

# Banco Santander Green Bond Report

2019

Let's continue  
working for a  
better world

**#TheRightWay**

[santander.com](https://www.santander.com)

# Index

1. Introduction	3
2. Overview of Banco Santander's Global Sustainable Bonds Framework	4
3. Calculation Methodology	5
4. Banco Santander first green bond key figures	7
5. Banco Santander's green bond allocation and impact report	8
6. Disclaimer	14
7. Annex	16
I. IEA emission factors	
II. Green bonds issued and guaranteed by Banco Santander S.A.	
III. PwC Independent Limited Assurance Report	

# 1. Introduction

Santander strongly believes it must use its position as one of the world's largest banks to pursue its objective of helping people and businesses prosper, of delivering profit with purpose. For this reason, the Group has voluntarily undertaken a series of economic, social and environmental commitments which go beyond legal obligations to its stakeholders: customers, employees, shareholders, suppliers and society as a whole.

In 2019 the Bank set 11 targets which reflect Santander's commitment to help address the UN Sustainable Development Goals and Paris Agreement, in order to build a more responsible bank. These targets include a new commitment to mobilise over EUR 120 billion in green financing between 2019 and 2025 (EUR 220 bn by 2030) to combat climate change. During the UN Climate Change Conference (COP25) Santander announced its commitment to become carbon neutral in 2020 by offsetting all the emissions generated by its own operations. Moreover, Santander signed, as founder member, the UN Principles for Responsible Banking as well as the Collective Commitment to Climate Action, in order to align its lending portfolio with the Paris Climate Agreement.

Santander is already one of the largest providers of green finance in the world and will continue to increase its involvement to support the transition towards a sustainable production model.

A good example of this was the development of the Santander Sustainability Bonds Framework and the issuance of its first green bond - a tangible way to support its strategy and meet the targets for new green investments.

In October 2019, the Bank initiated its global sustainable issuance plan with a seven year, EUR 1 bn green bond to fund wind and solar power projects. More recently, in June 2020, Banco Santander S.A. issued its second green bond, a 7-year, EUR 1 bn senior non-preferred issuance.

More information on Santander's approach and performance in sustainable and climate finance can be found in the [2019 Climate Finance Report](#). For additional information on how Grupo Santander conducts business please refer to its [policies](#).

## 2. Overview of Banco Santander's Global Sustainable Bonds Framework<sup>1</sup>

In 2019 a Global Sustainable Bonds Framework<sup>1</sup> and a Global Green Bonds Framework<sup>1</sup> were developed in line with the Green and Social Bond Principles 2018. These frameworks are aligned with and support Banco Santander's Responsible Banking strategy and reflects its intention to deploy additional capital for green, social and sustainable projects. The Global Sustainable Bonds Framework<sup>1</sup> enables the issuance of Green Bonds, Social Bonds and Sustainable Bonds that align finance-raising activities with sustainable development and the bank's commitment to a more inclusive and sustainable growth. An update to both frameworks was disclosed on 2020.

Santander will confirm on an annual basis that the use of proceeds of each Green Bond issuance conforms to this Green Bonds Framework<sup>1</sup>.

The annual reporting for every Green Bond issuance will include:

- The amount of proceeds allocated to the Eligible Green Assets.
- The amount of proceeds not yet allocated to the Eligible Green Assets.
- Details on the Eligible Green Assets financed or refinanced by the bonds, such as:
  - Technology (solar, wind, etc...).
  - Location.

- Operational status (under construction or in operation).
- Outstanding exposure.
- Installed capacity or installed projected capacity (MW), and annual energy produced or projected energy produced (MWh).
- Information on the environmental impacts: annual CO<sub>2</sub> emissions reduced/avoided as per the following methodology described below.
- The share of new financing compared to already existing financings.
- The indicators will be based on Eligible Green Assets allocated on or prior to 31st December of the year immediately preceding the issuance of each report.
- Assets data will be anonymised for confidentiality reasons.

The tracking and allocation of funds from the Green Bond proceeds will be externally verified by the financial auditor assuring compliance with Banco Santander S.A. Green Bonds Framework. The Independent Limited Assurance Report will be issued as an independent review report<sup>2</sup>.

1. For more details please refer to [Global Sustainable Bonds Framework](#) and/or [Green Bonds Framework](#).

2. Please refer to Annex III. PwC Independent Limited Assurance Report.

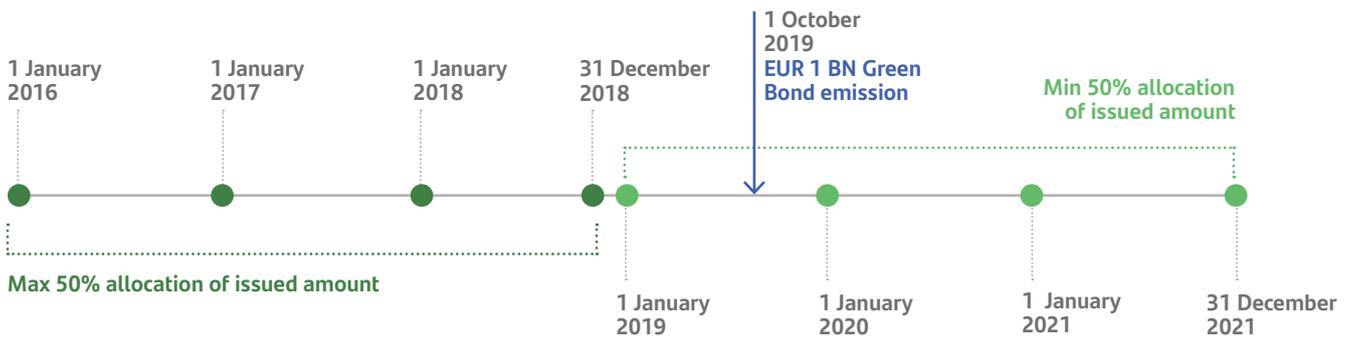
# 3. Calculation Methodology

The net proceeds from Santander green bond issuances, or from Santander International Products Public Limited Company's green bond issuances guaranteed by the Bank (Santander and Santander International Products Public Limited Company together referred to as "the Issuers") within the scope of the Green Bonds Framework will be used to finance and refinance loans related to renewable energy – in line with UN Sustainable Goals 7 and 13.

Eligible assets comply with Santander's Group sectorial policies (Defense, Energy, Soft Commodities and Mining and Metal policies), a copy of which is available at Santander website<sup>3</sup>.

Eligible assets categories have been identified by Santander to provide financing for renewable energy production in projects located in core countries for the bank (Europe, US and Latin America) and funded by Banco Santander S.A.

## Allocation timeline



To comply with the rule established in the framework to allocate (i) 50% of use of proceeds to existing portfolio and (ii) 50% to new production, Eligible Green Assets on Santander's balance sheet during the year of issuance (from 1 January to 31 December 2019) can be allocated to new production, and all assets signed in the three years before 31 December 2018 can be allocated as collateral.

During the term of the Green Bond, the share of eligible assets under (i) above may not exceed 50% of its issued amount.

In the event of divestment, if an asset fails to ensure continued compliance with the eligibility criteria, or if early repayment of a loan occurs, Santander commits to replacing the asset with another that will meet, the eligibility criteria within 12 months.

3. Sector policies lay down the criteria governing the Bank's financial activity with the defence, energy, mining & metals and soft commodities sectors. They prohibit financing certain activities and establish restrictions for others (e.g., transactions needing special attention in light of their potential social and environmental impact, and subject to certain requirements being met in order to be approved).

## CO<sub>2</sub> emissions avoided:

For calculation purposes, the period will be from January 1, 2019 to December 31, 2019.

On an annual basis, the Issuers will calculate an estimation of the CO<sub>2</sub> emissions avoided by the Eligible Green Assets financed or refinanced with the proceeds of each Green Bond. The methodology used to that purpose is based on an internal estimation methodology based on the GHG Protocol.

Avoided emissions are estimated considering that the estimated generation attributable to Santander would be otherwise produced with the technology mix of associated national electricity grids of the countries in which each of the eligible assets were located, using the latest available data from the International Energy Agency emission factors (tCO<sub>2</sub>/MWh)<sup>4</sup>. Under this methodology, electricity generation (MWh) is based on actual production reported by project developers or, when not available, the installed capacity (MW) and an adequate technology-specific load factor<sup>5</sup>.

The eligible projects have been classified depending on their **Commercial Operation Date (COD)**<sup>6</sup>:

- i. **COD before and including 31/12/2018** – coming into operation before and including 31 December 2018. The avoided emissions have been calculated based on real production of the renewable projects in operation at 1/1/2019 and Santander's share (MWh/year).
- ii. **COD after and including 01/01/2019** – coming into operation after and including 1 January 2019. The avoided emissions have been calculated based on estimated annual production<sup>5</sup> of the projects that had not come into operation by 01/01/2019 taking into account Santander's share (MWh/year).

**Total avoided emissions** have been calculated by adding up i. and ii. above.

4. For emission factors used please refer to Annex I. IEA Emission Factors.

5. The renewable electric energy generated by these projects has been calculated from the estimated electricity generation data available in the due diligence of each investment project for the value P50.

6. The commercial operation date is defined as the date in which assets start producing electricity for sale.

# 4. Banco Santander first green bond key figures

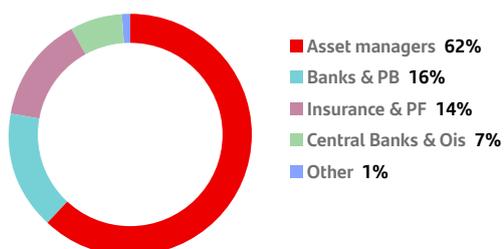
Banco Santander issued the first green bond for EUR 1 bn as a starting point for a global plan on sustainable issuances. This inaugural green bond offering was 5.5 times oversubscribed,

reflecting both strong investor interest in green products and the market's confidence in Santander's credit quality.

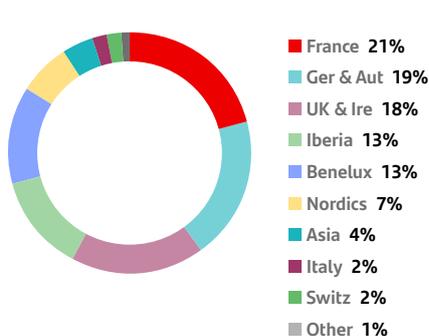
<b>Issuer</b>	<b>Banco Santander, S.A. (the "Bank" or "Santander")</b>
<b>Issuer Rating</b>	<b>A (Stable)/ A2 (Stable) / A- (Stable) by S&amp;P / Moody's / Fitch</b>
<b>Nominal Amount (EUR)</b>	<b>1,000,000,000</b>
<b>Pricing Date</b>	<b>1 October 2019</b>
<b>Maturity</b>	<b>4 October 2026</b>
<b>Instrument</b>	<b>Senior Preferred</b>
<b>Coupon</b>	<b>0.300%</b>
<b>Use of Proceeds</b>	<b>Under Banco Santander's Global Sustainable Bonds Framework</b>
<b>Second Party Opinion</b>	<b>The Second Party Opinion report by Vigeo Eiris' highlighted Santander's good ESG performance, with "advanced" performance in the Environment pillar and a "good" (close to advanced) performance in both the Social and Governance pillars.</b>
<b>Listing</b>	<b>EuronextDublin</b>
<b>ISIN</b>	<b>XS2063247915</b>

Breakdown by investor type and geography by 1 October 2019:

### Breakdown by investor type



### Breakdown by geography



7. Vigeo Eiris ESG score improved to 63 (November 2019) positioning Banco Santander in 5<sup>th</sup> place within a group of 31 diversified banks defined by Vigeo.

# 5. Banco Santander green bond allocation and impact report

## I. Green bond allocation

For the Green Bond issued in October 2019, 32 deals received funds for EUR 1,085 mn:

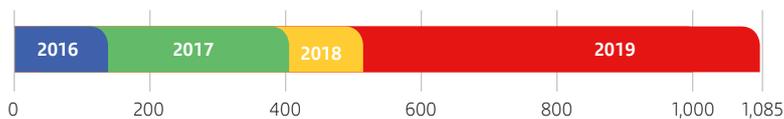
- 19 projects were signed on or before 31st December 2018 for a total amount of EUR 519 mn<sup>8</sup>, 48% of proceeds.
- 13 projects were signed on or after 1st January 2019 for a total amount of EUR 566 mn<sup>9</sup>, 52% of proceeds.

Funds have been allocated to wind and solar projects amounting EUR 512 mn and EUR 573 mn respectively:

- Out of 16 wind projects, 3 are offshore amounting EUR 186 mn and 13 onshore with EUR 326 mn.
- Out of 16 solar technology deals, 3 are thermosolar plants amounting EUR 80 mn and 13 photovoltaic with EUR 493 mn.

29 projects (90% of allocated funds) came into operation before 31st December 2018, meaning they were up and running to avoid CO<sub>2</sub> emissions throughout 2019.

### Green Bond Allocation by Deal Agreement Year



## Origination activity in 2020

In 2020, despite a substantial slowdown in the activity on a global basis due to the COVID pandemic, Santander continues to be the global leader in renewables project finance demonstrating the strong commitment of our institution to the asset class and our predominant role in helping to tackle the climate change. Santander is leading the Inframation News league tables both in number of transactions and in volume for the first semester and as well for the third quarter<sup>10</sup>. As part of its global activity in the Renewables space and during the first 6 months of 2020, Santander originated 15 projects that would fit under the definition of eligible assets as far as

the perimeter of the Green Bond programme under the Global Sustainable Bonds Framework is concerned. Those projects are located in Spain, Ireland, France, Italy, the Netherlands, Norway, Sweden, the United Kingdom, and the United States, totaling an installed capacity of 6,750 MW.

As at 31st December 2019 eligible assets for future issuances amounted EUR 1,361 mn. In addition, H1 2020 new production totaled approximately EUR 910 mn<sup>11</sup>.

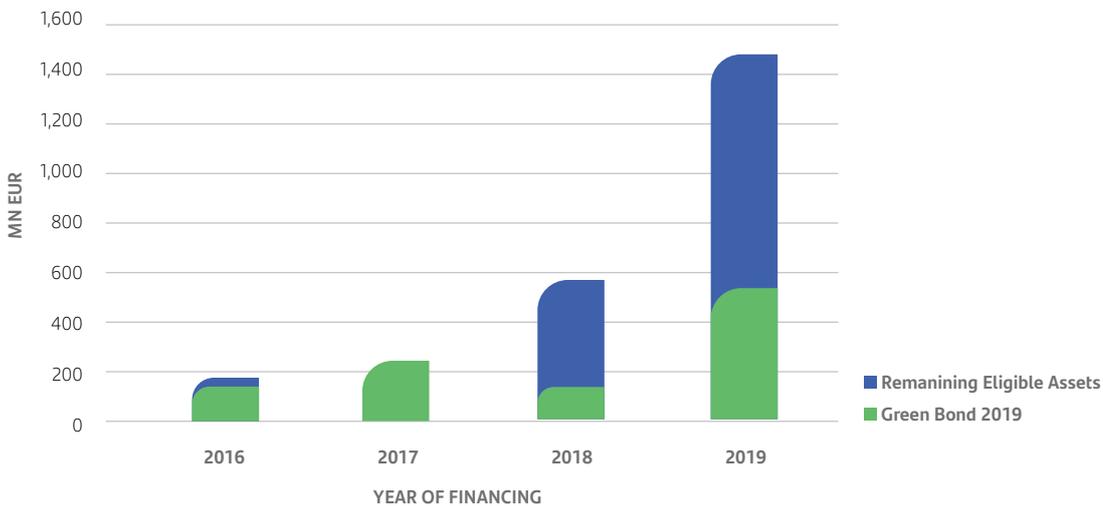
8. EUR 519 mn : 67% wind vs 33% solar deals.

9. EUR 566 mn: 29% wind vs 71% solar deals.

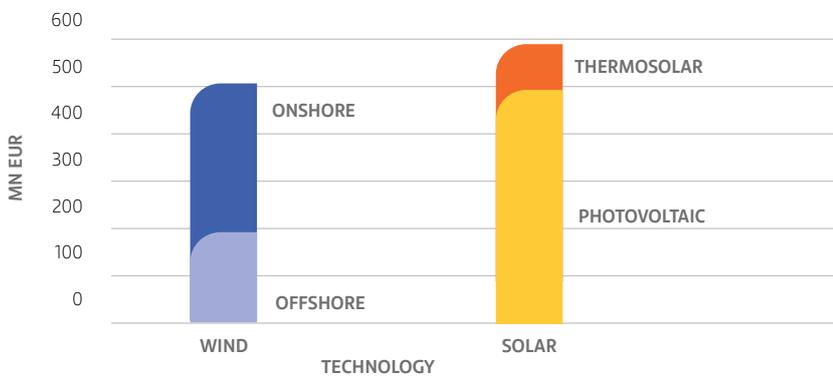
10. Source: Inframation, as of 06/10/2020. From 1 January to 30 June 2020, Santander is credited with 23 wind and solar transactions, totaling USD 1,569 mn investment. From 1 January to 30 September 2020, Santander is credited with 32 wind and solar transactions, totaling USD 2,259 mn investment.

11. Source: Santander. Amounts in currencies other than the euro have been converted to euros using the exchange rate as of 30/06/2020.

### Green Bond 2019 Asset Allocation vs Eligible Assets

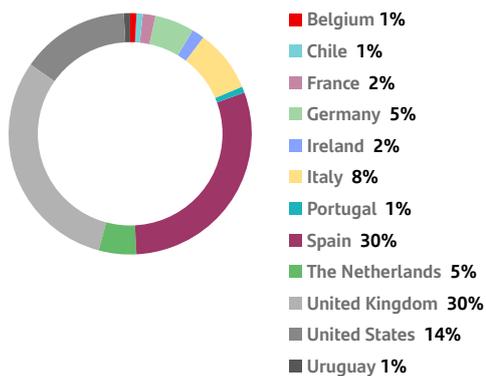


### Green Bond 2019 Asset Allocation by technology

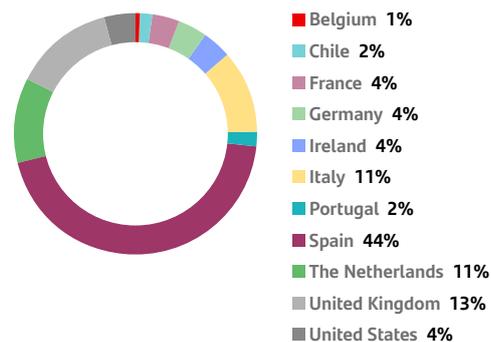


### Green Bond 2019 Asset Allocation by geography:

#### Total Eligible Assets in EUR by Country in Santander



#### Green Bond Allocation in EUR by Country<sup>12</sup>



12. Number of deals amount 28 projects. For the sake of increasing granularity one pan-European project has been broken down into 5 geographies: Belgium, France, Germany, Portugal and Spain. Consequently, when adding up the number of deals the resulting amount is 32. For this pan-European project installed capacity in each geography was used to calculate the proportionate asset allocation. For more details on projects by geography please refer to [III. Installed capacity and CO<sub>2</sub> emissions avoided](#).

## II. Breakdown of use of proceeds

The following data only refers to the Green Bond 2019 use of proceeds:

Green Bond 2019 Asset Allocation						
	Total Number of loans	Deal Agreement Date 2016-2018	% allocated	Deal Agreement Date 2019	% allocated	Total amount allocated (EUR MN <sup>13</sup> )
<b>WIND</b>	<b>16</b>	<b>10</b>	<b>32%</b>	<b>6</b>	<b>15%</b>	<b>512</b>
COD before & including 31/12/2018	15	9	92%	6	100%	485
COD after & including 01/01/2019	1	1	8%	-	-	27
<b>SOLAR</b>	<b>16</b>	<b>9</b>	<b>16%</b>	<b>7</b>	<b>37%</b>	<b>573</b>
COD before & including 31/12/2018	14	8	89%	6	85%	492
COD after & including 01/01/2019	2	1	11%	1	15%	81

Green Bond 2019 Asset Allocation					
	Number of loans	Allocated Loan Amount (EUR MN <sup>13</sup> )	Allocated Loan Amount %	Average Deal Value (EUR MN <sup>13</sup> )	% Financed by SAN out of Global 31/12/2019
<b>WIND</b>	<b>16</b>	<b>512</b>	<b>47%</b>	<b>32</b>	<b>14%</b>
COD before & including 31/12/2018	15	485	95%	32	14%
Onshore	13	326	67%	25	16%
Offshore	2	159	33%	80	11%
COD after & including 01/01/2019	1	27	5%	27	10%
Onshore	-	-	-	-	-
Offshore	1	27 <sup>A</sup>	100%	27	10%
<b>SOLAR</b>	<b>16</b>	<b>573</b>	<b>53%</b>	<b>36</b>	<b>25%</b>
COD before & including 31/12/2018	14	492	86%	35	32%
Photovoltaic	12	431	88%	36	34%
Thermosolar	2	61	12%	31	25%
COD after & including 01/01/2019	2	81	14%	40	10%
Photovoltaic	1	62	77%	62	18%
Thermosolar	1	19	23%	19	4%

13. Source: Santander. Amounts in currencies other than the euro have been converted to euros using the exchange rate as of 31/12/2019.

A. This project amounts EUR 27.56 MN and has been rounded down to EUR 27 MN to maintain the total allocated loan amount of EUR 1,085 MN.

### III. Installed capacity and CO<sub>2</sub> emissions avoided

	Belgium	Chile	France	Germany	Ireland	Italy	Netherlands	Portugal	Spain	UK	USA	TOTAL
N° of deal <sup>A</sup>	1	1	1	2	1	5	1	1	11	4	4	32
Average deal value (EUR MN) <sup>B</sup>	7	19	40	21	42	24	121	20	44	37	11	34
TOTAL installed Capacity (MW) with 100% of Global Outstanding	71	110	388	410	411	264	600	191	2,221	1,172	473	6,311
TOTAL installed Capacity (MW) equivalent to % Banco Santander	8	5	45	43	83	87	55	22	396	338	148	1,230
TOTAL Production 2019 (MWh) 100% Global Outstanding <sup>C</sup>	136,000	776,235	769,000	1,306,620	1,154,000	411,100	2,385,717	483,000	5,017,828	3,026,826	1,187,820	16,654,146
TOTAL Production 2019 (MWh) equivalent % Banco Santander <sup>D</sup>	15,704	32,708	88,799	134,376	233,229	144,722	220,526	55,774	873,883	652,329	396,974	2,849,024

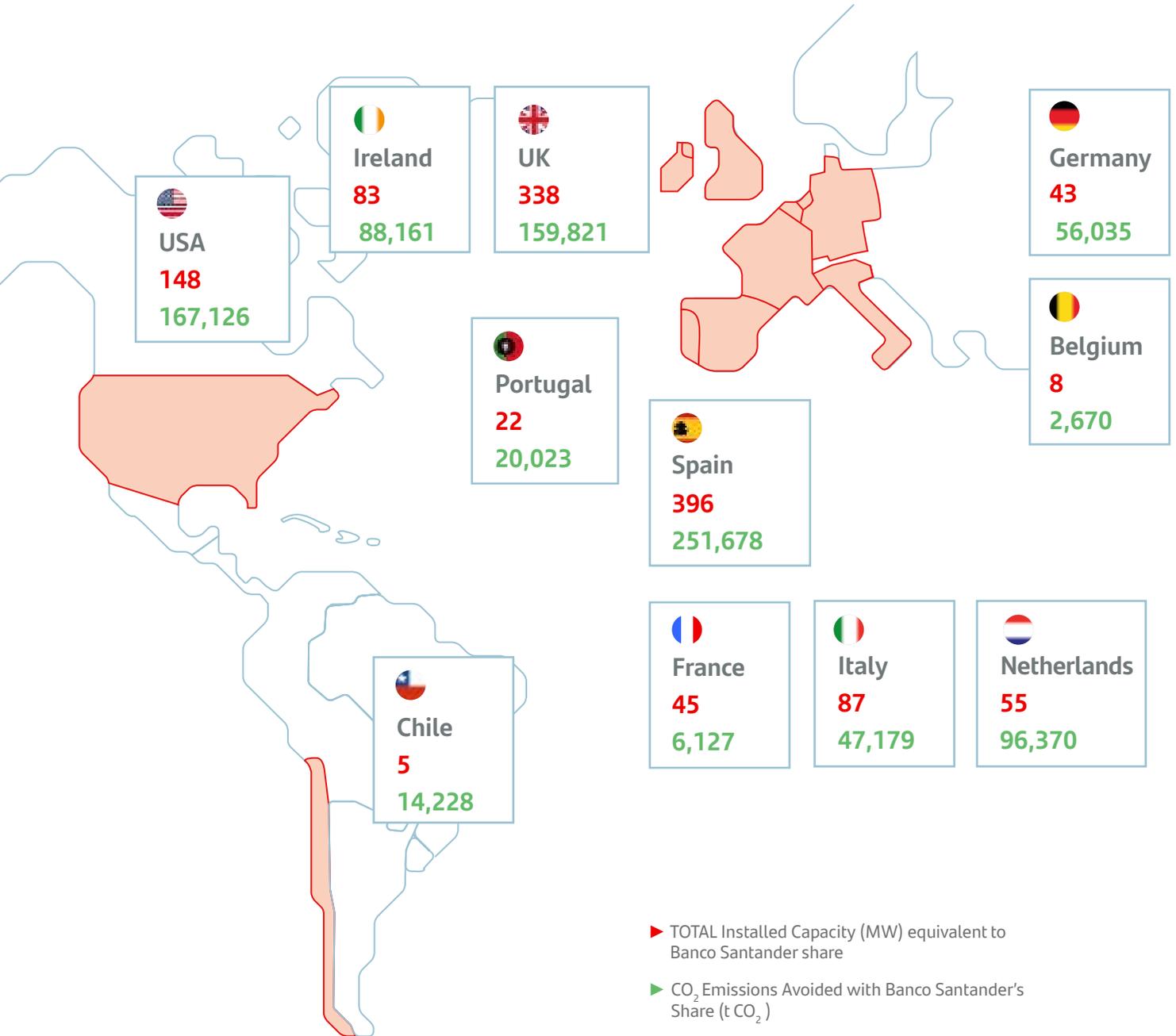
**A.** Number of deals amount 28 projects. For the sake of increasing granularity one pan-European project has been broken down into 5 geographies: Belgium, France, Germany, Portugal and Spain. Consequently when adding up the number of deals the resulting amount is 32.

**B.** For the sake of increasing granularity one pan-European project has been broken down into 5 geographies: Belgium, France, Germany, Portugal and Spain. The installed capacity in each geography was used to calculate the proportionate asset allocation in this particular project.

**C.** Total production is based on real production of the projects in operation before the 01/01/2019 together with the estimated annual production of the projects that have/will come into operation after and including the 01/01/2019 taking into account 100% of Global Outstanding (MWh/year). There is one exception to the rule: there is one solar project signed in December 2019 with COD before December 2018 where total estimated annual production has been used.

**D.** Total production is based on real production of the projects in operation before the 01/01/2019 together with the estimated annual production of the projects that have/will come into operation after and including the 01/01/2019 taking into account Santander's share (MWh/year). There is one exception to the rule: there is one solar project signed in December 2019 with COD before December 2018 where total estimated annual production has been used taking into account Santander's share.

Installed Capacity and CO<sub>2</sub> avoided emissions<sup>14</sup> with Banco Santander's share by country



14. Total avoided emissions are based on real production of the projects in operation before 01/01/2019 together with estimated annual production of the projects that have/will come into operation after and including the 01/01/2019 taking into account Santander's share.

Type of Technology	CO <sub>2</sub> Emissions Avoided with Banco Santander's Share (t CO <sub>2</sub> )	%
<b>Wind PF</b>	<b>492,567</b>	<b>54%</b>
COD before & including 31/12/2018	448,089	91%
COD after & including 01/01/2019	44,478	9%
<b>Solar PF</b>	<b>416,850</b>	<b>46%</b>
COD before & including 31/12/2018	324,219	78%
COD after & including 01/01/2019	92,631	22%
<b>TOTAL</b>	<b>909,417</b>	<b>100%</b>

In terms of the portfolio selection, the country where the most tons of CO<sub>2</sub> emissions have been avoided is Spain, with 28% of the total amount. It is followed by UK together with the USA, having 18% share each.

The USA has shown the highest efficiency ratio with 1 ton of CO<sub>2</sub> emissions avoided per EUR 256 financed. Closely followed by Ireland with 1 ton of CO<sub>2</sub> emissions avoided per EUR 472 and Germany with 1 ton of CO<sub>2</sub> emissions per EUR 751.

Type of Technology	CO <sub>2</sub> emissions avoided with 100% of Global Outstanding Amount (t CO <sub>2</sub> )	%
<b>Wind PF</b>	<b>3,758,277</b>	<b>69%</b>
COD before & including 31/12/2018	3,313,496	88%
COD after & including 01/01/2019	444,781	12%
<b>Solar PF</b>	<b>1,673,392</b>	<b>31%</b>
COD before & including 31/12/2018	865,310	52%
COD after & including 01/01/2019	808,082	48%
<b>TOTAL</b>	<b>5,431,669</b>	<b>100%</b>



The CO<sub>2</sub> emissions avoided with Banco Santander's share are equivalent to the consumption of 704,850 households in one year<sup>15</sup>

15. Equivalence calculated using data on final electricity consumption for the residential sector by country published by the International Energy Agency (source updated in 2019 with data from 2017).

## 6. Disclaimer

### Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, this report contains certain financial measures that constitute 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"). The financial measures contained in this report that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor 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 management and investors to facilitate operating performance comparisons from period to period, 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 2019. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its 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 2019 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 6 March 2020, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") Q2 2020 Financial Report, published as Inside Information on 29 July 2020. These documents are available on Santander's website ([www.santander.com](http://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

Santander cautions that this report contains statements that constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. These forward-looking statements are found in various places throughout this report and include, without limitation, statements concerning our future business development and economic performance and our shareholder remuneration policy. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The following important factors, in addition to those discussed elsewhere in this report, could affect our future results and could cause outcomes to differ materially from those anticipated in any forward-looking statement: (1) general economic or industry conditions in areas in which we have significant business activities or investments, including a worsening of the economic environment, increasing in the volatility of 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 types of market risks, principally including interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices; (3) potential losses associated with prepayment of our loan and investment portfolio, declines in the value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the UK, other European countries, Latin America and the US; (5) changes in laws, regulations or taxes, including changes in regulatory capital and liquidity requirements, including as a result of the UK exiting the European Union and increased regulation in light of the global financial crisis; (6) our ability to integrate successfully our acquisitions and the challenges inherent in diverting management's focus and resources from other strategic opportunities and from operational matters while we integrate these acquisitions; and (7) changes in our ability to access liquidity and funding on acceptable terms, including as a result of changes in our credit spreads or a downgrade in our credit ratings or those of our more significant subsidiaries.

Numerous factors could affect the future results of Santander and could result in those results deviating materially 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 based on the knowledge, information available and views taken on such date; such knowledge, information and views may change at any time. Santander does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### **No offer**

The information contained in this report is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this report. No investment activity should be undertaken on the basis of the information contained in this report. In making this report available Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

Neither this report nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this report is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

### **Historical performance is not indicative of future results**

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

### **Third Party Information**

In particular, regarding the data provided by third parties, neither Santander, nor any of its administrators, directors or employees, either explicitly or implicitly, guarantees that these contents are exact, accurate, comprehensive or complete, nor are they obliged to keep them updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents in by any means, Santander may introduce any changes it deems suitable, may omit partially or completely any of the elements of this report, and in case of any deviation between such a version and this one, Santander assumes no liability for any discrepancy.

# 7. Annex

## I. IEA emission factors

COUNTRY	KEY INDICATOR Emissions factor (t CO <sub>2</sub> /MWh <sup>16</sup> )
Belgium	0.17
Chile	0.435
France	0.069
Germany	0.417
Ireland	0.378
Italy	0.326
Netherlands	0.437
Portugal	0.359
Spain	0.288
UK	0.245
USA	0.421

## II. Green bonds issued and guaranteed by Banco Santander S.A.

BOND	ISSUER	AMOUNT (EUR)	ISSUE DATE	MATURITY DATE	ISIN
Senior Preferred	Banco Santander S.A.	1,000,000,000	01/10/2019	04/10/2026	XS2063247915
Senior Non-Preferred	Banco Santander S.A.	1,000,000,000	18/06/2020	23/06/2027	XS2194370727

## III. PwC Independent Limited Assurance Report

16. Source: International Energy Agency emissions from fuel combustion statistics 2019.



## Independent Limited Assurance Report on the “Banco Santander Green Bond Report 2019”

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 2019” of Banco Santander, S.A. (the Parent company) and subsidiaries (hereinafter, Banco Santander) for the year ended 31 December 2019, in regards with the Green Bond of 2019 (ISIN XS2063247915) issued by Banco Santander, S.A., (hereinafter, “the Green Bond”), 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/es/contenido-paginas/nuestro-compromiso/crecimiento-inclusivo-y-sostenible/financiacion-de-proyectos-sostenibles/prf-santander-green-bond-framework-june-2020-es.pdf>

Specifically, the sections of the “Banco Santander Green Bond Report 2019” under our review have been the following:

- The allocation of the Green Bond 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”.
- Green Bond funding allocation indicators included in the section “5. Banco Santander’s green bond allocation & impact report” of the “Banco Santander Green Bond Report 2019”, and specifically the indicators referenced in the subsections “i. Green bond allocation” and “ii. Breakdown of use of proceeds”.
- Environmental impact indicator (CO<sub>2</sub> emissions avoided) associated to the Green Bond, included in the section “5. Banco Santander’s green bond allocation & impact report” of the “Banco Santander Green Bond Report 2019”, and specifically the indicators referenced in the subsection “iii. Installed capacity and CO<sub>2</sub> emissions avoided”.

### Responsibility of Management

The Management of Banco Santander is responsible for the preparation, content and presentation of the “Banco Santander Green Bond Report 2019”, in accordance with the criteria established by the Company, 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 2019” 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 2019”, is obtained.

---

*PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España  
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es*



### Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standard Board for Accountants (“IESBA”), which is based on the 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 2019” 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 2019” under our review, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Banco Santander’s personnel from various departments who have been involved in the preparation of the “Banco Santander Green Bond Report 2019”, to understand the allocation of the funds obtained through the Green Bond, 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 (CO<sub>2</sub> emissions avoided) included in the “Banco Santander Green Bond Report 2019”.
- Verification that the investments undertaken by Santander in the financed and refinanced projects and the environmental impact indicator (CO<sub>2</sub> emissions avoided) have been made in accordance with the Green Bonds Framework’s criteria.
- Verification, through random sampling tests revisions, internal control tests and substantive tests on the quantitative and qualitative information included in the sections of the “Banco Santander Green Bond Report 2019” 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 Bond 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 Bond,
- the environmental impact indicator (CO<sub>2</sub> 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 2019” 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 be 'Pablo Bascones Ilundáin', written in a cursive style.

Pablo Bascones Ilundáin

25th November 2020

