

Santander Bank Polska S.A.

Type of Engagement: Annual Review

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Introduction

In December 2021, Santander Bank Polska S.A. (“Santander Bank” or the “Bank”) issued sustainability bank securities under the Santander Bank Polska S.A. Sustainability Issuance Framework (the “Framework”)¹ aimed at financing or refinancing mortgages and loans for affordable housing projects. Sustainalytics provided a second-party opinion on the Framework in December 2021.² In November 2022, Santander Bank engaged Sustainalytics to review the assets financed through the issued sustainability bank securities 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 projects and assets funded as of October 2022 with proceeds from the issuances of sustainability bank securities based on whether the projects and programmes:

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

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

Use of Proceeds Category ³	Eligibility Criteria	Key Performance Indicator
Affordable Housing	<p>This activity is considered social when the credit provided by the Santander Bank enable access to housing for underserved population in form of:</p> <ul style="list-style-type: none"> • Mortgages to underserved buyers • House improvement loans to underserved homeowners <p>Target population: Population living in inadequate housing with income lower than 80% of average median income for the area based on public data provided by Statistics Poland (GUS)</p>	<ul style="list-style-type: none"> • Number of people who have been recipient of finance or microfinance

Issuing Entity’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.

¹ Santander Bank Polska S.A., “Santander Bank Polska S.A. Sustainability Issuance Framework”, (2021), at: https://www.santander.pl/regulation_file_server/download?id=163796&lang=en_US

² Santander Bank Polska S.A., “Santander Bank Polska S.A. Sustainability Issuance Framework Second-Party Opinion”, (2021), at: https://www.santander.pl/regulation_file_server/download?id=163795&lang=en_US

³ The Framework defines six green and four social use of proceeds categories. Santander Bank has fully allocated proceeds towards one social category, namely Affordable Housing, and has not allocated any proceeds towards any other category.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of use of proceeds from Santander Bank's securities. 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 Bank Polska Sustainability Issuance 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 projects do not conform with the use of proceeds and reporting criteria outlined in the Santander Bank Polska S.A. Sustainability Issuance Framework. Santander Bank has disclosed to Sustainalytics that the proceeds from the sustainability bond were fully allocated as of October 17, 2022.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the sustainability bond to determine if projects aligned with the use of proceeds criteria outlined in the Framework and above in Table 1.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the sustainability bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

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

Appendix

Allocation and Impact Reporting by Eligibility Criteria

In December 2021, Santander Bank issued sustainability bank securities with a value of PLN 750 million (EUR 160 million), out of which 74% were used to refinance existing assets and 26% were used to finance new assets under the eligible assets portfolio.

Use of Proceeds Category	Net Securities' Proceeds Allocation (PLN million)	Key Performance Indicator ⁵	Reported Impact ⁶
Affordable Housing	750	Number of people who have been recipient of the finance	5,054
Total net proceeds allocated	750		
Total net proceeds from bank securities issuance	750		
Total net proceeds unallocated	0		

⁵ Santander Bank has confirmed to Sustainalytics that beneficiaries who received affordable housing finance meet the Framework's criteria in the Affordable Housing category, i.e. people who are living in inadequate housing with incomes lower than 80% of average median income for the area based on public data provided by Statistics Poland (GUS).

⁶ The reported data refers to expenditures incurred from January 2020 to October 2022, including a 36-month look-back period for refinancing. See: "Santander Bank Polska Annual Report – Allocation & Impact Report", at: <https://www.santander.pl/en/investor-relations/issuances#tab=2>

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