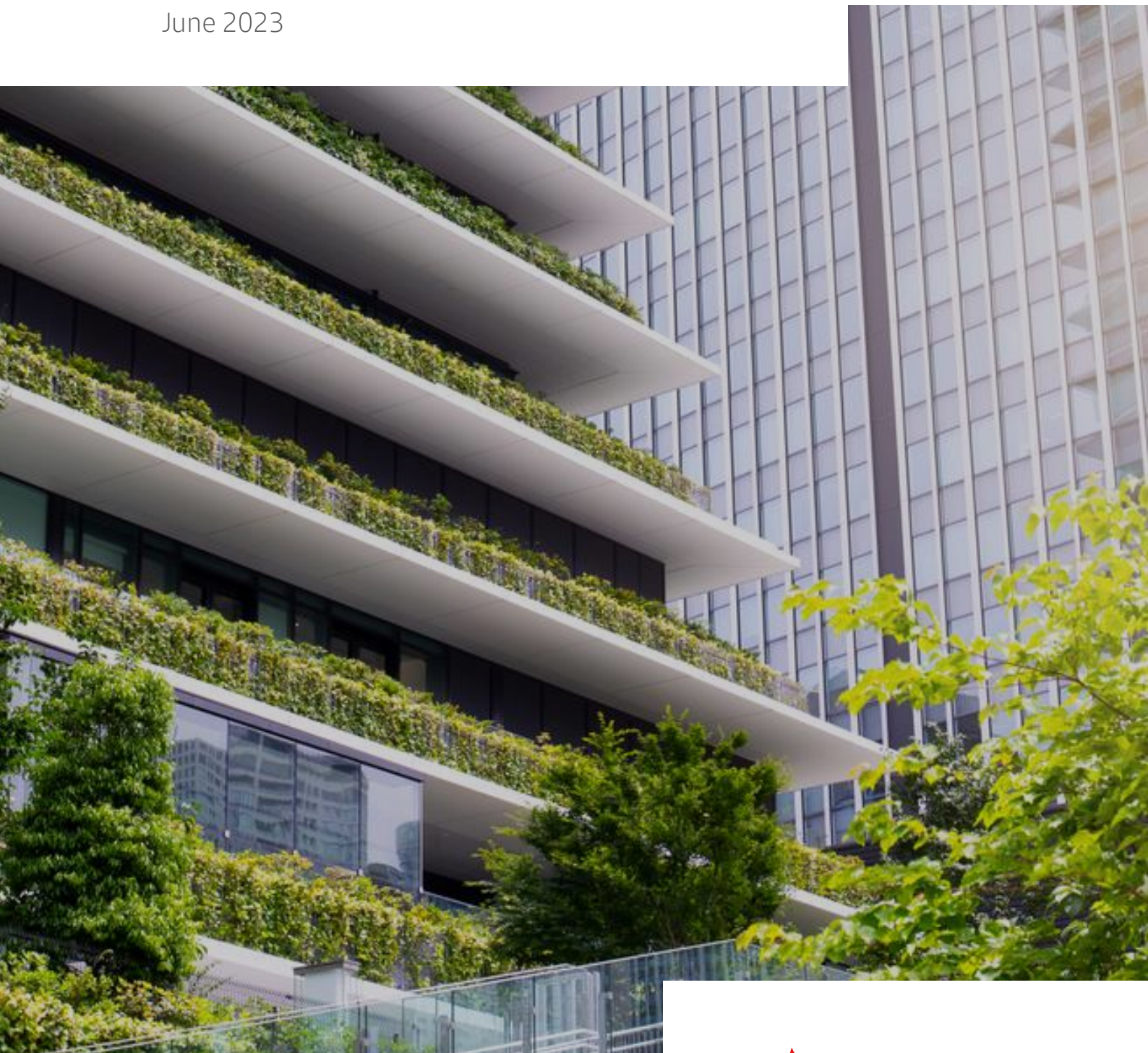


Santander Group

Green, Social & Sustainability Funding Global Framework

June 2023



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1. Disclaimer

The information and opinions contained in this Santander Group (as defined herein below) Green, Social & Sustainable Funding Global Framework (hereafter the "Framework" or "Programme") are provided as of the date of this document and are subject to change without notice. No one who becomes aware of the information contained in this Framework should regard it as definitive, because it is subject to changes and modifications. Furthermore, the Santander Group does not assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise.

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2. Rationale for a Santander Green, Social & Sustainability Group-wide Framework

Santander¹ has updated its Green, Social & Sustainability Funding Global Framework (the “Framework”) that will hereafter serve as a reference document for all future issuance of green, social and sustainability labelled funding instruments (known collectively as “Labelled Funding Instruments” or “LFI”), offered by Banco Santander and/or any of its consolidated subsidiaries across the Group.

The LFI may include any kind of use of proceed based bonds, and also in any type of bond format contemplated within the International Capital Market Association’s (ICMA) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines (June 2021, with June 2022 Appendix 1), loan format contemplated within the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association’s (APLMA) Green Loan Principles and Social Loan Principles (February 2023), and/or any other type of financial instrument or transaction commonly accepted in both international and domestic markets, and as intragroup transactions.

This Framework will supersede and replace the prior version created in February 2022, to be aligned with the best market practices, evolving investor expectations and particularly to reflect the changes made into the updated version of Santander’s Sustainable Finance Classification System (released February 2023), as detailed in sections 3.5, 5.1 and the Appendix to this Framework.

3. Introduction

3.1. Santander Group Structure

Santander Group is structured into legally independent subsidiaries whose ultimate parent company is Banco Santander, S.A. Its registered office is in Santander (Cantabria, Spain), while its corporate centre is located in Boadilla del Monte (Madrid, Spain). It has a Group-Subsidiary Governance Model (“GSGM”) and good governance practices in place for its core subsidiaries.

The key features of the GSGM are:

- The subsidiaries’ governing bodies must ensure their rigorous and prudent management and economic solvency while pursuing the interests of their shareholders and other stakeholders.
- The subsidiaries are managed locally by teams that possess extensive knowledge of, and experience with, their customers and markets, while benefiting from the synergies and advantages of belonging to the Group.
- The subsidiaries are subject to local authority regulation and supervision, although the European Central Bank (ECB) supervises the Group overall.

¹ “Santander Group” means Banco Santander, S.A. (the Group’s parent) and all of its consolidated subsidiaries or issuing entities (also “Santander”, the “Group”). Unless the context requires otherwise, “Banco Santander” means Banco Santander, S.A.

- Customers' deposits are protected by the relevant deposit guarantee schemes in the subsidiaries' countries, subject to local regulations.

Resolution groups within Santander finance their own capital and liquidity. The Group's capital and liquidity are coordinated by corporate committees. Intra-group risk transactions are limited, transparent and carried out under market conditions. Santander Group retains a controlling interest in subsidiaries listed in certain countries.

Each resolution group runs independently and has its own recovery plan, limiting the contagion of risk between group entities and reducing systemic risk.

3.2. Our approach

The purpose of Santander Group is to help people and businesses prosper; to fulfil their purpose, they must act responsibly with employees, customers, shareholders and the wider community. In this manner, Santander grows as a business and exists to help society address its own challenges.

People expect businesses and especially financial institutions to play a role in fostering sustainable growth, and a transition to the green economy in a way that is responsible towards society. All of this is why communities are best served by corporations that have aligned their goals to serve the long-term goals of society.

Santander has always strived to use its position in the market to help address wider challenges that society faces, but now it is even more important for the Group to be responsible in all it does. Santander needs to show how its business is delivering profit with a purpose.

To achieve this objective, the Group has identified two challenges: adapting to an ever-changing environment, and supporting inclusive and sustainable growth. To address these challenges we integrate environmental, social and governance criteria in our business model, and we leverage on a strong governance through the Responsible Banking, Sustainability and Culture Board Committee.

3.3. The Santander Way - Our commitments to build a more responsible bank

The Santander Way reflects our global culture and it is aligned with our corporate strategy. It encompasses our purpose, our aim and our ways of working, to be Simple, Personal and Fair ("SPF") in everything we do.

Simple

We offer customers an accessible service with simple products that are easy to understand. We use simple language and improve our processes every day.

Personal

We provide our customers with a personalised service, offering them the products and services best suited to their needs. We want each

and every one of our employees and customers to feel valued and treated as an individual.

Fair

We treat our employees and customers fairly and equally, we are transparent and we keep our promises. We create good relationships with different stakeholders, because we understand that what is good for them is also good for Santander.

We have also defined corporate behaviours and leadership commitments, which are embedded into the day-to-day activities of each employee.

By delivering on our purpose to help people and businesses prosper, we grow as a business and can help society address its challenges.

Santander's Sustainability Policy² defines the general guiding principles of Santander Group regarding sustainability, based on the best practices included in international conventions and protocols, codes of conduct and internationally relevant guidelines, with special attention to the United Nations Sustainable Development Goals.³

We focus on the areas where, as a Group, our activity can have the greatest impact, embedding environmental, social, and governance criteria into business decision-making. Details of this approach can be found in our Environmental, Social & Climate Change Risk Management Policy,⁴ alongside our Equator Principles Reporting.⁵

3.4. Supporting the transition

Our commitments and ambition

To support the goals of the Paris Agreement on climate change, Santander has pledged to become net zero in carbon emissions across its group by 2050; this objective applies to group-wide operations (which have been net zero since 2020) and to customers' emissions stemming from Santander's lending, advisory or investment services.

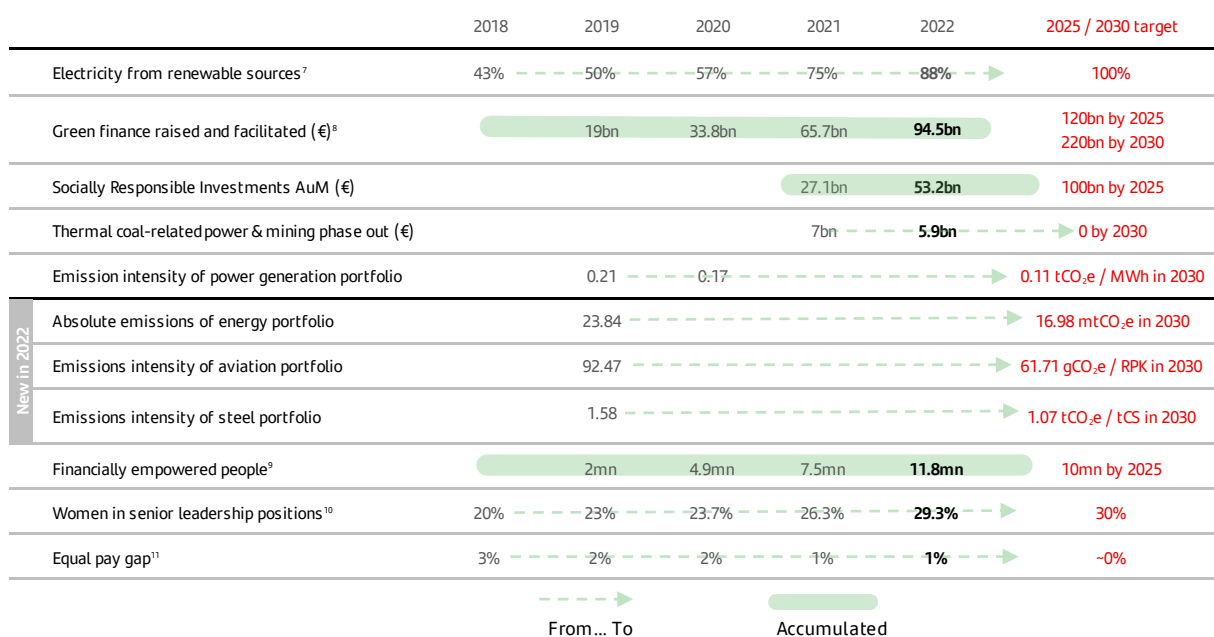
² <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/pol%C3%ADticas/do-General%20sustainability%20policy-en.pdf>

³ <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2020/ias-2020-banco-santander-and-the-sdgs-en.pdf>

⁴ <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/pol%C3%ADticas/do-environmental-social-and-climate-change-risk-policy-en.pdf>

⁵ <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/financiaci%C3%B3n-de-proyectos-sostenibles/do-equator-principles-report-2020-en.pdf>

In 2022, we continued to progress towards our goals:⁶



By doing this, Santander is helping to address today's main global climate and social challenges. Our activities and investments help us to address a number of the United Nations' Sustainable Development Goals, and support the Paris Agreement's aim to combat climate change and adapt to its effects.¹²

In April 2021, we became a founding member of the Net Zero Banking Alliance (convened by the United Nations Environment Programme Finance Initiative and in connection with the Glasgow Financial Alliance for net Zero). It sets out to:

- (i) transition operational and attributable greenhouse gas (GHG) emissions from lending and investment portfolios towards pathways to net-zero by mid-century;

⁶ FY22 data.

⁷ In those countries where it is possible to certify renewable sourced electricity for the properties occupied by the Group.

⁸ Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is EUR 220 bn.

⁹ People (unbanked, underbanked or financially vulnerable), who are given access to the financial system, receive tailored finance and increase their knowledge and resilience through financial education.

¹⁰ Senior positions represent 1% of total workforce.

¹¹ Calculation of equal pay gap compares employees of the same job, level and function. Data reported annually.

¹² <https://www.santander.com/en/press-room/press-releases/2021/02/santander-group-sets-ambition-to-be-net-zero-by-2050-supported-by-first-decarbonization-targets>

- (ii) set intermediate targets for 2030 (or sooner) in respect of priority GHG-emitting sectors;
- (iii) prioritize client engagement with products and services that facilitate their needed transition in the real economy.

Starting with the climate-material sectors, we are committed to progress in aligning our portfolios with the Paris Agreement by setting de-carbonization targets, and implementing our alignment strategy via integrating climate within our governance, strategy and risk management with commercial plans, risk policies and corporate standards.

We have set out courses of action and reviewed procedures and targets to transition our climate-material portfolios to net zero by 2050. Our June 2022 climate finance report¹³ provides details on this progress. For example, one year after setting the power generation alignment target, the emissions intensity of our power generation portfolio decreased from 0.21 tCO₂e/MWh and 5.41 mtCO₂e (2019-baseline) to 0.17 tCO₂e/MWh and 4.59 mtCO₂e in 2020. In addition to the power sector, targets have been set for energy, aviation and steel sectors. Moreover, we aim to set decarbonization targets for mortgages, autoloans, auto-manufacturing, cement, commercial real estate, agriculture and other NZBA sub-sectors by March 2024 or before. Action plans will be published 12 months after target disclosure. We'll also update set targets as needed, as new methodologies and more precise and timely information become available in the market.

Further information about our environmental impacts can be found in our Carbon Footprint Procedure and Report,¹⁴ along with our Report on Greenhouse Gas Emissions.¹⁵

Our strategy

Santander's four-pillar climate strategy and public commitments consider:

- (i) aligning our portfolio with the Paris Agreement and set sector- portfolio alignment targets in accordance with the Net Zero Banking Alliance (NZBA) and with the Net Zero Assets Manager initiative: we will align on our portfolios to ensure the projected carbon emissions are in line with limiting to a 1.5°C temperature increase compared to pre-industrial levels;
- (ii) supporting our customers in the green transition – helping customers transition to a lower carbon economy, with the commitment to raise and mobilize €120bn in green finance between 2019 and 2025 and €220bn by 2030; offering our customers guidance, advice and specific business solutions. Moreover, we enable our clients to invest according to their sustainability preferences with a full ESG investment offer available;
- (iii) reducing our environmental impact – remain carbon neutral and source electricity from renewable energy by 2025; and

¹³ <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2021/ias-2021-climate-finance-2021-en.pdf>

¹⁴ <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2020/ias-2020-grupo-santander-2020-carbon-footprint-procedure-and-report-en.pdf>

¹⁵ <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2020/ias-2020-independent-limited-assurance-report-on-greenhouse-gas-statement-en.pdf>

(iv) embedding climate into risk management: understanding and managing the sources of climate change risks in our portfolios and setting the courses of action and processes to manage it.

3.5. The Sustainable Finance Classification System ("SFCS")

Supporting our clients in the green transition, is key to meet our climate ambition. For that, in 2021 we created the Sustainable Finance Classification System ("SFCS"), an internal guide that enables us to recognize sustainable finance activities and measure them consistently throughout the Group. It draws upon the strictest standards in the market, such as the EU Taxonomy, the LMA/LSTA/APLMA's Social and Green Loan Principles, and Climate Bond Standards. The SFCS was updated in February 2023¹⁶ as part of the annual review of its alignment to best market practice.

The SFCS provides us with a uniform and harmonized approach to sustainable finance designed to allow consistent activity tracking, support the development of themed solutions for our clients and mitigate potential greenwashing risk. It outlines the classification logic, eligibility parameters for social and green activities, the applicable environmental and social due diligence requirements, and the verification methodology for sustainable finance transactions.

The SFCS will be a key enabler to develop our sustainable finance proposition, complementing this Framework and our Green Finance Commitment and ensuring it is aligned with our climate ambition. Moreover, and as a testament of the alignment between Santander's sustainable finance proposition and the instruments issued under this Framework, and to leverage of the strong governance implemented by the SFCS, the use of proceeds' eligibility criteria of this Framework, and any LFI issued from under it, - now directly mirrors the green and social criteria of the SFCS, as detailed in section 5.1 and the Appendix to this Framework.

The SFCS will apply to all Santander business units and subsidiaries.

4. Foundation for Santander Group's Green, Social & Sustainability Funding Global Framework

Santander's commitment to inclusive and sustainable growth and to the transition towards a low-carbon economy is materialized through various financial products and services, through which we are meeting our customers' needs; helping companies create jobs; empowering people financially and getting them the education and training they need; financing renewable energy and smart, sustainable infrastructure to support the transition to a low-carbon economy; and being aware of social and environmental opportunities and risks.

With this in mind, Santander has updated its 2022 Santander Group Green, Social & Sustainability Global Funding Framework, that enables the issuances by Banco Santander, S.A., and any of its consolidated subsidiaries, of Labelled Funding Instruments, in accordance with:

- our SFCS, which includes updated market guidance on thresholds and criteria for defining green and social projects / assets / activities
- remaining true to the four core components of the Green Bonds Principles (GBP), Social Bonds Principles (SBP) and Sustainability Bond Guidelines (SBG) as organized by the ICMA;

¹⁶ <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual-de-sostenibilidad/2022/ias-2023-sustainable-finance-classification-system-sfcs-en.pdf>

- the four core components of the Green Loan Principles (GLP) and Social Loan Principles (SLP) as organized by the LMA/LSTA/APLMA; and
- any specific regulation on Green, Social and Sustainability bonds applicable at the time of the launch.

For the avoidance of doubt, where LFI are launched under a labelled format other than bonds or loans (i.e. deposits, commercial paper, securitised bonds, structured and promissory notes), these will also follow the four core components of both sets of these respective Principles of the ICMA and LMA/LSTA/APLMA as noted above, as well as any specific regulation on Green, Social and Sustainability funding products applicable at the time of the launch.

The respective type of eligible assets (Eligible Assets) financed and/or refinanced by each LFI issued under this Framework, will be identified depending on the use of any of the following three labels:

- 1. Green LFI** address environmental sustainability through contributions to Eligible Assets which constitute a positive contribution to climate change adaptation or mitigation (GHG emissions avoidance or reduction) or to other environmental challenges (including, but not limited to, biodiversity, waste, water, renewable energy, energy efficiency) through clean energy production, energy savings, or other type of actions, aiming at reducing the GHG emissions.
- 2. Social LFI** address social sustainability challenges through contributions to economic systems key to human development (including, but not limited to, education, healthcare, social development, social housing) that could potentially seek to benefit target populations who live and work in economically and/or socially disadvantaged areas or communities. Such contributions include supporting small and mid-size enterprises (SMEs), local authorities, and non-for-profit organizations that seek to benefit people who live and work in areas as defined above.
- 3. Sustainability LFI** address a combination of both Green and Social Eligible Assets.

5. Use of Proceeds

5.1. Eligible Categories

An amount equivalent to the proceeds of any LFI issued under this Framework will be allocated by the borrowing entity to finance and/or refinance Eligible Assets within the identified eligible categories defined in the Appendix to this Framework (Eligible Categories),¹⁷ as aligned with the SFCS criteria.

Eligible Assets may be projects (project financing) or any other type of lending¹⁸ to clients whose business activities or whose financed assets are either: (i) identified as green, social or sustainable; or (ii) where specific lending is fully applied to green, social or sustainability uses that are in line with the Eligible Categories of this Framework. Eligible Assets might be also in the form of internal CAPEX/OPEX from the Santander issuing entity where the relevant expenditures are in line with Eligible Categories.

For any LFI issuance undertaken, there will be a look-back period on OPEX investments and expenditures of 36 months from the date of the transaction (i.e. pricing date).

The initial allocation of the LFI proceeds to Eligible Assets will, on a best-efforts basis, be finalised within the following 36 months after the relevant LFI was launched.

Each borrowing entity under this Framework will be able to consider for the allocation of its LFI only the Eligible Assets that the relevant entity identifies (and confirms as *eligible* per the Eligible Categories criteria) from its own balance sheet –or consolidated perimeter–, thus avoiding any potential double-counting or overlapping in the use of proceeds with LFI issued by other entities of the Group. For the avoidance of doubt, issuing entities cannot allocate the proceeds of their LFI to Eligible Assets booked outside of their own balance sheet –or consolidated perimeter–.

In creating the Eligible Categories lists and criteria to define Eligible Assets, the following external reference documents have been specifically taken into account:

- The ICMA and LMA/LSTA/APLMA Principles¹⁹
- The EU Taxonomy for Sustainable Activities²⁰
- The United Nations Sustainable Development Goals²¹

¹⁷ Exceptionally, in the case of labelled collateralized issuances, an amount equivalent to the proceeds transferred to the relevant Santander entity that originated the collateralized assets by the issuing entity (i.e., the special purpose vehicle), will be exclusively applied by the former to finance and/or refinance new and/or existing Eligible Assets booked in its own balance sheet.

¹⁸ Including the financing for the acquisition of any asset or a right to use any asset (including, without limitation, loans, renting, leasing, and operating leases), among those described in the Eligible Categories.

¹⁹ The Principles: ICMA's Green and Social Bond Principles (icmagroup.org), and LMA/LSTA/ APLMA's Green & Social Loan Principles (lma.eu.com) (lsta.org) (aplma.com)

²⁰ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en#why

²¹ Sustainable Development Goals | United Nations Development Programme (undp.org)

5.2. Exclusions to Use of Proceeds

Projects that are related to any of following operations will be excluded from this Framework and any use of proceeds, according to Santander Group's sectorial policies:²²

Sector / Policy	Prohibited Area
Defence	<ul style="list-style-type: none"> • Antipersonnel mines • Cluster Munitions • Chemical or biological weapons • Nuclear weapons • Ammunition containing depleted uranium
Energy	<ul style="list-style-type: none"> • New coal-fired power plants projects worldwide (from 2030, any entities with more than 10% of revenues, on a consolidated basis, derived from coal-fired power generation) • New clients with coal-fired power plants worldwide (except for transactions for the specific financing for renewable energy) • Nuclear power plants – subject to conditions set out in Santander's sectorial policies • The development, construction or expansion of oil sands projects in non-designated countries • The development, construction or expansion of oil and gas drilling projects north of the Arctic Circle • Projects or activities located in areas classified as Ramsar Sites, World Heritage Sites or by the International Union for Conservation of Nature (IUCN) as categories I, II, III or IV
Mining & Metals	<ul style="list-style-type: none"> • Extraction, processing and marketing of asbestos • Extraction and marketing of rough diamonds from producer countries involved in war conflicts, or not certified by the Kimberley process • Mining activities relating to the so-called "conflict minerals", which are extracted from conflict areas, which are not included in the corresponding certification processes • Project-related financing for new, or the expansion of, thermal coal mines or the construction or expansion of infrastructure supporting coal mines • Mining activities without a specific treatment to avoid tailings disposal in riverine or shallow sea environments (as tailings dam) • New clients with thermal coal mine projects worldwide; any exposure to thermal coal mining worldwide by 2030 • New clients with coal mining operations
Soft Commodities	<ul style="list-style-type: none"> • Developments in forested peatlands in High-Risk Geographies • Extraction and sale of native tropical wood species not certified to FSC • Palm oil processors that are not members of the RSPO

6. Project Evaluation & Selection Process

As a first step in our project evaluation and selection process, and in order to ensure appropriate environmental and social risk assessment as part of it, Santander apply international best practices regarding social welfare and the environment, particularly, where applicable, the Equator Principles (EP), as a signatory since 2009.

²² <https://www.santander.com/en/our-approach/policies>

Furthermore, the Group has approved specific policies in sensitive sectors such as the Defence Policy and the Environmental & Social Risk Sector policies that contain the criteria for analysing risks in customers' activities in the energy, soft commodities and mining & metals sectors, with particular focus on those that may have a direct impact on the environment, or a long-term effect on climate change.

On top of the referred approach, outlined above, which applies to all lending / business activities, and in order to ensure the alignment of the Eligible Assets to the criteria set out in this Framework, Santander have also established the following governance and procedures:

6.1. Global Sustainability Funding Steering group

Santander had established a Sustainable Bonds Steering group made up of senior directors and managers with responsibility for governing the Santander Global Sustainable Bonds Framework. This Steering group will be now rebranded as a Global Sustainability Funding Steering group (or the "Global Steering" group), and will be responsible for this updated Framework, and specifically the implementation and monitoring of the processes in place that govern it.

The Global Steering group considers senior representatives from the areas of, but not limited to, Financial Management (IR and Funding), Responsible Banking, E&S Risk, Legal, Compliance, Corporate & Investment Banking, Commercial Banking, Santander Consumer Finance.

The Global Steering group shall generally meet on a quarterly basis, or otherwise as frequently as the chair may determine.

The main objective of this Global Steering group is to have a formal internal forum, in which all the involved areas can discuss matters relating to this Framework, specifically, but not limited to: (i) the issuances of LFI from under it; (ii) the respective governance procedures; (iii) the origination activity and the Eligible Assets volume monitoring; and (iv) the ongoing reporting requirements. Within this Global Steering group, members will be encouraged to discuss ideas, share practical advice and best practice solutions from their own area of expertise.

The Global Steering group will also lead the responsibilities of a Local Steering group, as defined below, for Santander Group's parent entity, Banco Santander, S.A.

6.2. Local Sustainability Funding Steering groups

Local Sustainability Funding Steering groups (a "Local Steering" group for each issuing entity) will be separately established to govern each relevant entity's activity under this Framework, in terms of Eligible Asset identification, evaluation and selection, management of proceeds, and ongoing reporting.

Each Local Steering group will be made up of senior directors and managers from relevant local business lines, as mentioned for the Global Steering group above, and others that each issuing entity may consider relevant.

The responsibilities of the Local Steering groups are to:

- Establish at the time of contemplating an LFI issuance an 'Eligible Assets Register' (i.e., protected data file / internal information system) that lists the total 'Eligible Assets portfolio' (i.e., all Eligible Assets identified on the entity's balance sheet that align with the eligibility criteria of this Framework and that will be used for the allocation of that LFI).
- Active management and quarterly review of allocated Eligible Assets (i.e. as listed in the Eligible Assets Register) to ensure that they remain in line with the eligibility criteria of this Framework

- Active management and quarterly review of the Eligible Assets Register (see below Management of Proceeds for further details) to ensure it remains [at least equal] to the amount of issued outstanding LFI out of the specific local entity
- Active management and quarterly review of total Eligible Assets portfolio to clearly identify volume of unallocated Eligible Assets available for use for any potential new LFI (see below Management of Proceeds for further details)
- Create the annual report on the allocation and impact of the Eligible Assets allocated to the relevant LFI
- Review and recommend for approval any new green, social, sustainability LFI that require allocation to identified Eligible Assets on the local entity's balance sheet
 - Local Steering groups should be informed by all local business lines of any initiative to create a new LFI, to ensure (i) that there are sufficiently available Eligible Assets for the consideration of such allocation; (ii) that any new LFI has also been notified to the Global Steering group; and (iii) overall alignment with the Eligibility Criteria of this Framework
- Keep track of the development of new green, social, sustainability products approved at local level by the relevant internal committees, and inform the Global Steering group about them in a timely manner
- Report to the Global Steering group of any relevant development on the items covered above

7. Management of Proceeds

Each Local Steering group will keep track of the Eligible Assets allocated to all outstanding LFI via an Eligible Assets Register. This Eligible Assets Register will be a subset of that entity's total Eligible Assets portfolio (i.e., all Eligible Assets identified on that entity's balance sheet).

Ordinarily, for each issuing entity, upon settlement of any LFI, the net proceeds of the LFI will be credited to the relevant entity's treasury account and incorporated into its general liquidity pool; no specific accounts will be created for LFIs.

If proceeds cannot directly be allocated to Eligible Assets, the proceeds will be held in accordance with the issuing entity's normal liquidity management policy. While awaiting allocation to Eligible Assets, the proceeds will be integrated into the treasury's liquidity reserve, largely composed of cash, sovereign securities and other tradable assets, and will not be invested in loans to clients which are explicitly excluded from the regular lending policies and which participate in the activities listed above (in the Exclusions to Use of Proceeds subsection).

In case of divestment of any Eligible Asset, or if an Eligible Asset fails to ensure continued compliance with the Eligibility Criteria, or if early repayment of an Eligible Asset occurs, the Local Steering group will be responsible for replacing the allocated amount with new Eligible Asset(s) as soon as reasonably practicable, and ideally within a 12-month period from when the change in status of the original Eligible Asset was identified.

No forward-looking period limitation will apply to the replacing Eligible Assets.

For LFI in the form of deposits: (i) allocation process will consider only Eligible Assets, as defined for any other LFI; (ii) allocation will be made fully at inception given a 'portfolio' approach will be taken, where Eligible Assets will be consistently replenished in case they mature or otherwise lose eligibility; (iii) this Eligible Assets Portfolio will only include Eligible Assets for deposit allocation (which will include

additional assessment parameters on top of the Eligible Assets criteria, such as product type screening and tenor), to ensure there is no risk of double allocation to any other LFI; (iv) the respective Local Steering Group will supervise the information on the Eligible Assets Portfolio available for labelled deposits; (v) there will be a capped maximum amount of potential labelled deposits, according to the size of the relevant identified Eligible Assets Portfolio; and (vi) labelled deposits will have a fixed term.

8. Reporting

All issuing entities will, on an annual basis until full allocation and thereafter in case of material changes,²³ create and publish an annual report that contains both allocation and expected impact metrics on the proceeds of outstanding LFI. Each Local Steering group will be responsible for creating and publishing the annual report.

The reporting will be made on a portfolio basis, grouping all the applicable LFI issued by the relevant entity.

The first report by any entity with LFI outstanding will be published during the calendar year after the relevant LFI was launched.

8.1. Allocation Reporting

Each annual report will provide information on the allocation of the proceeds of the relevant portfolio of LFI. The information will contain at least the following details:

1. Aggregated information about the Eligible Assets corresponding to the relevant portfolio of LFI, such as:
 - Category of Eligible Asset(s)
 - Location of Eligible Asset(s)
 - Outstanding drawn amount
 - Where practical, and if relevant, operational status (under construction or in operation)
2. The remaining balance of unallocated proceeds, if any, of relevant LFI;
3. The share of new financing vs. re-financing;

8.2. Impact Reporting

The impact reporting will include:

1. A qualitative description of the portfolio of Eligible Assets allocated to the relevant LFI;
2. The impact pursued with the relevant portfolio of Eligible Assets, and a description of the chosen key impact indicators (KPIs), as per the indicative KPI list in the table below;
3. Information on the methodology and assumptions used to evaluate the portfolio of Eligible Assets' impacts

²³ For LFI in the form of revolving credit facilities (RCF), the annual allocation report of loan proceeds will be done until the final maturity of the relevant RCF.

8.2.1. Green Eligible Categories

Eligible Category	Indicative key impact indicators
Renewable energy	<ul style="list-style-type: none"> Annual GHG emissions reduced/ avoided in tonnes of CO₂ equivalent Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) Capacity of renewable energy plant(s) constructed or rehabilitated in MW Length (km) of connecting transmission infrastructure supported Energy storage capacity created <p>Note: Where CO₂ emissions figures are reported, the GHG accounting methodology and assumptions will be referenced</p>
Clean Transportation	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonne-kilometres (i.e. the transport of one tonne over one kilometre), and savings after the project Length (km) of connecting infrastructure supported Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs) <p>Note: Where CO₂ emissions figures are reported, the GHG accounting methodology and assumptions will be referenced</p>
Energy efficient Products, Technologies , and Software Applications	<ul style="list-style-type: none"> Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent <p>Note: Where CO₂ emissions figures are reported, the GHG accounting methodology and assumptions will be referenced</p>
Agriculture, forestry and livestock	<ul style="list-style-type: none"> Area cultivated by precision agriculture in km² Increase in agricultural land using more drought resistant crops in hectares Area reforested / protected by precision agriculture in km² Rehabilitated areas in km² Reduction in changes in the nutrient and/or pH level for agricultural soils Reduction in contaminant levels in mg contaminant kg⁻¹ soil Sustainable aquaculture
Real Estate	<ul style="list-style-type: none"> Number, size, use of green building certification of Green Buildings Annual GHG emissions reduced/avoided in tonnes of CO₂ equiv. vs local baseline/baseline certification level Amount of renewable energy installed in building Energy use reduced/avoided vs local baseline/building code in % <p>Note: Where CO₂ emissions figures are reported, the GHG accounting methodology and assumptions will be referenced</p>
Water and waste management	<ul style="list-style-type: none"> Annual water savings in absolute (gross) water use before and after the project in m³ or reduction in water use in % Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³, population equivalent, or in % Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of in tonnes of dry solids, or in % Annual absolute (gross) amount of sludge that is reused in tonnes of dry solids, or in %

Manufacturing	<ul style="list-style-type: none"> • The increase in number of products and/or the share of production awarded an internationally recognised eco-label, or energy, eco-efficiency or other relevant environmental certification
Other activities related to climate change mitigation/adaptation	<ul style="list-style-type: none"> • Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts • Reduction in emergency and unplanned repair and replacement of infrastructure damaged by natural disasters • Reduction in land loss from coastal / flooding erosion • Number of indigenous species, flora or fauna restored through the project • Number of invading species and/or area occupied by invading species before and after the project • Changes in the CO₂, nutrient and/or pH levels for coastal vegetation, and coral reefs • Annual volume of waste that is prevented, minimised, reused or recycled before and after the project in tonnes of dry solids, or in % reduction • Reduction of NO_x or SO_x or particulates (PM_{2.5} and PM₁₀) or VOC before and after the project • GHG pollution monitoring systems supported and range (area / type) of analysis provided

8.2.2. Social Eligible Categories

Eligible Category	Indicative impact reporting metrics
Education	<ul style="list-style-type: none"> • Number of beneficiaries reached with the activity • Number of students/ beneficiaries who have been recipient of the loan
Healthcare	<ul style="list-style-type: none"> • Number of people who use these products • Number of people benefitting from the healthcare facilities • Number of people benefitting from these care/social work services
Transport	<ul style="list-style-type: none"> • Number of total beneficiaries (i.e. number of people/ target populations reached with the roads, railway, subway and/or infrastructure)
Energy	<ul style="list-style-type: none"> • Number of total beneficiaries (i.e. number of people reached with the power infrastructure related activity)
Water and Waste Management	<ul style="list-style-type: none"> • Number of people reached with the water, wastewater and/or waste infrastructure related activity
Real Estate	<ul style="list-style-type: none"> • Number of people (average family unit size number of mortgages) who benefit from the mortgage and/or construction of houses
Financial and Insurance	<ul style="list-style-type: none"> • Number of people who have been recipient of the finance/microfinance
IT and communications	<ul style="list-style-type: none"> • Number of people who are going to receive an internet connection for the first time
Non-profit organizations	<ul style="list-style-type: none"> • Number of non-profit organizations that receive financing

9. External Review

9.1. Second-Party Opinion (SPO)

Santander has appointed Sustainalytics to provide an external review in the form of an SPO for this Framework.

The SPO document will be made available on Santander's website²⁴ and on the website of any local issuing entity who uses this Framework for the issuance of LFI.

9.2. Post issuance external verification on reporting

Each local entity will obtain a limited assurance or external verification on the annual reporting from an independent third party. This could be the SPO provider, or an otherwise qualified institution.

This will be made available together with the relevant annual reporting on the website of any local issuing entity.

10. Appendix | Eligibility Criteria by Sector

The following activities will be considered: construction, manufacture, installation, expansion, repair, renovation, retrofit, improvement, refurbishment, preservation, rehabilitation and expansion, transmission and distribution, purchase, operation, transport, and maintenance of infrastructure (and land), as well as specific machinery, equipment, components and services, dedicated to produce or support activities or products if they conform to the criteria provided per sector below.

Also, Research & Development (R&D) of assets and activities described above.

Green criteria

1. Energy

1.1. Renewable energy production

1. Solar power

- Photovoltaic (PV) solar electricity production.
- Concentrated solar power (CSP) production where at least 85% or more of the electricity generated is derived from solar energy resources.

2. Wind power

- Wind power production.

3. Tidal power

- Tidal power production.

4. Tidal power

- Geothermal power production, provided that direct emissions are below 100gCO₂e/kWh.

²⁴ <https://www.santander.com/en/shareholders-and-investors>

5. Hydroelectric power

- Run-of-river without artificial reservoir or low storage capacity; or
- Hydroelectricity with a power density above 5W/m² or lifecycle emissions below 100gCO₂e/kWh for facilities that became operational before the end of 2019; or
- Hydroelectricity with a power density above 10W/m² or lifecycle emissions below 50gCO₂e/kWh, for facilities that became operational after the end of 2019

For all newly constructed projects, a full environmental and social impact analysis is required, and there should be no significant risk/negative impact identified, and no significant controversy surrounding assets.

1.2. Hydrogen and bioenergy production

1. Green Hydrogen

- Hydrogen produced from renewable electrolysis or from sustainably sourced biomass, biogas, renewable natural gas, or landfill gas.

2. Ammonia

- Ammonia produced from green hydrogen that complies with the above criteria; or
- Ammonia recovered from wastewater, excluding wastewater from fossil fuel operations.

3. Bioenergy

- Energy from non-waste materials if:
 - Feedstock is certified by ISCC Plus or RSB Biomass with (i) lifecycle GHG emissions intensity is below 100gCO₂e/kWh or (ii) life-cycle emissions at least 65% lower than fossil fuel baseline²⁵.
- Energy from waste materials if:
 - Created from biomass or second-generation biofuels (in particular forestry or agricultural residues or animal manure);
or
 - For municipal solid waste, waste has been separated, removing reusable /recyclable items before conversion;
or
 - Biogas is produced in closed or decommissioned landfills with gas capture systems that are at least 75% efficient.

1.3. Transmission and distribution of electricity

- The building or repair of grid infrastructure with average system grid emissions factor of less than 100gCO₂e/kWh over a rolling five-year period;
or

²⁵ Fossil fuel baselines for biofuel production facilities: (i) Biofuels (for transportation) - 94 gCO₂e/MJ; (ii) Bioliquids (production of electricity) - 183 CO₂e/MJ; and (iii) Bioliquids (production of heat) - 80 CO₂e/MJ as per the EU Renewable Energy Directive II. For outermost regions and non-EU countries, the following baseline is applicable for electricity generation: 212 g CO₂e/MJ

- The building or repair of infrastructure dedicated to connecting renewables to the power grid or electrical grid development or maintenance where at least 90% of electricity on the grid is renewable. If less than 90% is renewable electricity, but the percentage of renewables is expected to increase, a pro-rata approach will be applied following the share of renewable electricity in the grid;
or
- Improvement to electrical systems for more efficient electricity (including smart grid development, distributed generation dedicated to reducing curtailment of renewable energy to the grid and peak demand management).

Energy efficiency application to transmissions lines connected or dedicated to fossil fuel power are excluded.

1.4. Energy storage

- Electrochemical, mechanical and thermal power storage.
- Hydrogen storage assets subject to a full environmental and social impact analysis.
- The operation of hydrogen storage assets if they store hydrogen, as defined in the SFCS (e.g., power-to-hydrogen systems based on water electrolysis powered by renewables).

1.5. Renewable Energy Procurement

- Medium- to long- term physical or virtual power purchase agreements (PPAs or VPPAs).
- Long-term bundled renewable energy certificates (RECs).
- If not 100% of the energy is renewable, a pro-rata approach will be applied to determine the share of green allocation.

2. Transport

2.1. Land transport

- Electric vehicles²⁶ and trains.
- Zero direct emissions vehicles not intended for road, such as cranes and forklifts.
- Active mobility, including bicycles and other forms of self-propelled types of transportation.
- Vehicles and trains (including hybrids) with less than 50g CO₂ per km or 25g CO₂ per tonne-km (freight) until the end of 2025; starting on 1 January 2026 they will not be included in this SFCS.
- Hydrogen-powered vehicles.
- Development or improvement of railway transport infrastructure.

²⁶ Vehicles, wherever referred, include bicycles, scooters, motorbikes, passenger cars, buses, and light commercial vehicles (LCV), as well as forklifts, shuttles, other coach services and public & shared transportation means, among others.

- Development or manufacture of specialized components for green transportation, such as EV batteries²⁷.

The primary purpose (more than 25% share) should not be the transportation of fossil fuel freight.

2.2. Water transport

- Solar, electric or hydrogen-powered boats.
- Motorless sail boats.
- Water transport vessels (passengers & freight) that have zero direct (tailpipe) CO₂ emissions.

Cargo ships, oil tankers or vessels should not be transporting more than 25% share (in mass) coal and oil. Tank containers should not transport fossil fuels or fossil fuels blended with alternative fuels.

2.3. Air transport

- Electric planes for freight transport or small distances.

The primary purpose (more than 25% share) should not be the transportation of fossil fuel freight.

2.4. Transport infrastructure

- Infrastructure for direct emission-free transport (e.g. charging points, grid connection upgrades, hydrogen filling stations and electric highways).
- Infrastructure for active mobility (e.g. walking, cycling).
- Electrified and non-electrified rail infrastructure if a plan for electrification or alternatively powered trains is in place and is consistent with the thresholds set out in section 2.1.
- Infrastructure dedicated to be used by low-carbon transport if the fleet that uses it meets the direct emissions thresholds set out in sections 2.1 and 2.2.

The construction of parking facilities and roads are excluded.

The primary purpose (more than 25% share) should not be the transportation of fossil fuel freight.

3. Energy efficient products, Technologies²⁸, and Software applications

- Solutions (including hardware and software) for data collection, transfer, storage, modelling and use exclusively to supply data and analysis for decision-making on GHG reduction (e.g. systems for monitoring GHG emissions, climate and early warning systems, etc.). Solutions may include decentralized technologies (DLT), Internet of Things, 5G upgrade and artificial intelligence.

²⁷ For production facilities that make parts for conventional and green vehicles, the green share of the expenditure is assessed on a pro rata basis based on the proportion that is exclusively dedicated green vehicles.

²⁸ Satellite, wired and wireless telecommunications.

- Electricity-saving technologies and software aimed at reducing power consumption through demand management that have third-party environmental or energy performance certification such as ENERGY STAR, EPA Energy Star “Most Efficient” label, or Electronic Product Environmental Assessment Tool (EPEAT) (Gold or above) or other equivalent internationally or nationally recognized labels/certifications.
- Data centres for data processing, hosting and related activities if it complies with all relevant practices listed as “expected practices” of the European Code of Conduct for Data Centre Energy Efficiency and/or power usage effectiveness (PUE) is below 1.5.

4. Agriculture, forestry and livestock

4.1. Growing of crops

- Sustainably produced crops that have been certified under a credible scheme, such as: EU Organic; or an equivalent national or international scheme.²⁹

4.2. Sustainable agriculture

- Recovery and restoration of degraded soil, including:
 - a. sown biodiverse pastures, excluding pasture for industrial livestock grazing;
 - b. biological nitrogen fixation;
 - c. projects to reduce the use of synthetic fertilizers, such as through use of organic fertilizers;
 - d. projects to keep the use of pesticides to a minimum, including biological control;
 - e. soil treatment for biogas production (according to the criteria in section 1.2);
 - f. dry agriculture
 - g. crop rotation³⁰
 - h. sowing of diverse cover crop
- Low-carbon agricultural technologies that improve productivity and efficiency while reducing environmental impact (like crop sensors, vertical farming, hydroponics and aeroponics, and solar irrigation pumps)³¹
- Electric machinery, excluding technologies for livestock production units
- Systems enhancing water efficiency, such as high-efficiency drip irrigation, dynamic irrigation and pivot irrigation systems, dams, pond and water storage management, and humidity sensors.

²⁹ For reference of further equivalent certifications: USDA Organic, Canada Organic, Rainforest Alliance, 4C Code of Conduct, Naturland, Nespresso AAA Sustainable Quality Program for organic farming, C.A.F.E Practices Verification, Algodao Brasileiro Responsavel (Brazilian Responsible Cotton (ABR)), ProTerra Standard for cropping agriculture, Bonsucro, UTZ Certification for cropping agriculture, Better Cotton Initiative, Roundtable for Sustainable Biomass (RSB), Union for Ethical Bio Trade (UEBT), Biosuisse for cropping agriculture, Round Table for Responsible Soy (RTRS), Organic SAGARPA Mexico for cropping agriculture, Organico Brasil for cropping agriculture, ZERYA Certification when coupled with the achievement of one of the other agricultural certification schemes listed in the SFC

³⁰ For the main crop there is an annual obligatory crop rotation on the same plot.

³¹ Vertical farming, hydroponics and aeroponics should be coupled with the implementation of energy efficiency and/or renewable energy measures.

- No-till farming (an agricultural technique for growing crops or pasture without disturbing the soil through tillage).

4.3. Protected agriculture

- Agricultural structures (such as greenhouses and shade houses) that save energy and water.
- Operations that will either grow each crop within its natural cycle or source low-carbon energy for heat and power.

4.4. Afforestation / Reforestation

- Sustainable forestry projects, including carbon sequestration plantations, certified under a credible scheme, such as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). Smallholders may comply through an independently reviewed sustainable forest management plan, in lieu of FSC/PEFC certification.

4.5. Land conservation and restoration & soil remediation

- Restoration of native and high conservation value forests.
- Preservation of biodiverse land or valuable natural habitats.
- Preservation or restoration of biodiversity in urban areas such as parks and green rooftops.
- Permanent conservation of land.
- Soil remediation or remediating contaminated soil /land (not caused by the client/borrower, or when the cause of contamination has been eliminated).

4.6. Animal husbandry

- Operations that use integrated crop-livestock-forestry systems (ICLFS), where operations have sustainable forest management processes in place.
- Sustainable feed production and processing that aligns with criteria under 4.1, 4.2 or 4.3 above.
- Projects to reduce emissions from livestock.

Livestock management projects for industrial-scale meat processors/producers, and projects towards industrial-scale livestock are excluded.

4.7. Sustainable aquaculture

- Sustainably produced seafood that has been certified by the Aquaculture Stewardship Council (ASC), Best Aquaculture Practice (2 stars or more) or Marine Stewardship Council.

5. Real estate

5.1. Green buildings

- New or existing buildings that have obtained or will in future obtain any of the following certifications of efficiency of the real estate:

- LEED (Gold or above).
- BREEAM (Excellent or above where “Very good” can be acceptable with a minimum score of 70% in the Energy category).
- Energy Performance Certificate (EPC) B or above in Spain, Italy, and UK.
- EPC within top 15% of the national or regional building stock; or an equivalent international green building certification.³²
- Retrofit of existing buildings that achieve a minimum 30% reduction in Primary Energy Demand.

5.2. Energy efficiency equipment in buildings

- Replacement of windows to boost energy efficiency, including thermal windows.
- Replacement of external doors to boost energy efficiency.
- Replacement and installation of household appliances with an EU energy label rating of A or above, or equivalent country standard.
- Heating systems powered by renewable energy (e.g. renewable electricity, solar floor heating, biomass heaters).
- Energy-efficient light sources (e.g. LED lighting).

5.3. Renewable energy infrastructure in buildings

- Photovoltaic solar modules.
- Solar panels for hot water.
- Electric heat pumps (air-source (aerothermia), or ground-source / water-source).
- Wind turbines.
- Transpired solar collectors.
- Thermal or electrical renewable energy storage units.

5.4. Instruments and devices to enhance buildings' energy use

- Zone and smart thermostats and sensors (e.g. for motion and daylight).
- Building automation and control systems, building energy management systems (BMS), lighting control systems and energy management systems (EMS).
- Smart meters for heating, cooling and electricity.
- Façade and roofing elements with solar shading or control functions (e.g. for growing vegetation).

³² For reference of further equivalent certifications: EDGE (global); PassivHaus (global); BEAM Plus Gold and above; BCA Green Mark Gold Plus or above; DGNB Certification (Gold or above); HQE (Excellent or above); Home Quality Mark (4 stars and above); Calificación Energética de Vivienda CEV (Rating A and B), Energy Star for Buildings (85 or above), Green Globes (three globes or above), National Green Building Standard (Silver or above), Earth Check (Gold or above) (global), Eco-casa (Level I or above), Minergie at Minergie-A and Standard Minergie, Lider A (C level or above), Austin Energy (2-star level or above), NABERS (4.5 stars or above OR carbon neutral certification), Aqua-HQE (Excellent or above).

Technologies designed/intended for processes that are carbon-intensive or powered by fossil fuel are excluded.

6. Water and waste management

6.1. Waste management and remediation activities

- Waste management, waste recycling³³ or waste reuse, where conversion ratios exceed 50% (conversion of reused or recycled non-hazardous waste into another raw material for use, mainly energy).

The chemical recycling of plastic is excluded.

For other activities:

- Installation and operation of infrastructure to capture and use landfill gas in permanently closed landfills with new or supplementary technical facilities and equipment installed during or after closure (efficiency at least 75%).
- Construction and operation of dedicated facilities and processes for the treatment of segregated-in-source and separately collected bio-waste through composting (aerobic digestion) with the resulting production and utilisation of compost.

6.2. Water supply and sewage

- End-to-end water supply systems with a maximum average energy consumption (including abstraction, treatment and distribution) of 0.5 kWh per cubic metre of authorized, billed/non-billed water supply.
- Systems that reduce average energy consumption by at least 20% (including abstraction, treatment and distribution); measured in kWh per cubic metre of authorized, billed/non-billed water supply.
- Systems that narrow the gap between actual supply network leakage and a given low leakage target by at least 20%. The unit of measurement is the Infrastructure Leakage Index (ILI). The target low leakage is an ILI of 1.5. Repair works to reduce water leakages in the infrastructure are included.
- Water treatment infrastructure and sewer network (i) powered by renewable energy or (ii) with a net energy consumption equal to or lower than (or equivalent, according to a relevant local standard):
 - a. 35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10,000 p.e.
 - b. 25 kWh per population equivalent (p.e.) per annum for treatment plant capacity between 10,000 and 100,000 p.e.
 - c. 20 kWh per population equivalent (p.e.) per annum for treatment plant capacity above 100,000 p.e.

³³ Projects to recycle electronic waste require an E&S risk mitigation assessment to prevent health hazards and leakages of toxic substances into the surrounding environment.

- Other wastewater treatment plants as long as they are deemed sustainable taking into account: (i) their size and operational efficiency; and (ii) robust construction is in place to ensure no leakages between dirty/treated water systems.
- Manure or slurry treatment facilities.
- Desalination plants that are powered by low-carbon sources (such as renewables or the average carbon intensity of the electricity that is used for desalination is at or below 100g CO₂e/kWh) and that have waste management plans for brine disposal.

Treatment of wastewater from fossil fuel operations is excluded.

6.3. Reparation activities

Repairing a product to either bring it back to use or enhance sustainability credentials, to meet third-party sustainability certification.³⁴

7. Manufacturing

- Manufacturing of technologies that are (i) aimed at and demonstrate substantial life cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market, such as demand management technologies; and (ii) where quantified, life cycle GHG emission savings must be verified by an independent third party.
- Manufacturing of energy efficiency equipment for buildings (products and their key components) including LEDs, Building Management Systems, green roof, heat metering, and energy efficient HVAC systems.
- Manufacturing of rechargeable batteries, battery packs and accumulators connected to renewables (and their respective components), including from secondary raw materials, that result in substantial GHG emission reductions in transport, stationary and off-grid energy storage and other industrial applications.
- Recycling of end-of-life batteries supported by a waste management process to mitigate associated risks.
- Manufacturing of components, as well as final equipment for electric heat pumps, electrolysers for green hydrogen and hydrogen fuel cells.

8. Other activities related to climate change mitigation/adaptation

8.1. GHG and air emissions reduction

- Infrastructure, equipment, products, technologies and software applications to test and monitor emissions and pollution, as well as projects to reduce GHG and air emissions and to minimize or re-use waste heat.

Projects that rely directly on fossil fuels and produce energy from fossil fuels are excluded.

8.2. Biodiversity and conservation projects

³⁴ This financial purpose is sustainable according to UNEP FI - Impact area: Circular Economy. The EU Taxonomy is due to include it in line with the circular economy objective.

- Projects to preserve or conserve terrestrial, aquatic and marine biodiversity, natural habitats and landscapes (including depollution and contribution to the reduction of burnt areas or prevention of wildfire). Work should be geared towards reputable third-party value and risk management certification.

8.3. Climate change adaptation projects

- Climate observation and data systems or infrastructure designed to protect against flooding and other extreme weather events.
- Reporting and monitoring systems.
- Climate change adaptation infrastructure projects, where the climate challenge they aim to address is specified and plans are reviewed to make sure the project will achieve their adaptation goal (e.g. an entity seeking finance to build flood mitigation infrastructure should provide its plan to manage the project's own E&S impacts during construction, operation and end-of-life).

Social criteria

The table below outlines business activities that address or mitigate a specific social issue or seek to achieve positive social outcomes. Activities that fall under the definition and are aimed at the defined target population are considered social financing.

1. Education

Public ³⁵ centres for educational services as well as provision of services and assets, including: nursery, primary and secondary schools; university buildings; and other facilities, such as laboratories and other educational purpose facilities.	<p>Target population:</p> <ul style="list-style-type: none"> • General public <hr/> <p>Impact metric:</p> <p>Number of beneficiaries</p>
Public ³⁵ sports and cultural education centres as well as provision of services and assets, including: arts, dance, sports, drama, music, etc. ³⁶	<p>Target population:</p> <ul style="list-style-type: none"> • General public <hr/> <p>Impact metric:</p> <p>Number of beneficiaries</p>
Public ³⁵ centres for other educational activities as well as provision of services and assets, including: <ul style="list-style-type: none"> • Academic tutoring • Learning centres that offer remedial courses • Preparation for professional exams • Languages and conversational skills • Computer training • Innovation • Vocational training for the unemployed 	<p>Target population:</p> <ul style="list-style-type: none"> • General public <hr/> <p>Impact metric:</p> <p>Number of beneficiaries</p>
Student loans if the terms and conditions offer preferential financial or payment terms ³⁷ to target populations.	<p>Target population:</p> <ul style="list-style-type: none"> • Low-income individuals • Historically marginalised or disadvantaged individuals, based on factors including ethnicity, religion, disability • Underserved who do not have quality access to essential goods and services <hr/> <p>Impact metric:</p> <p>Number of students who receive the loan</p>
Loans to finance reskilling and upskilling for adults, with preferential financial or payment terms ³⁷ to target populations.	<p>Target population:</p> <ul style="list-style-type: none"> • Low-income individuals • Historically marginalised or disadvantaged individuals, based on factors including ethnicity, religion, disability <hr/> <p>Impact metric:</p> <p>Number of loan recipients</p>

³⁵ This may include private centres that are non-profit or affordable for vulnerable and low-income groups. Low-income groups are as defined in the Target Population – categories section below.

³⁶ This section does not include: activities of cultural, entertainment and recreational interest, such as live performances, museums, gambling and sports and leisure; the operation of sports facilities and sports teams and clubs' activities.

³⁷ Responsible lending practices are already in place to understand the borrower's financial situation, help ensure that borrowers understand the terms of the loan to mitigate risks for the borrowers and avoid inappropriate lending practices.

2. Healthcare

Research and development (R&D) for, and manufacture of:

- Basic and generic type pharmaceutical products and preparations (including vaccines)
- Medical equipment and other supplies, including: radiation, electro medical and electrotherapeutic equipment, medical and dental instruments, etc.

Target population:

- General public

Impact metric:

Number of people who use the products

Healthcare services and assets in public³⁵ hospitals; centres for general healthcare, specialized medicine, physiotherapy, diagnostics, family planning and speech therapy; laboratories and field hospitals.

Target population:

- General public

Impact metric:

Number of people who benefit from the facilities

Public³⁵ health services at specialized residential care/social work facilities to target populations, such as:

- Specialized residential care facilities (e.g., centres for nursing, learning disabilities, mental health, substance abuse treatment, the elderly, people with disabilities and other residential care activities for children, the homeless, orphans and other vulnerable groups).
- Non-residential social work facilities (for the elderly and people with disabilities, children's day-care and other non-accommodation activities like counselling and helping victims of natural disasters).

Target population:

- People with disabilities
- Senior citizens and vulnerable youth
- Other vulnerable groups, such as: children without families, homeless people and persons with substance abuse problems
- Migrants and displaced persons

Impact metric:

Number of people who benefit from those services

3. Transport

Roads and related infrastructure³⁸ (such as bridges, viaducts and tunnels, among others) aimed at improving transport links to underdeveloped rural areas, or where road connectivity does not exist or is clearly inadequate and hinders a community's development in target population areas.

Target population:

- The underserved who do not have quality access to essential goods and services (e.g., connecting remote or rural populations).

Impact metric:

Number of people reached via the roads and infrastructure

Public transportation infrastructure, including over- and underground railways to bring socio-economic development in target population areas.

Target population:

- The underserved who do not have quality access to essential goods and services (e.g. cities without underground railways, rural populations and remote villages)

Impact metric:

Number of people reached via the railway infrastructure.

Transport infrastructure to help people with disabilities move around more easily (e.g. accessibility improvements to public transit networks).

Target population:

- People with disabilities

Impact metric:

Number of people who use the products

³⁸ Financing excludes the upkeep or upgrade of highways and major roads, including in rural areas.

4. Energy

Clean (renewable) energy production and distribution lines and dedicated buildings and structures in target population areas.

All transmission and distribution infrastructure dedicated to connecting fossil or nuclear power plants to the grid are excluded.

Target population:

- The underserved who do not have quality access to essential goods and services (e.g. rural populations and areas with no access to electricity or where access to electricity is substantially inadequate).

Impact metric:

Number of people reached

5. Water and waste management

Water collection, treatment³⁹ and distribution infrastructure; and dedicated buildings and structures in target population areas.

Target population:

- The underserved who do not have quality access to essential goods and services (e.g. cities with poor water quality or no treatment systems).

Impact metric:

Number of people reached

Sewage, wastewater (not derived from fossil fuel sources) treatment and collection infrastructure (including wastewater transport vehicles that adhere to local emissions regulations); and of supporting integral buildings and structures in target population areas.

Target population:

- The underserved who do not have quality access to essential goods and services (e.g. cities with no sewage or wastewater treatment systems).

Impact metric:

Number of people reached

Hazardous and non-hazardous waste collection (including waste collection vehicles that adhere to local emissions regulations), sorting, disposal, treatment and recycling (including the recovery of waste and dismantling of wrecks) in target population areas.

Target population:

- The underserved who do not have quality access to essential goods and services (e.g. cities with no previous infrastructure for this purpose).

Impact metric:

Amount of waste collected, recycled and treated
Number of people reached

6. Real estate

Affordable housing: granting of loans for housing (mortgages) for own residence purposes.

This is considered a social activity if the loan the bank provides has preferential financial or payment terms so that housing will remain affordable over time³⁷

Target population:

- People without adequate housing, including the homeless and people in slums and informal settlements.
- Income is less than 80% of the average income for the area, region or country; or income below the national median.

Impact metric:

Number of people (average family size x number of mortgages) who benefit from the mortgage.

³⁹ Where desalination plants are considered, these will not be powered by dedicated on site fossil fuel power generation plants.

Affordable housing and associated infrastructure that meets authorities' socio-economic requirements.

Target population:

- People who meet the regional government's socio-economic requirements for affordable or social housing programs

Impact metric:

Number of people (average family size x number of mortgages) who benefit from the homes.

7. Finance and insurance

Lending to the defined target population.

Investment to increase access to a wide range of micro insurance and transactional banking products and services to the target population.

Financing to entities that have been impacted by natural, health and/or human-made disasters, as well as severe socioeconomic situations; and are deemed materially significant to the local economy, either because of the sector they support, the jobs they provide or the services they offer.

Target population:

- SMEs and microenterprises that are in underdeveloped areas or regions within the relevant country; areas experiencing depopulation; or that are affected by natural or health disasters.

Impact metric:

Number of people who receive the finance or microfinance

Financing with preferential financial or payment terms to entities and individuals³⁸ that have been impacted by natural, armed, health and/or human-made disasters, as well as severe socioeconomic situations.

Target population:

- Migrants and/or displaced persons
- Low-income individuals
- Informal workers
- The underserved who do not have quality access to essential goods and services
- Other vulnerable groups impacted by the disasters and circumstances listed

Impact metric:

Number of people who receive the finance or microfinance

8. IT and communications

Telecommunications infrastructure, distribution lines and supporting integral buildings and structures (especially fibre optic network, 5G networks and high-capacity network deployment, as well as landlines when applicable) in target population areas.

Target population:

- The underserved who do not have quality access to essential goods and services.

Impact metric:

Number of people who will have an internet connection for the first time

9. Non-profit organizations

Lending to non-profit organizations and/or registered charities that meet Banco Santander's guidelines⁴⁰ and advance the green and social themes in this SFCS.

Target population:

- Non-profit organizations

Impact metric:

Number of non-profit organizations that receive financing

⁴⁰ Santander Group Policy on Contributions for Social Purposes.

Target population	Definition
Adult learning	Education that specifically targets individuals deemed adults in their society to improve their technical or professional qualifications; develop their skills; enrich their knowledge with the purpose of completing a level of formal education; or to upskill or reskill them.
Excluded and/or marginalized populations and communities	Individuals who are unable to participate in economic, social, political and cultural life on account of their ethnicity, religion or language, as well as the process leading to and sustaining such status.
General public	General population (as long as the service/activity is affordable and accessible).
Informal workers	Workers that engage in street vending, home-based work, waste picking, domestic jobs, and other short-term contracts. They may be undocumented, usually are classified as living just above the poverty line, and may not qualify for or even seek government support in normal times.
Low-income	Defined by official government definitions in the relevant country or jurisdiction. In the absence of such definitions, low-income is defined as individuals or families whose income is less than 80% of the average income for the relevant area, region or country; or income below the national median.
Migrants and/or displaced persons	People who have been forced to leave their homes or have voluntarily left their country of origin (including refugees, stateless people and asylum seekers).
Other vulnerable groups, including people who have suffered natural disasters	Any group susceptible to suffering discrimination based on its socio-economic background and status, including: students; sole traders; small business owners; freelancers; start-ups and entrepreneurs; children without families; homeless people; substance abusers, etc.
People with disabilities	People with temporary or permanent disabilities who may experience poor health; have less access to healthcare, education and work opportunities; and are more likely to live in poverty than people without disabilities.
Senior citizens and vulnerable youth	Ageing populations: senior citizens with difficult or limited access to infrastructure and services. Young people are considered a vulnerable group because of their unstable financial situation.
SMEs & Microenterprises	Non-subsidiary, independent firms of reduced size, according to the definition of the relevant national regulation. In the absence of relevant national or international regulations, SMEs & microenterprises are defined by the IFC as organizations that has fewer than 300 employees and an annual turnover or total assets of less than USD 15 million.
Underdeveloped areas or regions	Remote (as defined by relevant national or international authorities) and/or sparsely populated (as defined by relevant national or international authorities) areas or regions that might suffer exclusion from lack of services and access due to their remoteness or political exclusion. or Areas or regions that are in the relevant country's (i) bottom 40th percentile in terms of GDP per capita; and at the same time in (ii) top 40th percentile in terms of unemployment rate

Undereducated	People who have not completed mandatory education or wish to undertake a higher degree of studies that they previously could not attain.
Underserved who do not have quality access to essential goods and services.	People without basic infrastructure (e.g. rural/isolated populations). People who are unbanked (i.e. from households without a current or savings account who may rely on AFS) or otherwise have limited access to mainstream financial services.
Unemployed	Share of population of working age who were not in employment, carried out activities to seek employment during a specified recent period and were currently available to take up employment given a job.

