

Santander Bank Polska S.A.

Type of Engagement: Annual Review

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Engagement Team:

Siga Wu, siga.wu@morningstar.com

Siina Matihaldi, siina.matihaldi@morningstar.com

Introduction

In March 2023, Santander Bank Polska S.A. (“Santander Bank”) issued sustainability bonds series 1/2023¹ (the “Sustainability Bonds Issuance”) under the Santander Group Green, Social & Sustainability Funding Global Framework dated February 2022 to finance loans for green buildings and affordable housing projects in Poland. In June 2023, Santander Group updated the Santander Group Green, Social & Sustainability Funding Global Framework (the “Framework”),² extending its applicability to Santander Bank’s outstanding Sustainability Bonds Issuance. Sustainalytics provided a Second-Party Opinion on the Framework in June 2023.³

In March 2024, Santander Bank engaged Sustainalytics to review the assets and projects financed with proceeds from the Sustainability Bonds Issuance and provide an assessment as to whether they met the use of proceeds criteria and the reporting commitments outlined in the Framework.

Evaluation Criteria

Sustainalytics evaluated the assets and projects financed with proceeds from the Sustainability Bonds Issuance between May 2023 and February 2024 based on whether they:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Category		
Real Estate	<p><u>Green buildings</u></p> <ul style="list-style-type: none"> • New or existing buildings that have obtained or will in future obtain any of the following certifications of efficiency of the real estate: <ul style="list-style-type: none"> ○ LEED (Gold or above). ○ BREEAM (Excellent or above where “Very good” can be acceptable with a minimum score of 70% in the Energy category). 	<ul style="list-style-type: none"> • Number, size, use of green building certification of Green Buildings • Annual GHG emissions reduced/avoided in tCO₂e vs local baseline/baseline certification level • Amount of renewable energy installed in building • Energy use reduced/avoided vs local baseline/building code in %

¹ Santander Bank Polska Senior non-preferred series 1/2023 (ISIN code: PLBZ00000325), at: <https://www.santander.pl/en/investor-relations/issuances>

² Santander Group, “Santander Group Green, Social & Sustainability Funding Global Framework”, (2023), at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/financiacion/C3%B3n-de-proyectos-sostenibles/prf-santander-gss-global-funding-framework-june-2023-en.pdf>

³ Santander Group, “Santander Group Green, Social & Sustainability Funding Global Framework Second-Party Opinion”, (2023), at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/financiacion/C3%B3n-de-proyectos-sostenibles/prf-santander-group-green-social-and-sustainability-funding-global-framework-second-party-opinion-2023-en.pdf>

	<ul style="list-style-type: none"> ○ 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. 	
Social Category		
Real Estate	<ul style="list-style-type: none"> ● Affordable housing: granting of loans for housing (mortgages) for own residence purposes where the loans have preferential financial or payment terms to ensure that housing will remain affordable over time. <p>Target population:</p> <ul style="list-style-type: none"> ○ 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. 	<ul style="list-style-type: none"> ● Number of people (average family size multiply number of mortgages) who benefit from the mortgage

Issuer’s Responsibility

Santander Bank is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Santander Bank’s Sustainability Bonds Issuance. The work undertaken as part of this engagement included collection of documentation from Santander Bank and review of said documentation to assess conformance with the Santander Group Green, Social & Sustainability Funding Global Framework.

Sustainalytics relied on the information and the facts presented by Santander Bank. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Santander Bank.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed assets and projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Santander Bank has disclosed to

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Sustainalytics that the proceeds from the Sustainability Bonds Issuance were fully allocated as at February 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the Sustainability Bonds Issuance to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects and assets reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the Sustainability Bonds Issuance to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects and assets reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation Reporting and Reported Impact

Santander Bank raised a total of PLN 1,900 million (EUR 440 million)⁵ through the Sustainability Bonds Issuance in March 2023 and fully allocated the proceeds to finance new assets and projects under its eligible assets portfolio. See below a summary of the reported allocated amount per category.

Use of Proceeds Category	Number of Projects or loans	Net Proceeds Allocation (PLN million)	Key Performance Indicator	Reported Impact
Real Estate - Green Buildings	1	225	<ul style="list-style-type: none"> Gross Building Area (GBA) (km²) Green building certification 	Building with GBA of 33.6 km ² certified to BREEAM Excellent
	1			Building with GBA of 26.5 km ² certified to BREEAM Excellent
	1			Building with GBA of 35.6 km ² certified to BREEAM Very Good with a minimum score of 70% in the Energy category
Real Estate - Affordable Housing ⁶	3,913	1,675	<ul style="list-style-type: none"> Number of people benefited from the mortgage and/or construction of houses 	6,442

⁵ Following the exchange rate of EUR/PLN 4,319 as at February 29, 2024

⁶ Loans were extended to people without adequate housing, including the homeless and people in slums and informal settlements.

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