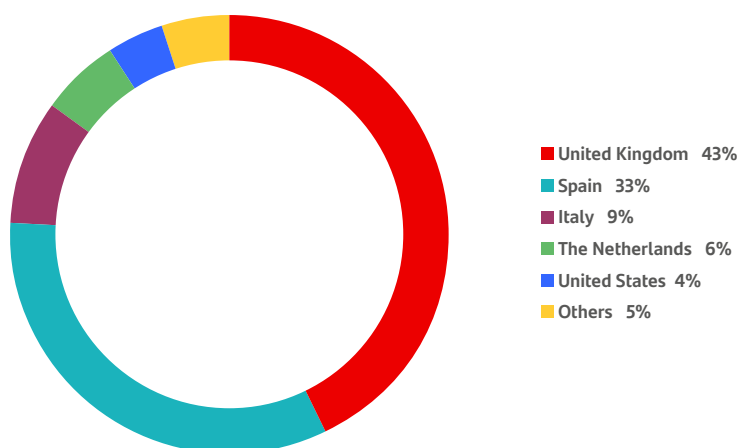
2020 Green bonds allocation by technology



5. Calculated as a weighted average of the share of Eligible Assets allocated to existing loans at the date of each issuance.



2020 Green bonds allocation by geography



Origination in 2020

We want to be our customers' trusted partner in their transition towards a net zero economy. Clean energy is at the heart of the decarbonization of the economy, and Santander participates in accelerating the deployment of new installed renewable energy capacity in our core markets.

Despite a slowdown in activity due to the Covid-19 pandemic, in 2020 we continued to close renewable energy transactions worldwide. We were the global leader in renewable energy project finance for the third consecutive year, ranking #1 in the number of deals and in volume by Dealogic⁷. Santander also ranked first by number of deals in EMEA and the Americas, demonstrating our commitment to that asset class and predominant role in tackling climate change.

In 2020, Santander helped finance 11,526MW of new installed capacity in Belgium, Chile, Germany, Spain, United Kingdom and United States. We also participated in the financing or refinancing of 5,402MW of existing projects in different geographies. 83% of the installed capacity of new projects were in the wind sector (onshore and offshore), while solar assets represented 17%.

In 2021, activity has continued to recover in all our markets, though recent supply chain and raw materials issues are causing delays to some projects. We remain #1 by number of deals,⁸ with a strong outlook for the rest of the year. Among other roles,⁹ Santander is financial advisor and joint lead arranger of the first ever utility scale 800MW offshore wind farm in the US (the "Vineyard I" project). Besides Vineyard I, we also want to highlight the most notable transaction that has been used as collateral for this allocation, the Dogger Bank Wind Farm project:

6. Others include Belgium, UK/Ireland, Chile and Germany

7. Source: Dealogic Regional Renewable Energy Project Finance MLA Rankings – Full Year 2020

8. Source: Dealogic Regional Renewable Energy Project Finance MLA Rankings – First Half 2021

9. Santander acts as financial advisor, joint lead arranger, hedge coordinator, syndication agent, administrative agent and green loan coordinator.



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• Vineyard Wind I – US, 2021:

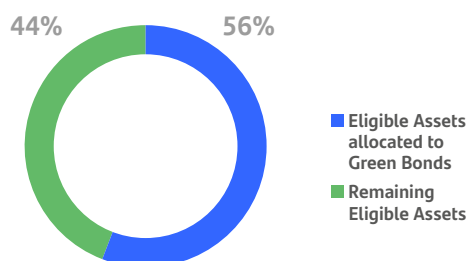
Vineyard Wind I is the first major offshore wind farm in the US, an 800 MW offshore wind farm to be constructed off the Massachusetts coast, 15 miles south of Martha's Vineyard. The Project is jointly owned by Avangrid Renewables and Copenhagen Infrastructure Partners and is scheduled to complete construction by April 2024, making it the first commercial-scale offshore wind farm in the United States.

Santander participated as Financial Advisor, Joint Lead Arranger, Hedge Coordinator, Syndication Agent, Administrative Agent, Green Loan Coordinator in the USD 2.5 Bn financing of the first large-scale offshore wind farm in the US.

• Dogger Bank Wind Farm:

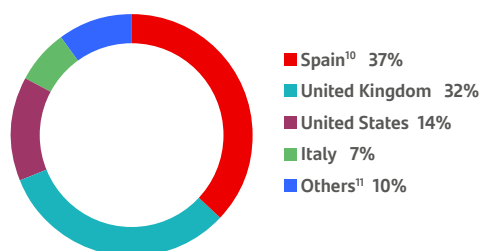
Participated in the financing of Dogger Bank, an offshore windfarm in the UK that will become the world's biggest, being developed in three phases – Dogger Bank A, B and C – located between 130km and 190km from the North East coast of England at their nearest points.

Each phase will have an installed generation capacity of 1.2GW and represents a multi-billion pound investment. Combined, they will have an installed capacity of 3.6GW and will supply 5% of UK demand and power six million UK homes each year.



Total Eligible Assets amount to €3,559 mn, out of which €2,004 mn (56%) have been allocated to €2,001 mn of outstanding green bonds as at 31 December 2020

Total Eligible Assets in EUR by geography



10. A pan-European project that spans five countries (Belgium, France, Germany, Portugal and Spain) has been allocated to Spain.

11. Others include The Netherlands, Sweden, Portugal, Belgium, United Kingdom/Ireland, Chile, Uruguay, Taiwan, France, Ireland and Germany.



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ii. Use of proceeds impact report

The following data shows the use of proceeds from green bonds issued in 2019 and 2020:

Green Bonds Asset Allocation

	Number of loans	Allocated Loan Amount (€mn)	Allocated Loan Amount %	Average SAN share (€mn)	% SAN of total project outstanding (debt+equity)
Total general	55	2.004	100%	36	19%
Wind	26	1.238	62%	48	11%
Offshore	15	852	43%	57	7%
Onshore	11	386	19%	35	16%
Solar	29	766	38%	26	26%
Photovoltaic	25	652	33%	26	28%
Thermosolar	4	114	5%	28	14%

iii. Installed capacity and avoided CO₂ emissions

	Belgium	Chile	Germany	Italy	Spain	The Netherlands	UK	"UK and Ireland"	US
Nº of deal	1	1	1	8	22	1	15	1	5
Average SAN participation (EUR mn)	49	20	4	22	31	111	58	28	16
TOTAL installed Capacity	487	110	252	406	3,244	600	10,580	223	1,025
TOTAL installed Capacity (MW) attributed to SAN	29	2	1	75	434	45	763	24	217
TOTAL Production (MWh)¹³	2,369,100	303,799	1,061,400	612,604	6,698,846	2,625,114	41,725,554	557,432	3,224,274
TOTAL Production (MWh) equivalent to % SAN¹⁴	141,150	5,674	3,890	118,577	902,667	198,852	2,579,109	60,454	665,054

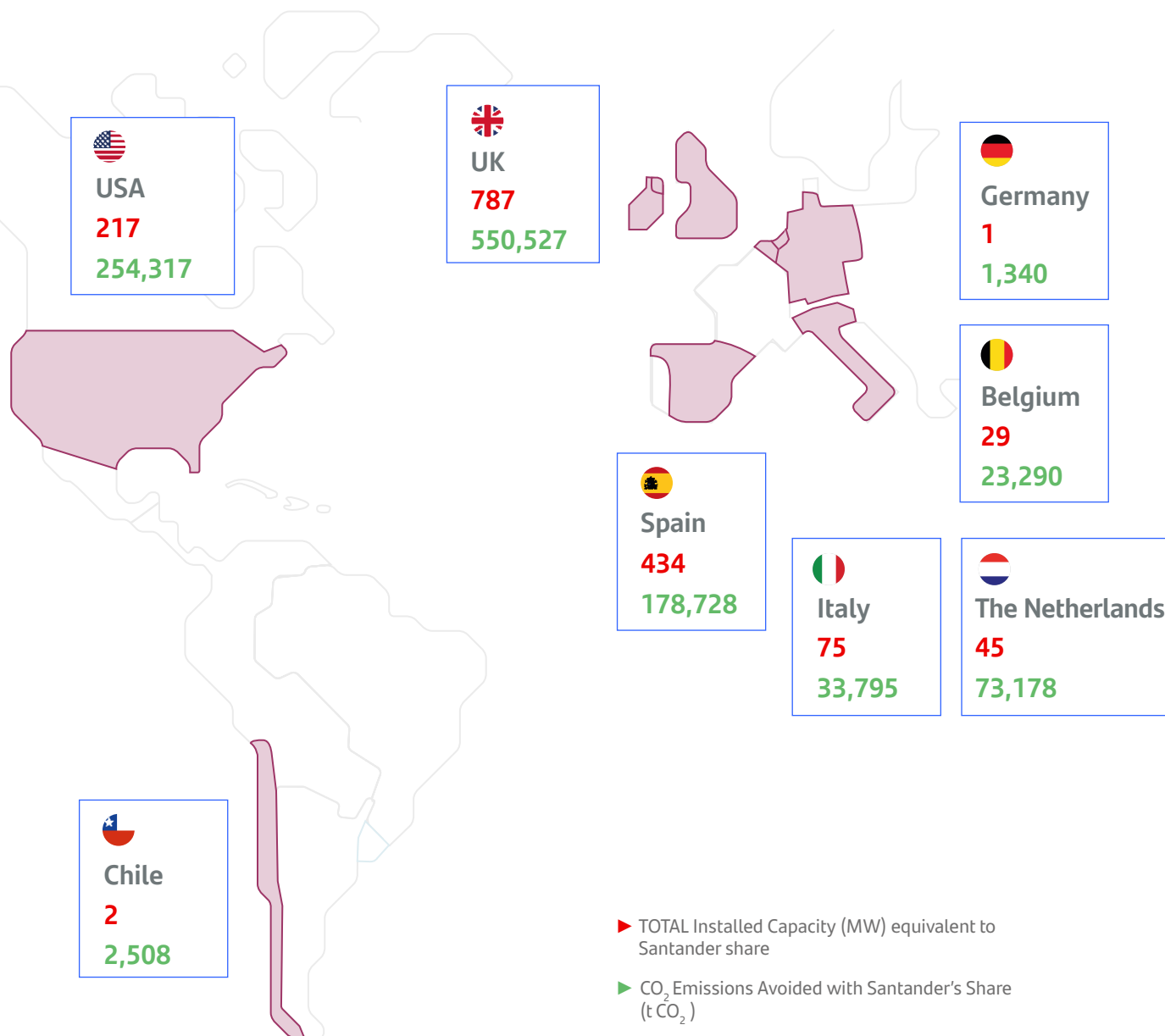
12. Portfolio with assets in both countries

13. Total production is based on actual production of the projects in operation before 01/01/2020, together with the estimated annual production of the projects that have/ will come into operation after and including 01/01/2020, taking into account 100% of the global outstanding amount (MWh/year).

14. Total production is based on actual production of the projects in operation before 01/01/2020, together with the estimated annual production of the projects that have/ will come into operation after and including 01/01/2020 taking into account Santander's share (MWh/year).



Installed Capacity and CO₂ avoided emissions¹⁵ with Banco Santander's share by country¹⁶



¹⁵ Total avoided emissions are based on real production of the projects in operation before 01/01/2020 together with estimated annual production of the projects that have/will come into operation after and including the 01/01/2020 taking into account Santander's share.

¹⁶ Installed capacity and avoided emissions of projects in a joined UK and Ireland portfolio with assets in both countries have been included in the UK values.



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Avoided emissions were calculated based on the estimated annual production of the projects that had yet to begin by 31 December 2019 and the annual production of the projects that began after and including 1 January 2020, taking into account Santander's share (MWh/year).

Technology	Avoided CO ₂ emission, SAN's Share (t CO ₂)	%	Avoided CO ₂ emissions with SAN's Share (t CO ₂)/€ mn invested	Total avoided CO ₂ emissions (t CO ₂)	%
Wind	834,503	75%	674	11,870,647	89%
Projects in operation	343,623	31%	468	3,776,407	28%
Projects in development	490,880	44%	974	8,094,240	61%
Solar	283,179	25%	370	1,528,824	11%
Projects in operation	46,003	4%	121	442,945	3%
Projects in development	237,176	21%	613	1,085,879	8%
TOTAL GENERAL	1,117,682	100%	558	13,399,471	100%

Avoided emissions for the period January 2020 to 31 December 2020 amounted to **1,117,682 tons of CO₂ (558t CO₂/Mn invested)**¹⁷, while the average intensity of the projects in the portfolio was 0.239 t CO₂/MWh.

17. Following impact measurement methodology best practice, which also considers the leverage of the projects (gearing) instead of the debt portion only, we recalculated the avoided CO₂ emissions for the period 1 January 2019 to 31 December 2019. Updated avoided emissions accounted for 627,021 tons of CO₂ (578 t CO₂/mn invested) compared to 909,417 tons of CO₂ (838t CO₂/€ mn invested) calculated in the Green Bond Report 2019 using the outstanding debt-based impact measurement methodology.



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IMPORTANT INFORMATION

Non-IFRS and alternative performance measures

This report contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, 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 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the "management adjustment" line and are further detailed in Section 3.2. of the Economic and Financial Review in our Directors' Report included in our Annual Report on Form 20-F for the year ended 31 December 2021. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant 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. 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 2021 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 1 March 2022, as well as the section "Alternative performance measures" of the annex to the Banco Santander

Q4 2021 Financial Report, published as Inside Information on 2 February 2022. These documents are available on Santander's website (www.santander.com). Underlying measures, which are included in this report, 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 included businesses 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

Forward-looking statements

Banco Santander advises that this report contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. Found throughout this report, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, among others, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk



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and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US; (5) changes in legislation, regulations or taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit from the European Union and increased regulation in response to financial crisis; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management's focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire group or significant subsidiaries.

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this report and are informed by the knowledge, information and views available on such date. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise.

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Historical performance is not indicative of future results

Statements about historical performance or accretion must not be construed to indicate that future performance, share price or future earnings (including earnings per share) in any future period will necessarily match or exceed those of any prior period. Nothing in this report should be taken as a profit forecast.

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7. Annex

I. IEA emission factors

Country	Emissions factor (t CO ₂ /MWh) Report 2020	Emissions factor (t CO ₂ /MWh) Report 2019
Spain	0.198	0.288
Portugal	0.236	0.359
Italy	0.285	0.326
UK	0.208	0.245
France	0.054	0.069
Brazil	0.104	
Chile	0.442	0.435
Uruguay	0.014	
Mexico	0.477	
Australia	0.685	
USA	0.382	0.421
Peru	0.202	
The Netherlands	0.368	0.437
Canada	0.129	
Ireland	0.294	0.378
Germany	0.345	0.417
United Arab Emirates	0.505	
Hungary	0.227	
Puerto Rico	0.184	
Belgium	0.165	0.17
Argentina	0.287	
Taiwan	0.554	

II. PWC Independent Limited Assurance Report



Banco Santander, S.A.

Independent Limited Assurance Report
on the "Banco Santander Green Bond report 2020"
at December 31, 2020



Independent Limited Assurance Report on the “Banco Santander Green Bond report 2020”

To the management of Banco Santander, S.A.:

We have carried out our work to provide a limited assurance on the accompanying “Banco Santander Green Bond report 2020” of Banco Santander, S.A. (hereinafter, Banco Santander) for the year ended 31 December 2020, in regards with the Green Bond of 2019 (ISIN XS2063247915) and the Green Bond of 2020 (ISIN XS2194370727) issued by Banco Santander, S.A., and the Santander International Products plc note (ISIN ES0305466056) guaranteed by Banco Santander, S.A., (hereinafter, “the Green Bonds”), prepared in accordance with the criteria described in the “Banco Santander, S.A. Green Bonds Framework” document dated on 27 April 2020, defined by Banco Santander (hereinafter, “Green Bonds Framework” or “the Framework”), available on its website:

<https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/financiacion-de-proyectos-sostenibles/prf-santander-green-bond-framework-june-2020-en.pdf>

Specifically, the sections of the “Banco Santander Green Bond report 2020” under our review have been the following:

- The allocation of the Green Bonds proceeds in accordance with the eligibility criteria, defined by Banco Santander in the “Green Bonds Framework” and detailed in the sections “2.1 Use of Proceeds” the section and “2.2 Project Evaluation & Selection”.
- The Green Bonds funding allocation indicators included in the section “5. Green bond allocation & impact report” of the “Banco Santander Green Bond report 2020”, and specifically the indicators referenced in the subsections “i. Use of proceeds” and “ii. Use of proceeds impact report”.
- Environmental impact indicator (avoided CO₂ emissions) associated to the Green Bonds, included in the section “5. Green bond allocation & impact report” of the “Banco Santander Green Bond report 2020”, and specifically the indicators referenced in the subsection “iii. Installed capacity and avoided CO₂ emissions”.

Responsibility of management

The management of Banco Santander is responsible for the preparation, content and presentation of the “Banco Santander Green Bond report 2020”, in accordance with the criteria established by Banco Santander, and the definition of these criteria according to the Green Bonds Framework. This responsibility includes designing, implementing and maintaining the internal control required to ensure that the information included in the “Banco Santander Green Bond report 2020” is free from any material misstatement due to fraud or error.

The management of Banco Santander is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the mentioned "Banco Santander Green Bond report 2020", is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants ("IESBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our responsibility

Our responsibility is to issue a limited assurance report based on the work carried out. Our limited assurance engagement has been carried out in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) (Reviewed), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to management and several Banco Santander units that were involved in the preparation of the sections of the "Banco Santander Green Bond report 2020" under our review, in the review of the processes for compiling and validating the information presented in the sections of the "Banco Santander Green Bond report 2020" under our review, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Banco Santander, S.A. personnel from various departments who have been involved in the preparation of the "Banco Santander Green Bond report 2020", to understand the allocation of the funds obtained through the Green Bonds, the existing internal procedures and management systems, the information gathering process and the control environment.
- Analysis of the procedures used for gathering and validating the information and data presented in the environmental impact indicator (CO₂ emissions avoided) included in the "Banco Santander Green Bond report 2020".
- Verification that the investments undertaken by Santander in the financed and refinanced projects and the environmental impact indicator (CO₂ emissions avoided) have been made in accordance with the Green Bonds Framework's criteria.
- Verification, through random sampling tests revisions and substantive tests on the quantitative and qualitative information included in the sections of the "Banco Santander Green Bond report 2020" under our review. We have also verified whether they have been appropriately compiled from the data provided by Banco Santander's sources of information.
- Obtainment of a representation letter from the management of Banco Santander.



Limited assurance conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- the Framework has not been properly applied to the selection of projects and associated impact indicators,
- the funds obtained through the Green Bonds have not been assigned to the assets or projects financed and refinanced by them and that the capital invested in the refinanced assets or projects is not attributable to the Green Bonds,
- the environmental impact indicator (CO₂ emissions avoided) contains significant errors or has not been prepared, in all their significant aspects, in accordance with what is indicated in the Framework in the "Banco Santander Green Bond report 2020" in relation to its calculation.

Use and distribution

Our report is only issued to the management of Banco Santander, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Banco Santander's management.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'Pablo Bascones Ilundáin'.

Pablo Bascones Ilundáin

31 March 2022