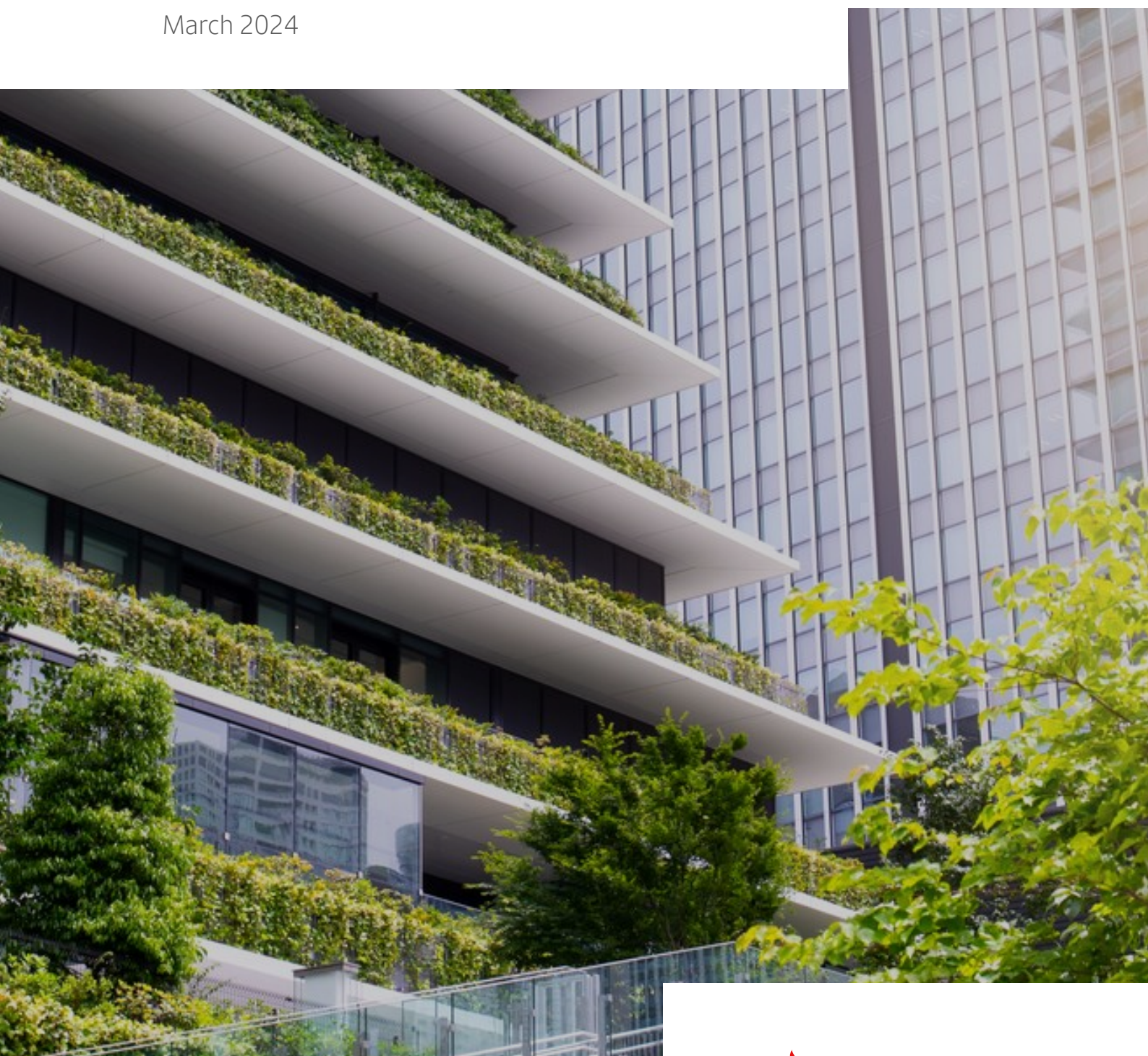


Santander Bank Polska S.A.

Sustainability Bond series 1/2023

Report

March 2024



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1. Introduction

Santander Bank Polska S.A. Group (“the Group”) builds long-term value for all stakeholders in a sustainable manner. An integral part of the Group’s overall business strategy for 2021-2023 was the Responsible Banking Strategy, which outlined the organisation’s approach to ESG issues and sustainable development. The Group aligns its Responsible Banking agenda with the challenges and needs of society in order to help and meet needs in line with the best international standards, in particular the UN Sustainable Development Goals (SDGs), the Paris Agreement, the UNEP FI’s Principles for Responsible Banking and the guidelines of Net Zero Banking Alliance.

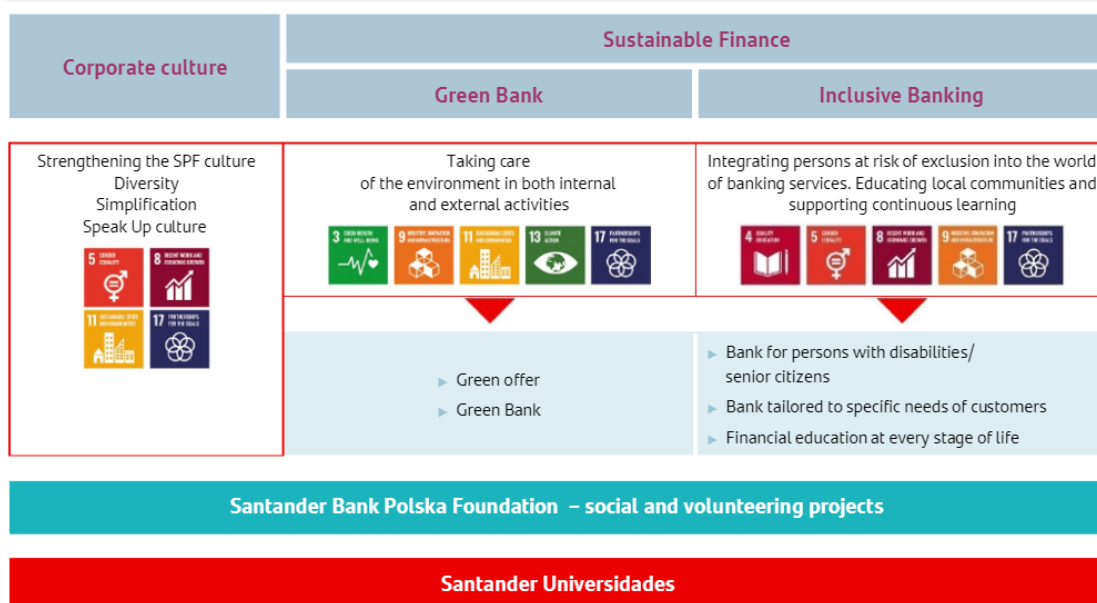
The Group focuses its business activities on the areas, where it has a real impact as a financial institution. These areas are indicated below:

> Key UN Sustainable Development Goals pursued by the Santander Bank Polska Group



The two fundamental pillars on which the Responsible Banking Strategy is based are: corporate culture and sustainable finance.

> Pillars of Responsible Banking Strategy (2021-2023) at Santander Bank Polska



The ethical, social and environmental commitments and principles adopted by the Group are broader than those required by the legal framework. They are defined in the Responsible Banking and Sustainability Policy which replaced the previous sustainability policy in October 2023. This policy is supplemented by numerous internal documents and regulations.

Key ESG achievements in 2023

> Achievement of Responsible Banking objectives of Santander Bank Polska S.A.

No.		Result in 2022	Result in 2023
1.	Top 10 employers (ranking position)	Top Employer Certificate	Top Employer Certificate
2.	Women in senior positions	34.7%	34.96%
3.	Equal Pay Gap ratio	2.00%	1.17%
4.	Number of people financially empowered from 1 Jan, 2019	651,453	1,732,963
5.	Green finance compliant with SFCS (in PLN million)*	2,668	5,499
6.	Electricity from renewable sources (%)**	83.5%	88%
7.	Elimination of single-use plastics (% implementation)	100%	100%
8.	Scholarships, internships and job placements (number)	5,915	17,355
9.	Number of people helped***	493,461	113,089

* Change in the presentation of the indicator - amount in millions of PLN. SFCS - Sustainable Finance Classification System

** Electricity purchased directly by the Bank

*** The result in 2022 were impacted by initiatives implemented as part of humanitarian aid to Ukraine

> Additional ESG achievements:

E

ENVIRONMENT

- ▶ Value of green financing according to the internal Sustainable Finance Classification System (SFCS): PLN 5,499m, including:
 - ▶ Green buildings: PLN 3,795.13m
 - ▶ RES: PLN 1,578.30m
- ▶ Value of sustainability-linked loans: PLN 2,172m
- ▶ Launch of Carbon Footprint functionality in the mobile app and in online banking
- ▶ Implementation of the ESG Database project - preparation for reporting under European regulations (EU Taxonomy, Pillar 3, CSRD)

S

SOCIETY

- ▶ Total investment in activities for local communities: PLN 2,834,191
- ▶ Support for employees with wellbeing and benefit offer
- ▶ „Knowledge bank”: ESG education for employees
- ▶ Number of beneficiaries of financial education activities from 2019: 1,578,399
- ▶ Number of people financially empowered through facilitated access to products and services: 145,849
- ▶ Funding of social projects and higher education
- ▶ Participation in the “Sustainable Tomorrow” project for education: 320 students at 3 universities in the academic year 2023/2024
- ▶ Presence for the third time on the Diversity IN Check list - the most advanced employers in terms of diversity and creating inclusive workplaces
- ▶ Certification as a “Great Place to Work!”
- ▶ The Banker’s award for inclusive banking

G

GOVERNANCE

- ▶ Maintenance of ESG ratings performance:
 - ▶ Sustainalytics (Low Risk)
 - ▶ MSCI (AA)
 - ▶ CSA (48)
- ▶ Second place in the Responsible Company Ranking 2023
- ▶ “Ethical Company 2022” title from Puls Biznesu
- ▶ The “Golden CSR Leaf of Polityka” award (for the second consecutive year)
- ▶ Main award for ESG Report 2022 in the „Sustainability Reports” competition organised by the Responsible Business Forum and Deloitte
- ▶ “The Best Annual Report” - special award for the best sustainability report in the category “Banks and financial institutions”

Green finance

In line with the strategic commitment expressed by the Green Bank label, we integrate environmental factors into our products and services and ESG criteria into our credit analysis. We offer sustainable financial products and support customers in the transformation process.

To this end, since 2022, we have been using the Sustainable Finance Classification System (SFCS), which facilitates the categorisation, tracking and reporting of sustainable finance activities. This classification system is based on internationally recognised industry guidelines and principles, such as LMA Green Loan Principles, LMA Social Loan Principles, LMA Sustainability-Linked Loan Principles, ICMA Social and Green Bond Principles, Climate Bond Standards and EU Taxonomy. The Bank sets targets related to the value of green financing in line with this classification system. In 2023, the total amount of SFCS-compliant sustainability financing (assigned for environmental and social investments) we provided was PLN 7,671 million.

An important aspect of achieving the Bank's strategic objectives is the pursuit of compliance with the environmental objectives of the EU Taxonomy. We take these into account in our products and services. In 2024, for the first time, we are publishing green asset ratios (GAR). They show the proportion of our assets that represent EU Taxonomy-aligned finance, environmentally sustainable in the context of climate change mitigation and adaptation. As at the end of 2023, the green asset ratio by stock based on TURNOVER was 0.4% and based on CAPEX 0.5%.

The offer of sustainable financing is aimed at various customer groups, including those from sectors with the greatest impact on climate issues, namely energy, fuel and manufacturing. The increase in customer awareness observed in recent years has been accompanied by a growing interest in this type of financing in other sectors.

Below are the documents on sustainable finance in force in the Santander Bank Polska Group.:

- Responsible Banking Strategy (2021-2023),
- Responsible Banking and Sustainability Policy,
- Social, Environmental and Climate Change Risk Management Policy,
- Sectoral policies for sensitive sectors,
- Sustainable and Responsible Investment Policy,
- Policy on Engagement in Companies Listed on a Regulated Market and Application of Corporate Governance Measures (crucial for Santander TFI S.A.),
- Global Net Zero Strategy,
- Global Sustainable Bond Framework Policy
- Framework on Green Bonds.

The Bank supports customers in the transition to a low-carbon economy with the suitable product and service offering:

- Cross-sector - opportunity to engage in financing decarbonisation projects of existing bank clients,
- Energy sector / cross-sector - development of the RES market creating opportunities for investment in projects and companies related to this sector,

- Energy sector - opportunities for engagement in projects and cooperation with companies active in the development and modernisation of pumped-storage power plants,
- Transport / automotive - opportunities for engagement in financing projects that promote the uptake of electric or low-emission cars,
- Transport / automotive - financing, particularly in the public sector, of low-carbon transport solutions,
- Agribusiness sector - working on the development of advisory services for the selection of low carbon solutions for the agribusiness sector and the enhancement of financial services in this area,
- Real estate sector - financing new energy-efficient commercial and residential property projects and financing the thermo-modernisation of existing buildings.

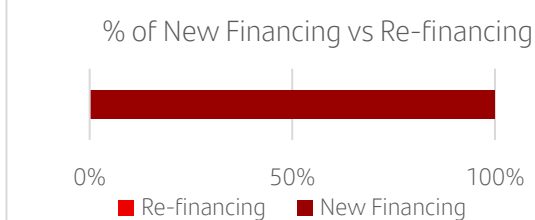
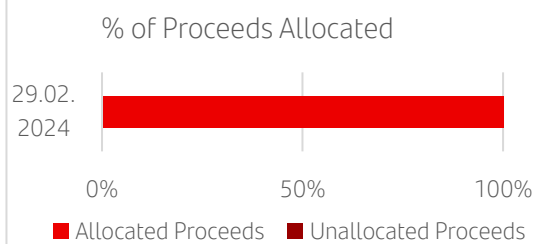
The Bank also offers dedicated products:

- loans for sustainable investments, including RES,
- loans linked to the Sustainable Development Goals,
- cash loan with ECO promotion,
- eco-loan,
- green bonds and sustainability bonds,
- sustainability-linked bonds,
- consulting on sustainable financing options,
- financial consulting in the ESG area,
- leasing of photovoltaic installations (SolarLease),
- leasing of electric vehicles, including subsidised leasing under the "My Electric Car" programme,
- leasing of non-emission heat sources, energy storages and electric vehicle charging stations, □ investment funds classified as SFDR Article 8 (so-called light green) and SFDR Article 9 (so-called dark green) product.

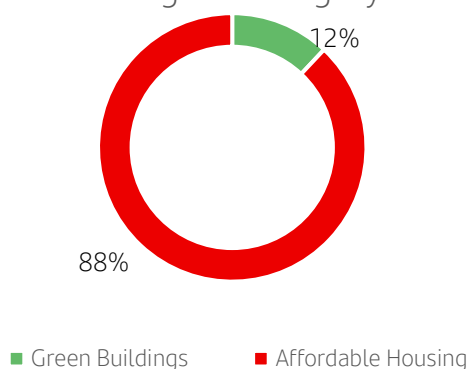
1.1. Sustainability Bonds

Santander is committed to financing the transition to a more sustainable future. Santander Bank Polska S.A. has issued sustainability bonds series 1/2023 ("**Bonds**") under the Santander Group Green, Social & Sustainability Funding Global Framework. This report outlines how the proceeds from the said instruments issued by Santander have so far been allocated as well as the associated impact.

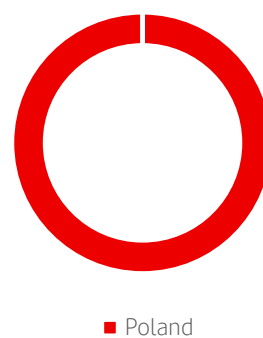
Key Figures



% of Proceeds Allocated by Eligible Category



% of Proceeds Allocated by Geographical Region



<p>Green Building certificates</p> <p>3</p>	<p>People benefitting from mortgage</p> <p>3,913</p>
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2. Allocation Report

Below we present the allocation report for Santander Bank Polska S.A. sustainability bonds series 1/2023 outstanding.

This is presented on a portfolio of bonds basis.

An amount equivalent to the proceeds of the Bonds was allocated by Santander to finance Eligible Assets within the identified eligible categories defined in the Appendix to the Framework (Eligible Categories), as aligned with the SFCS criteria. Eligible Assets may be projects (project financing) or any other type of lending 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 where the relevant expenditures are in line with Eligible Categories. There is a look-back period on OPEX investments and expenditures of 36 months from the the Bonds issuance date. The allocation of the proceeds from the Bonds to Eligible Assets should, on a best-efforts basis, be finalised within the following 36 months after the Bonds issuance date.

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 Principles
- the EU Taxonomy for Sustainable Activities
- the United Nations Sustainable Development Goals

For information on exclusions to the use of proceeds from the Bonds please refer to the Framework section 5.2. *Exclusions to Use of Proceeds*.

2.1 Eligible Green & Social Assets

Total Eligible Green Assets	Total Eligible Social Assets
PLN 225m	PLN 1 675m
Key category of Eligible Green Assets allocated towards Green Buildings : new or existing buildings that have obtained or will in future obtain any of the recognized certifications of efficiency of the real estate	Key category of Eligible Social Assets allocated towards Affordable housing : granting of loans for housing (mortgages) for own residence purposes.
Key locations allocated towards Poland	Key locations allocated towards Poland
Share of new financing 100%	Share of new financing 100 %

95% of total Eligible Green Assets used

100% of total Eligible Social Assets used

Eligible Green Assets: Further Detailed Summary

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.

Santander allocates three Green Building projects in total amount of PLN 225m all of which meet certification requirement with BREEAM: two of them at Excellent level and one Very good with a minimum score of 70% in the Energy category.

Eligible Category	Eligible Assets (Number)	Location of Eligible Assets	Allocated (PLN)	% Allocation
Real Estate	3	Poland	225 000 000	12%
Total	3		225 000 000	

Eligible Social Assets: Further Detailed Summary

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 time.

Target population:

- People without adequate housing, including the homeless and people in slums and informal settlements.

The loan portfolio consists of loans granted within the Santander offer Safe loan 2% (<https://www.santander.pl/klient-indywidualny/kredyty/bezpieczny-kredyt-2> Bezpieczny kredyt 2%).

The basic security for the loan is a mortgage on residential property.

Eligible Category	Eligible Assets (Number)	Location of Eligible Assets	Allocated (PLN)	% Allocation
Affordable housing	3,913	Poland	1 675 114 739	88%
Total	3,913		1 675 114 739	

3. Impact Report

3.1 Green Impact

Green Building impact indicator:

- Number, size, use of green building certification of Green Buildings.

3 Green Building certificates:

Santander allocates three Green building projects all of which meet certification requirement with BREEAM: two of them at Excellent level and one Very good with a minimum score of 70% in the Energy category.

Green Buildings	Signed Amount (portfolio total, original CCY)	Signed Amount (portfolio total, PLN*)	Share of Total Project Financing (%)	Eligibility for green bonds (% of signed amount)	Green Building component (% of signed amount)	Allocated Amount (portfolio total, PLN)	Project lifetime (years)	Gross Building Area (GBA) (k m ²)	Certification type	Certification level
Project 1			63%	100%	100%	225 000 000	3	33.6	BREEAM	EXCELLENT
Project 2	54 661 455 EUR	236 082 824	62%	100%	100%		4	26.5	BREEAM	EXCELLENT
Project 3			62%	100%	100%		7,5	35.6	BREEAM	VERY GOOD
Total	54 661 455 EUR	236 082 824				225 000 000				

*EUR/PLN 4,319 as at 29.02.2024

3.2 Social Impact

Affordable housing impact indicator:

- Number people benefited from the mortgage and/or construction of houses

Santander allocates portfolio of loans where 6,442 people benefited from the mortgage and/or construction of houses.

SBP Category	SDG addressed	Target group	Signed amount (PLN)	Share of Total Sustainability Bonds Financing (%)	Eligibility of Sustainability Bonds (% of signed amount)	Allocated amount [PLN]	Average portfolio lifetime or budgeted years (years)	Impact indicator
Affordable housing	10,11	People without adequate housing, including the homeless and people in slums and informal settlements	1 675 114 739	88%	100%	1 675 114 739	26.3	6,442 people benefited from the mortgage and/or construction of houses

4. Calculation Methodology

Green Building impact indicator:

Information on Green Building certification is sourced from the Projects transaction documentation and verified with the Eligibility Criteria from the Framework for their type and certification level (described in the point 2.1 above).

Affordable housing impact indicator:

Number of people (average family unity size number of mortgages) benefited from the mortgage and/or construction of houses

Information on the size of the household is sourced from declarations made by the loan applicants during the credit decision-making process. The average size of the household is calculated as the sum of all household members declared in the applications divided by the number of loans granted.

The indicator calculations: average size of the household (1.65) multiplied by number of mortgages (3,913) gives number of people of 6,442.

5. Limited Assurance Report

Sustainalytics evaluated the assets and projects financed with proceeds from the Sustainability Bonds Issuance and issued limited assurance report dated 22 March 2024. The full version of the report was published on Santander Bank Polska investor relations website: <https://www.santander.pl/en/investor-relations/issuances#tab=2>

Below conclusion and key findings taken from the report:

Conclusion

Based on the limited assurance procedures¹ conducted, 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 Sustainalytics that the proceeds from the Sustainability Bonds Issuance were fully allocated as at February 2024.

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

¹ 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.