

Santander Holdings USA

Type of Engagement: Allocation Review

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Introduction

In 2022, Santander Holdings USA (“SHUSA”) issued its inaugural sustainability note (the “2022 Sustainability Note”) to finance renewable energy and affordable housing projects. In 2024, SHUSA engaged Sustainalytics to review the projects and assets funded with proceeds from the 2022 Sustainability Note and provide an assessment as to whether the projects and assets met the use of proceeds criteria outlined in the Santander Group Green, Social and Sustainability Funding Global Framework (the “Framework”) which was updated in June 2023.^{1,2} Sustainalytics provided a Second Party Opinion in February 2022 and an update to it in June 2023.^{3,4} Sustainalytics has calculated the estimated impact achieved by the Santander’s 2022 Sustainability Note in a separate report.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2022 Sustainability Note based on whether the projects and assets met the use of proceeds and eligibility criteria of the Framework.

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

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable energy	<p>Construction, manufacture, installation, expansion, repair/renovation/ retrofit/improvement, transmission and distribution, purchase, operation, transport and maintenance of infrastructure (and land) to produce:</p> <p>Solar power</p> <ul style="list-style-type: none"> Small-scale⁵ photovoltaic (PV) solar electricity production on rooftops is eligible. Large-scale PV electricity and concentrated solar power (CSP) production s eligible subject to full social and environmental impact analysis. 	<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

¹ Santander Group “Santander Group Green, Social and Sustainability Funding Global Framework”, (2022), at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/financiacion-de-proyectos-sostenibles/prf-santander-green-bond-funding-framework-february-2022-en.pdf>

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

³ Santander Group, “Santander Group Green, Social and Sustainability Funding Global Framework Second-Party Opinion”, (2022)

⁴ Santander Group, “Santander Group Green, Social and Sustainability Funding Global Framework Second-Party Opinion”, (2023), at:

<https://www.santander.com/content/dam/santander-com/es/documentos/presentaciones-de-renta-fija/2023/06/prf-santander-group-green-social-and-sustainability-funding-global-framework-second-party-opinion-2023.pdf>

⁵ Defined by EIA as having capacity of less than 1 megawatt (MW), are usually located at the customer’s site of electricity consumption. These small-scale PV installations are also called behind-the-meter, customer-sited, or distributed generation capacity.

	<p>Wind Power</p> <ul style="list-style-type: none"> Wind power production is eligible subject to a full environmental and social impact analysis. 	Note: Where CO ₂ emissions figures are reported, the GHG accounting methodology and assumptions will be referenced
Affordable housing	<ul style="list-style-type: none"> Construction of housing (and associated infrastructure) that meets authorities' socio-economic requirements. 	<ul style="list-style-type: none"> Number of people (average family size x number of mortgages) who benefit from mortgage or construction of house.

Issuer's Responsibility

SHUSA is responsible for providing accurate information and documentation relating to the projects and assets funded, including description of projects, assets and amounts allocated.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings to investors, conducted the verification of the use of proceeds from the SHUSA's 2022 Sustainability Note. The work undertaken as part of this engagement included collection of documentation from SHUSA and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and facts presented by SHUSA with respect to the funded projects and assets. 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 SHUSA.

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,⁶ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not meet the use of proceeds criteria outlined in the Framework. SHUSA has disclosed to Sustainalytics that the proceeds from the 2022 Sustainability Note were fully allocated as of December 2024.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects and assets funded with proceeds from the 2022 Sustainability Note in 2024 to determine if the projects meet the use of proceeds criteria outlined in the Framework.	All projects and assets reviewed complied with the use of proceeds criteria.	None

⁶ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of projects, including description, estimated and realized costs, 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

Appendix 1: Allocation Reporting

Use of Proceeds Category	Technology	Amount Allocated (USD)
Renewable Energy	Solar Photovoltaic, Wind	165,683,311
Affordable Housing	-	334,316,689
Total Amount Allocated		500,000,000
Total Net Proceeds Raised		500,000,000

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