



# **SHUSA Sustainability Note Allocation and Impact Report 2024**

Santander Holdings USA, Inc.



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# 1. Disclaimer

## IMPORTANT INFORMATION

The targets and objectives included in this Sustainability Note Allocation and Impact Report (the "Report") are aspirational; as such, no guaranty or promise is made that they will be met or implemented successfully. The statistics, metrics and other data and information included in this Report are not audited and are not necessarily prepared in accordance with generally accepted accounting principles ("GAAP"). The information and any underlying assumptions contained in this Report are expected to evolve over time. This Report covers the consolidated business of Santander Holdings USA, Inc. ("SHUSA"), and its subsidiaries and does not address the performance or operations of SHUSA's vendors, suppliers, customers or other third parties.

This Report is not comprehensive and should be read in conjunction with SHUSA's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. This Report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our corporate social responsibility and environmental, social, and governance targets, goals, objectives, commitments, programs and other business plans and initiatives. These statements are typically accompanied by words such as "anticipates," "believes," "estimates," "expects," "forecasts," "goals," "intends," "plans," "projects," "may," "will," "should," "would," "could" and similar terms. Although SHUSA believes that the expectations reflected in these forward-looking statements are reasonable as of the date on which they are made, factors such as the risks and uncertainties described in SHUSA's filings with the Securities and Exchange Commission from time to time may cause SHUSA's performance to differ materially from that suggested by the forward-looking statements.

If one or more of the factors affecting SHUSA's forward-looking statements renders them inaccurate, SHUSA's actual results, performance or achievements could differ materially from those expressed in or implied by the forward-looking statements. Readers should not consider these factors to be a complete set of all potential risks or uncertainties as new factors emerge from time to time. This Report is for general informational purposes only and does not constitute legal, tax, accounting, financial or investment advice of any kind or an offer to invest, and in making this report available SHUSA gives no advice and makes no recommendation to buy, sell, or otherwise deal in shares or other securities of Banco Santander, S.A. ("BSSA"), SHUSA, Santander Bank, N.A. ("SBNA"), Santander Consumer USA Inc. ("SC") or any other securities or investments. Prior to making any investment, a prospective investor should consult with its own investment, accounting, legal and financial advisors to independently evaluate the risks, consequences, and suitability of such an investment.



## 2. Introduction

SHUSA continues to exhibit our commitment to our sustainable finance priorities, enabling us to support the sustainability strategy at SHUSA. SHUSA has fully allocated an equivalent amount of the Sustainability Note's proceeds to Eligible Assets since the inception of our 2022 Sustainability Note and will publish future reports if any material changes in the proceeds allocated occurs.

For this Sustainability Note Allocation and Impact Report and other sustainability-related commitments, SHUSA is committed to measuring and providing transparency on our progress.

### EXTERNAL ASSURANCE

SHUSA engaged Sustainalytics, to provide limited assurance on the allocation of the Sustainability Note. In addition, Sustainalytics performed an independent impact report.

The reports prepared by Sustainalytics are included within the Appendix section of this report and a summary is provided below:

Sustainalytics performed an allocation review with limited assurance as follows:

- a. For both green and social earmarked assets, Sustainalytics reviewed the assets financed by the Sustainability Note and provided an assessment as to whether the assets met the use of proceeds criteria outlined in the Framework, such as category of Eligible Asset(s), location of Eligible Asset(s), and outstanding drawn amount.
- b. For both green and social earmarked assets, Sustainalytics reported on the key performance indicators ("KPIs") as provided by SHUSA.

Sustainalytics performed an independent impact report utilizing its internal methodology related to social assets:

- c. For social earmarked assets, Sustainalytics calculated the estimated impact achieved by the projects financed with the proceeds from the SHUSA offering in alignment with the BSSA Group Green, Social & Sustainability Funding Global Framework.

Sustainalytics also performed an independent impact report utilizing its internal methodology related to green assets:

- d. For green earmarked assets, BSSA and Sustainalytics employ a methodology that is aligned with industry best practices. The calculations used by BSSA estimates the impact for Avoided Financed Emissions using the IEA latest available emissions factor. However, Sustainalytics, which provided the Impact Report presented in section 7, uses the IFI UNFCCC emissions factor<sup>1</sup> as well as an additional indirect emissions factor that incorporates emissions from upstream activities (see Appendix). As a result, the impact calculation slightly differs from BSSA's methodology.

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<sup>1</sup> The United Nations Framework Convention on Climate Change ("UNFCCC"), IFI Dataset of Default Grid Factors, available at: <https://unfccc.int/climate-action/sectoral-engagement/ifis-harmonization-of-standards-for-ghg-accounting/ifi-twg-list-of-methodologies>



# Santander US sustainability strategy highlights<sup>1</sup>

The environmental, social and governance (“ESG”) strategy of SHUSA has three pillars, which support us in the goal of helping people and businesses prosper.

## Empower People & Businesses



**51,000+**  
individuals counseled with financial education

**20,000+**  
people financially included<sup>2</sup>

**\$859M**  
in small business lending

**Nearly 41%**  
of jobs filled internally

## Support the Green Economy



**\$4.8B**  
sustainable structured finance<sup>3</sup>

**91%**  
electricity from renewable sources<sup>4</sup>

**\$3.4B**  
financing of battery and hybrid electric vehicles

**100%**  
elimination of unnecessary single-use plastics<sup>5</sup>

## Foster Inclusive Communities



**400+**  
partner organizations supported

**200,000+**  
people helped<sup>6</sup>

**68,000+**  
volunteer hours

**\$33.3M**  
charitable giving<sup>7</sup>

**Outstanding**  
Community Reinvestment Act Rating

**\$13.6B**

### Three-Year Community Plan

- \$1.5B - Small business lending
- \$1.8B - Community development lending
- \$1.2B - Community development investments
- \$9B - Green finance
- \$100M - Charitable giving
- 100,000 - Volunteer hours

<sup>1</sup> All metrics reflect 2023 results with the exception of the Community Plan, which is a set of targets and goals for 2023 through 2025.

<sup>2</sup> People financially included are those who are unbanked, underbanked, in financial distress or with difficulty accessing credit to whom we provide tailored access and finance solutions, aiming to meet local financial inclusion needs in a recurrent, comprehensive, affordable and effective way.

<sup>3</sup> This is majority sustainable (wind and solar) structured finance but does include several data center transactions where those projects meet strict building and energy efficiency standards.

<sup>4</sup> BSSA has set a global goal of reaching 100% renewable energy, including use of renewable energy certificates, by 2025.

<sup>5</sup> In 2021 Santander US stopped providing single-use plastics in facilities.

<sup>6</sup> People helped include beneficiaries of grants provided for social purposes and people impacted by volunteer hours provided by Santander US.

<sup>7</sup> Charitable contributions include nonprofit grants, sponsorships and employee matching contributions.

















## ALIGNMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (“SDGs”) are a universal framework for accomplishing 17 important global outcomes by 2030. They provide a guide for embedding sustainability within our business.



Santander US aligns to these goals and is focused on advancing those which are most relevant to our sustainability strategy.

EMPOWER PEOPLE AND BUSINESSES	FOSTER INCLUSIVE COMMUNITIES	SUPPORT THE GREEN ECONOMY
 <p>4. Quality Education</p>  <p>8. Decent Work and Economic Growth</p>  <p>9. Industry, Innovation, and Infrastructure</p>  <p>3. Good Health and Well-Being</p>	 <p>1. No Poverty</p>  <p>8. Decent Work and Economic Growth</p>  <p>11. Sustainable Cities and Communities</p>  <p>10. Reduced Inequalities</p>  <p>4. Quality Education</p>  <p>5. Gender Equality</p>  <p>16. Peace, Justice, and Strong Institutions</p>	 <p>7. Affordable and Clean Energy</p>  <p>11. Sustainable Cities and Communities</p>  <p>12. Responsible Consumption and Production</p>  <p>13. Climate Action</p>
HIGHLIGHTS		
<ul style="list-style-type: none"> <li>• \$33.3 million philanthropic donations</li> <li>• 51,000+ individuals counseled on financial education</li> <li>• 8.9 of 10 employee ranking for manager support</li> <li>• 8.3 out of 10 employee rating on health and well-being</li> <li>• 302,000+ hours spent on learning and development</li> <li>• \$859 million in small business financing</li> </ul>	<ul style="list-style-type: none"> <li>• 20,000+ people financially included</li> <li>• 400+ partner organizations supported</li> <li>• 68,000 volunteer hours</li> <li>• 4,800+ members of 7 Diversity Equity and Inclusion Business Resource Groups</li> </ul>	<ul style="list-style-type: none"> <li>• 4.8 billion in sustainable structured finance underwritten</li> <li>• \$3.4 billion in hybrid and electric vehicle (“EV”) financing</li> <li>• Elimination of single-use plastics in our offices</li> <li>• Progress against environmental footprint goals.</li> </ul>



## GLOBAL PUBLIC COMMITMENTS AND PROGRESS

In 2019, our parent company, BSSA, announced the first in a series of public commitments that reflect our company's commitment to responsible and sustainable banking goals. In 2023, Santander remained on track to meet existing commitments and added several new public commitments, reflecting our progress and the evolution of our goals.

These commitments support Santander US in advancing our sustainability efforts and taking action on our commitment to the United Nations ("UN") Sustainable Development Goals as well as targets set in the Paris Agreement on climate change.

Our actions are guided by these global public commitments, and we have developed a strategy that supports our shared efforts to meet them, while acknowledging the unique needs of our US business, clients, customers and communities.

### BSSA Climate and Environmental Commitments

	2018	2019	2020	2021	2022	2023	2025/2030 Target
1. Electricity from renewable resources <sup>1</sup>	43%	50%	57%	75%	88%	97%	100% by 2025
2. Green finance raised and facilitated (EUR) <sup>2</sup>		19B	33.8B	65.7B	94.5B	115.3B	120B by 2025 220B by 2030
3. AUM in socially responsible investments (EUR)				27.1B	53.2B	67.7B	100B by 2025
4. Thermal coal-related power and mining phaseout (EUR)				7B	5.9B	4.9B	0B by 2030
5. Emissions intensity of power generation portfolio <sup>3,4</sup>		0.21	0.17	0.19			0.11 tCO <sub>2</sub> e/MWh in 2030 <sup>6</sup>
6. Absolute emissions of energy (oil & gas) portfolio <sup>3</sup>		23.85	22.58	27.43			16.98 mtCO <sub>2</sub> e in 2030 <sup>7</sup>
7. Emissions intensity of aviation portfolio <sup>3</sup>		92.47	93.05	97.21			61.71 gCO <sub>2</sub> e/RPK in 2030 <sup>8</sup>
8. Emissions intensity of steel portfolio <sup>3</sup>		1.58	1.40	1.36			1.07 tCO <sub>2</sub> e/tCs in 2030 <sup>9</sup>
<b>New in 2023</b>							
9. Emissions intensity of auto manufacturing portfolio			149	138			103 gCO <sub>2</sub> /vkm <sup>10</sup> in 2030
10. Emissions intensity of auto lending portfolio (Europe) <sup>5</sup>					137		75-89 gCO <sub>2</sub> /vkm <sup>10</sup> in 2030

Maintain commitments achieved

▶ Eliminate unnecessary single-use plastic in our buildings and offices.

<sup>1</sup> In countries where it is possible to verify electricity from renewable sources at BSSA properties. It includes the 10 main countries in which we operate.

<sup>2</sup> Includes BSSA's contribution to green finance: project finance; syndicated loans; green bonds; capital finance; export finance; advisory services; and other products that help customers transition to a low-carbon economy.

<sup>3</sup> Includes the latest available figures. BSSA's internal calculation methodology has been used, based on the Partnership for Carbon Accounting Financials (the "PCAF").

<sup>4</sup> In the 2021 BSSA Annual Report and Climate Finance Report, the 2019 power generation financed emissions calculations included guarantees and other off-balance exposures. This is inconsistent with the PCAF standard and resulted in over-attribution. Accordingly, the baseline emissions intensity has been restated from 0.23 to 0.21. The target and climate ambition remains for this sector.

<sup>5</sup> Consumer lending for acquisition of passenger cars in Europe, covering a significant majority of the exposure.

<sup>6</sup> Tons of carbon dioxide equivalent per megawatt-hour.

<sup>7</sup> Metric tons of carbon dioxide equivalent.

<sup>8</sup> Grams of carbon dioxide per revenue passenger kilometer.

<sup>9</sup> Tons of carbon dioxide equivalent per tons of crude steel.

<sup>10</sup> Grams of carbon dioxide equivalent per vehicle kilometer.



Santander US is committed to advancing our sustainability strategy through purposeful, practical actions supporting people, communities and the environment. Here are some of the highlights of our progress in 2023.

## Climate risk and sustainable finance

- ▶ Financed \$3.4 billion in electric vehicles, including \$1.4 billion in battery electric vehicles and \$2.0 billion in plug-in hybrid electric vehicles.
- ▶ Enhanced mandatory sustainability training for all employees.
- ▶ Continued to make significant progress on meeting environmental and climate-focused public commitments.
- ▶ Designated Miami-Coconut Grove location as our first branch designed according to our sustainable standards for new branch buildings and renovations.
- ▶ Began WELL Health-Safety certification in our branches in addition to our corporate spaces.
- ▶ Continued integration of climate risk considerations into risk frameworks and programs.
- ▶ Added new global decarbonization targets and continued to make progress on aligning key portfolios to net zero ambition.

## Supporting customers, communities and our people

- ▶ Committed to a new \$13.6 billion three-year community plan.
- ▶ Distributed more than \$33.3 million to over 400 nonprofits addressing community needs.
- ▶ Contributed more volunteering time and expertise in 2023 than in any previous year, with over 68,000 hours of community service throughout Santander US.
- ▶ Helped our employees achieve their career potential by offering mentorship, professional development opportunities and filling nearly 41% of available jobs internally.
- ▶ Launched Santander Essential Checking to simplify banking for customers, empowering them to spend what they have without the risk of overdrafting funds or being charged associated fees.
- ▶ Closed on a joint venture with the FDIC including investment in and servicing for former Signature Bank multifamily real estate assets.

## Responsible business

- ▶ Improved information security controls to anticipate emerging threats from harmful actors, geopolitical situations and new technologies to keep Santander US and our customers' data safe.
- ▶ Continued to expand sustainable and social finance guidelines and taxonomies and advanced related governance.
- ▶ Continued to enhance ESG data collection and governance to support local and European regulatory reporting.





# 3. Overview of Santander Group Green, Social & Sustainability Funding Global Framework (the “Framework”)

In 2023, BSSA updated the Framework<sup>1</sup>, which supersedes the original version created in 2022<sup>2</sup>. The Framework is the reference for all green, social and sustainability labeled funding instruments offered by BSSA and/or any of its consolidated subsidiaries across BSSA, such as SHUSA.

Consistent with best market practices and evolving investor expectations, the Framework covers eligibility criteria, process for project evaluation and selection, use of proceeds, management of proceeds and reporting, in line with the International Capital Market Association’s (“ICMA”) and Loan Market Association’s (“LMA”), and/or any other specific applicable regulation, principles or guidelines.

The Framework builds on the criteria described in the Sustainable Finance Classification System (“SFCS”), created in 2022 and updated in 2023. In response to regulatory developments and changes in market practices, the SFCS evolved into the Sustainable Finance Investment Classification System (“SFICS”) in 2024. The SFICS continues to outline BSSA’s classification rationale, eligibility parameters for green and social activities, the applicable environmental and social due diligence requirements, and verification methodology for sustainable finance transaction data.



<sup>1</sup> Source: Santander Group Green, Social & Sustainability Funding Global Framework (2023). <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>

<sup>2</sup> Source: Santander Group Green, Social & Sustainability Funding Global Framework (2022). <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>



## ELIGIBLE CATEGORIES FOR USE OF PROCEEDS

Eligible Assets may be projects (project financing) or any other type of lending to business activities 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.

The following table outlines economic activities that contribute to environmental and social sustainability and, therefore, are eligible as long as they meet the eligibility criteria detailed in the Framework.

	Eligible Category	UN SDG Alignment	Eligible Category	UN SDG Alignment
<b>Green</b>	Renewable energy	7 13	Clean Transportation	11 13
	Energy efficiency	7 9 13	Sustainable water and wastewater management	6 11 12
	Pollution prevention and control	3 11 14 15	Climate Adaptation	13
	Environmentally sustainable management of living natural resources and land use	14 15	Eco-efficient Products and Technologies	9 12
	Terrestrial and aquatic biodiversity	14 15	Green Buildings	7 11
<b>Social</b>	Affordable basic infrastructure	7 13	Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	1 8
	Access to essential services			
	Affordable Housing	10 11		

This Sustainability Report focuses on Renewable Energy and Affordable Housing.

## REPORTING REQUIREMENTS PER THE FRAMEWORK

If any material changes in the allocated proceeds occurs, SHUSA will provide information on the allocation of the proceeds of the relevant portfolio and expected impact metrics on the proceeds of the outstanding note.

**Allocation reporting** includes aggregated information about the designated Eligible Assets: the category, location, outstanding drawn amount and, where practical and if relevant, operational status (under construction or in operation).

**Impact reporting** includes a qualitative description of the portfolio of Eligible Assets allocated to the Notes, the impact pursued with the relevant portfolio of Eligible Assets and a description of the chosen key impact indicators. Additionally, the Report describes the methodology and assumptions used to evaluate the portfolio of Eligible Assets' impacts.



## 4. SHUSA Sustainability Note Key Figures

SHUSA announced its inaugural Sustainability Note offering on September 6, 2022. The Company raised \$500M to be earmarked for Eligible Assets that meet the Eligibility Criteria in the Framework.

Issuer (Ticker)	Santander Holdings USA, Inc. ("SANUSA")
Ratings (M/S/F)	Baa3 / BBB+ / BBB+ (S/S/S)
Issue Amount	\$500,000,000
Pricing Date	September 6, 2022
Call Date	September 9, 2025
Maturity	September 9, 2026
Rank	Senior Unsecured
Coupon	5.807%
Use of Proceeds	The Issuer intends the net proceeds from the sale of the notes to be credited to the Issuer's treasury account and incorporated into its general liquidity pool. The Issuer intends to earmark an amount equal to the net proceeds from this offering for assets that meet certain eligibility criteria as described in the Santander Group Green, Social & Sustainability Funding Global Framework upon issuance of the notes
Second Party Opinion	Sustainalytics provided a second party opinion ("SPO") for this Framework and its alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021
CUSIP / ISIN	80282KBE5 / US80282KBE55



## 5. Project Selection

The net proceeds from the sale of the Notes were credited to the company's treasury account and incorporated into its general liquidity pool; no specific accounts were created. SHUSA has earmarked, or allocated for use, an amount equal to the net proceeds from the offering for green eligible assets within the renewable energy category (solar and wind) and social eligible assets within the affordable housing category.

SHUSA is a leading institution in the US renewable energy space. In an effort to support its green transition strategy, SHUSA has financed a multitude of renewable energy projects since 2008. For the green portion of the Sustainability Note, SHUSA identified transactions within its wind and solar portfolio to allocate proceeds. Wind energy is a form of renewable energy typically powered by the movement of wind across wind turbines thereby capturing the wind's power and converting it to electricity. Solar photovoltaic uses electronic devices, also called solar cells, to convert sunlight directly into electricity. The earmarked assets are aligned with the Framework and SHUSA's internal governance and compliance around green asset designation.

For the social allocation, SHUSA focused on transactions whose use of proceeds are related to affordable housing and that qualify under and meet U.S. Community Reinvestment Act ("CRA"<sup>1</sup>) criteria, including investments whose primary purpose is affordable housing for low- to moderate-income ("LMI") individuals. The earmarked transactions also meet the criteria defined in the SFCS and are in alignment with the Framework, as well as the ICMA's<sup>2</sup> principles.



<sup>1</sup> The CRA states that an entire loan qualifies for CRA credit if at least 51% of units serve LMI individuals and families. This CRA methodology is used to report total financially empowered people within this report and at a global level.

<sup>2</sup> Source: International Capital Market Association Social Bond Principles (2023). <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>



## PROJECT SPOTLIGHT

### » CDF Spotlight — 250 Centre Street, Jackson Square Station (Boston, MA)

“250 Centre Street has been a community-driven effort focused on restoring the historical Jackson Square community. Our strong partnerships, including with Santander, have helped us strengthen this community by creating jobs, aiding local businesses, and building more affordable housing.”

-Bart Mitchell, President and CEO, The Community Builders





# 6. Calculation Methodology

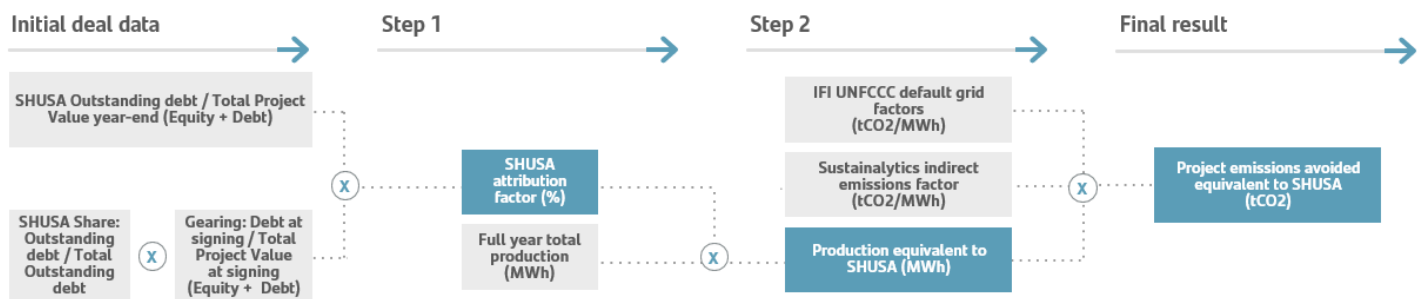
## SHUSA KEY IMPACT INDICATORS FOR RENEWABLE ENERGY: Installed Capacity, Energy Production and Avoided CO<sub>2</sub> Emissions

SHUSA has leveraged the calculation methodology created and used by BSSA specifically as it relates to the renewable energy portion of the Sustainability Note.

BSSA and Sustainalytics employ a methodology that is aligned with industry best practices. The calculations used by BSSA estimates the impact for Avoided Financed Emissions using the IEA<sup>1</sup> latest available emissions factor. However, Sustainalytics, which provided the Impact Report presented in section 7, uses the IFI UNFCCC emissions factor as well as an additional indirect emissions factor that incorporates emissions from upstream activities (see Appendix). As a result, the impact calculation slightly differs from BSSA's methodology.

The electricity generation (MWh) is based on 12 months (July 1, 2023, through June 30, 2024) of production reported by either the project developers or when not available, on the installed capacity (MW) and an adequate technology-specific load factor.

### BSSA'S STEPS TO CALCULATE AVOIDED EMISSIONS:



BSSA's attribution factor calculation methodology, which determines the share of avoided emissions assigned to SHUSA in its impact report, is aligned to the PCAF standard for financed emissions<sup>2</sup>. The methodology considers, both debt and equity (gearing) at signing. A refinement to the calculation of the attribution factor is introduced this year, prioritizing the use of the most recent financial statements available.

<sup>1</sup> International Energy Agency (IEA) 2024 edition of the emission factors data package; CO<sub>2</sub> emission factors for 2022 for electricity only generation (CHP electricity included for world countries (in CO<sub>2</sub> per kWh)).

<sup>2</sup> PCAF developed the banking industry's main standard to assess financed emissions. According to the PCAF methodology, the denominator should include the total capital needed to finance the project. As per the standard used to assess financed emissions, the denominator to assess avoided emissions should include the total amount of debt and equity available.



## SHUSA KEY IMPACT INDICATORS FOR AFFORDABLE HOUSING: Number of Individual Housing Units SHUSA Financed, Number of Individuals Financed

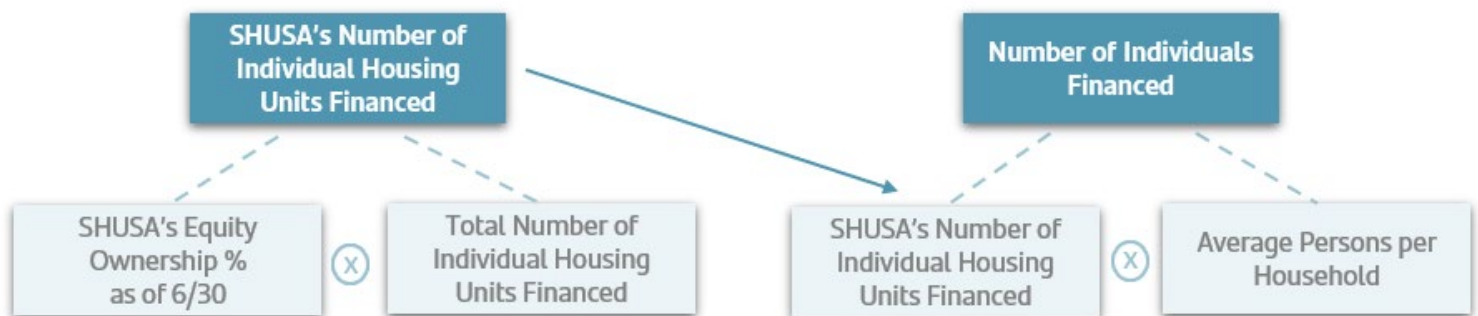
Every year, BSSA calculates the amount of people helped through financial empowerment. The results are reported globally within the [Santander Annual Report](#)<sup>1</sup> and locally within the [Santander US Sustainability Report](#)<sup>2</sup>.

SHUSA has leveraged the calculation methodology created and used by BSSA specifically as it relates to the affordable housing allocation of the Sustainability Note.

The calculations of the SHUSA key impact indicators for affordable housing are as follows:

- SHUSA's outstanding equity is the outstanding amount of equity already disbursed by SHUSA as of June 30, 2024<sup>3</sup>.
- The number of individual housing units SHUSA financed is calculated based on Eligible Assets earmarked located within SBNA's footprint, including cities in the Northeast and Florida, and account for SHUSA's ownership percentage in the overall equity financing of each project.
- The number of individuals financed is calculated based on the latest average persons per household figure provided by the [U.S. Census Bureau, American Community Survey](#)<sup>4</sup> multiplied by the number of individual housing units SHUSA financed.

### STEPS TO CALCULATE NUMBER OF INDIVIDUAL HOUSING UNITS SHUSA FINANCED AND NUMBER OF INDIVIDUALS FINANCED:



<sup>1</sup> Source: Santander Annual Report (2023). <https://www.santander.com/content/dam/santander-com/en/documentos/informe-financiero-anual/2023/ifa-2023-consolidated-annual-financial-report-en.pdf#page=19>

<sup>2</sup> Santander US Sustainability Report (2023). <https://www.santanderbank.com/documents/330001/11612900/Santander-US-2023-Sustainability-Report.pdf/14db2a2b-a0cd-e3d6-1a34-7198b87c5606>

<sup>3</sup> The population includes equity portions only; the calculation does not include any other type of financing. For Investment Funds with 80% AMI Affordability Targets, outstanding balance is net of capital allocation.

<sup>4</sup> Source: American Community Survey, US Census Bureau. (2023). Selected Social Characteristics in the United States.

<https://data.census.gov/table/ACSDP1Y2022.DP02?q=DP02:%20Selected%20Social%20Characteristics%20in%20the%20United%20States>



## SUSTAINALYTICS KEY IMPACT INDICATOR FOR AFFORDABLE HOUSING: Beneficiary Savings

SHUSA is reporting an additional key impact indicator for affordable housing, called “Beneficiary Savings,” developed by Sustainalytics. This methodology quantifies the savings from affordable rent compared to market rent (specifically for rental affordable housing). The difference between the two is the Beneficiary Savings. The affordable rent of the projects is built on location data provided by SHUSA, while the market rent is sourced from credible regional statistics by Sustainalytics.



For estimating the affordable rent, the beneficiary's income criteria was used, together with median household income statistics to estimate the maximum income a household can have and still be eligible for affordable housing.

For estimating the market rent, city-level data was sourced from US government sources. Based on the data, region- and state-wide values were estimated with population weights.







# 7. SHUSA Sustainability Note Allocation & Impact

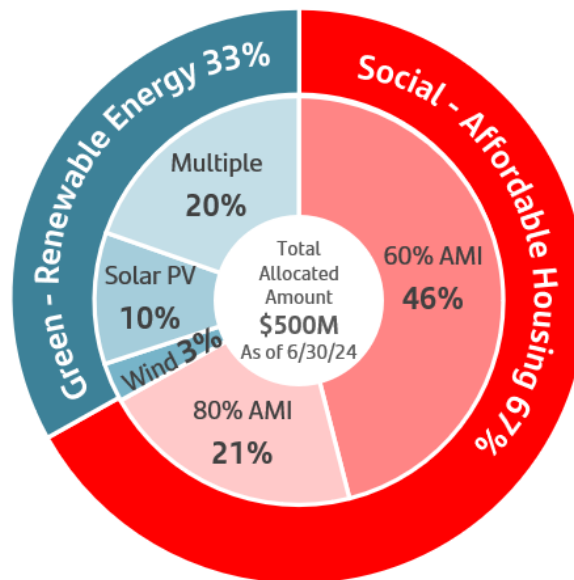
## USE OF PROCEEDS

SHUSA earmarked projects for an amount equivalent to the net proceeds from the issuance of its Sustainability Note for the new financing or renewal of Eligible Assets related to green and social portfolios within the US. Specifically, this Report reflects Eligible Assets within the renewable energy categories for wind and solar and the affordable housing category. An equal amount to net proceeds from the sale of the \$500M Sustainability Note issued in September 2022 has been allocated for use with the assets described below that meet the eligibility criteria.

The Community Development Finance affordable housing portfolio provides construction, maintenance, and rehabilitation of multifamily housing properties for low- and moderate-income populations that specifically qualify for the Low-Income Housing Tax Credit and meet CRA criteria. Financing may be provided in the form of equity investments in partnerships with regional and national mission-oriented investment funds whereby SBNA provides capital into a structured fund managed by a private equity firm exclusively on behalf of SBNA or a group of investors, which in turn invests in projects for the construction and/or preservation of affordable housing.

### Allocated Assets by Distribution for Renewable Energy and Affordable Housing<sup>1,2</sup>

Composition of Total Allocated Funds



<sup>1</sup> There is no remaining balance of unallocated proceeds of the total Sustainability Note.

<sup>2</sup> The Affordable Housing allocation is scaled down to reflect the \$500M issued bond.



## SHUSA Use of Proceeds for Renewable Energy:

As of June 30, 2024, 33% of the proceeds from the 2022 Sustainability Note have been allocated to renewable energy (wind and solar) transactions. The 6 brownfield<sup>1</sup> projects were originated or renewed between 2021 and 2024 and all are located within the US. The renewable energy portfolio represents a total drawn outstanding of approximately \$166M. The transactions include: approximately \$16M wind, \$52M solar photovoltaic, and \$98M mixed technology<sup>2</sup>.

**Sustainability Note Asset Allocation for Renewable Energy**

	Number of loans	Allocated Loan Amount	Allocated Loan Amount for renewable energy %	Portion of Sustainability Note
Onshore Wind	2	\$15,552,716	9%	3%
Solar Photovoltaic	3	\$52,128,910	32%	10%
Mixed Technology <sup>2</sup>	1	\$98,001,685	59%	20%
<b>Total Renewable Energy</b>	<b>6</b>	<b>\$165,683,311</b>	<b>100%</b>	<b>33%</b>

## SHUSA Use of Proceeds for Affordable Housing:

As of June 30, 2024, 67% of the proceeds from the 2022 Sustainability Note have been allocated to affordable housing transactions. The transactions consist of 29 individual affordable housing investment funds created or renewed between 2019 and 2023. Of the 29 funds, 22 were committed to or funded prior to the Sustainability Note issuance and 7 funds were committed to or funded after the issuance. Of the 29 funds, 46% of the total allocated amount meet the 60% Area Median Income ("AMI") affordability targets and 21% of the total allocated amount meet the 80% AMI affordability targets all within the US. The affordable housing projects represent a drawn outstanding amount of approximately \$334M.

**Sustainability Note Asset Allocation for Affordable Housing**

	Number of loans	Allocated Loan Amount	Allocated Loan Amount for affordable housing %	Portion of Sustainability Note
60% AMI Affordability Targets	23	\$230,079,716	69%	46%
80% AMI Affordability Targets	6	\$104,236,973	31%	21%
<b>Total Affordable Housing</b>	<b>29</b>	<b>\$334,316,689</b>	<b>100%</b>	<b>67%</b>

<sup>1</sup> Brownfield: Extension, modification, refinancing of an existing project.

<sup>2</sup> Mixed Technology includes projects which include both Wind and Solar.



## SHUSA Impact Report for Renewable Energy: Installed Capacity and Energy Production

The impact assessed for the green portion of the Sustainability Note issued is measured using renewable energy capacity (MW), production (MWh), and corresponding avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>).

Installed Capacity and Energy Production Impacts				
	Total installed capacity (MW)	SHUSA Total installed capacity impact (MW)	Total production (MWh)	SHUSA Total production impact (MWh)
Renewable Energy	2,591	168	7,103,799	432,162

## Sustainalytics Independent Impact Report for Renewable Energy: Financed Avoided tCO<sub>2</sub> Emissions

Financed Avoided Emissions Impact				
Technology	Financed Direct Emissions Avoided	Financed Indirect Emissions Avoided	Financed Emissions Avoided	Financed Emissions Avoided/M USD
	tCO <sub>2</sub> e/year	tCO <sub>2</sub> e/year	tCO <sub>2</sub> e/year	tCO <sub>2</sub> e/year/M USD
Wind Energy	11,037	2,549	13,587	874
Solar Photovoltaic	29,249	6,756	36,005	691
Mixed Renewables	112,044	25,881	137,925	1,407

Avoided emissions have been calculated using actual production for the period from July 1, 2023, to June 30, 2024, utilizing projects that began or were renewed between 2021 and 2024. The attribution factor, as described in the calculation methodology section above, was calculated for SHUSA's contribution to each project and applied to the Sustainalytics calculation accordingly.



## SHUSA Impact Report for Affordable Housing<sup>1</sup>: Number of Individual Housing Units SHUSA Financed<sup>2</sup>, Number of Individuals Financed

The impact assessed for the social portion of the Sustainability Note issued is measured using the number of individual housing units financed, and the number of individuals financed.

### Individual Housing Units, Individuals Financed Impacts

Area income affordability targets	SHUSA signed amount	SHUSA allocated amount as of 6/30	SHUSA number of individual housing units financed impact <sup>1</sup>	SHUSA number of individuals financed impact
60% AMI	\$718,445,158	\$230,079,716	3,733	11,610
80% AMI	\$160,400,000	\$104,236,973	1,705	5,304

The CRA criteria provides that an investment qualifies for CRA credit if the investment benefits a majority of low- to moderate-income households, (i.e., 51% of units serve low- to moderate-income households).

Low- to moderate-income households are categorized by AMI Affordability Targets.

SHUSA selected two types of affordable housing investment funds that are designed to meet the affordability target set by AMI, ensuring accessible and equitable living opportunities for the community. These AMI Affordability Target Funds finance the equity portion of each housing project.

- Fund type 1: A household income must be at or below 60% AMI. SHUSA allocated \$230M to 60% AMI.
- Fund type 2: A household income must be at or below 80% AMI. SHUSA allocated \$104M to 80% AMI.

SHUSA's Signed Commitment: The total legally bound amount SHUSA has committed to funding into an equity investment.

SHUSA's Allocated Commitment: The amount of capital as of June 30, 2024 that has been funded to an investment from the committed amount.

## Sustainalytics Independent Impact Report for Affordable Housing: Beneficiary Savings

### Beneficiary Savings Impacts

Area income affordability targets	SHUSA allocated amount as of 6/30	Total Project Financing	SHUSA Share of Total Project Financing	Monthly Individual Beneficiary Savings	Monthly Beneficiary Savings <sup>3</sup>	Financed Annual Total Beneficiary Savings <sup>4</sup>	Financed Total Beneficiary Savings/Allocated Amount
60% AMI	\$230,079,716	\$630,867,725	36%	\$1,261	46%	\$56,501,519	0.25
80% AMI	\$104,236,973	\$1,073,961,300	10%	\$556	20%	\$11,384,361	0.11

Affordable Housing is offered to a target group at a significantly lower price than the housing of the same quality offered in the market. It is assumed that in the absence of affordable housing, the inhabitants would have needed to pay market rent for housing. The difference between the market rent and affordable rent results in the beneficiary savings.

<sup>1</sup> The Affordable Housing impacts are scaled down to reflect the \$500M bond issued.

<sup>2</sup> Due to rounding, the summation of these numbers may differ from the individual housing units financed impact total in the appendix.

<sup>3</sup> This takes into account total units in the building (60% AMI = 14,464 and 80% AMI = 16,342) and the monthly savings annualized with rounding.

<sup>4</sup> This takes into account SHUSA's Share of Total Project Financing (derived from Total Project Financing and SHUSA Allocated Amount) and the annual total beneficiary savings impact) with rounding.



# 8. Appendix

## SUSTAINALYTICS INDEPENDENT LIMITED ASSURANCE REPORT



### Santander Holdings USA

**Type of Engagement:** Allocation Review  
**Date:** 11 December 2024  
**Engagement Team:**  
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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.<sup>1,2</sup> Sustainalytics provided a Second Party Opinion in February 2022 and an update to it in June 2023.<sup>3,4</sup> 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"> <li>Small-scale<sup>5</sup> photovoltaic (PV) solar electricity production on rooftops is eligible.</li> <li>Large-scale PV electricity and concentrated solar power (CSP) production s eligible subject to full social and environmental impact analysis.</li> </ul>	<ul style="list-style-type: none"> <li>Annual GHG emissions reduced/ avoided in tonnes of CO<sub>2</sub> equivalent</li> <li>Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li> <li>Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> <li>Length (km) of connecting transmission infrastructure supported</li> <li>Energy storage capacity created</li> </ul>

<sup>1</sup> 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/C3%B3n-de-proyectos-sostenibles/prf-santander-green-bond-funding-framework-february-2022-en.pdf>

<sup>2</sup> 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/C3%B3n-de-proyectos-sostenibles/prf-santander-gss-global-funding-framework-june-2023-en.pdf>

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

<sup>4</sup> 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>

<sup>5</sup> 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.



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

### 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,<sup>6</sup> 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
<b>Use of Proceeds Criteria</b>	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

<sup>6</sup> 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
<b>Total Amount Allocated</b>		<b>500,000,000</b>
<b>Total Net Proceeds Raised</b>		<b>500,000,000</b>



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## SUSTAINALYTICS INDEPENDENT IMPACT REPORT

### Impact Report for Bonds and Loans Santander Group Green, Social and Sustainability Funding Global Framework



#### Impact Summary

Sustainalytics has calculated the estimated impact achieved by the sustainability notes issued by Santander Holdings USA, Inc. ("SHUSA") in September 2022. Since issuance, USD 334 million has been allocated to earmarked projects in the Affordable Housing category and USD 166 million has been allocated to earmarked projects in the Renewable Energy category. The projects are located within SHUSA's US footprint, with cities located within Northeast, Southeast, and South-Central regions. Using the number of individual housing units financed and the number of individuals financed as of 30 June 2024, Sustainalytics has calculated the beneficiary savings of USD 68 million over a 12-month period.



**\$500M**  
Allocated funds



**\$68M**  
Annual Beneficiary Savings



**35**  
Projects and Funds



**5.4K**  
Number of Individual Housing Units Financed



**1**  
Country



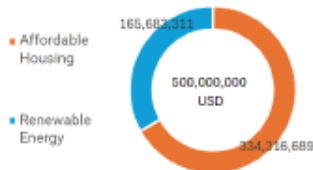
**188**  
Annual emissions avoided (KtCO<sub>2</sub>e)

**Evaluation Date** 20 December 2024

**Issuer Location** USA



#### Financed Projects by Allocated Amount



**United States**  
35 Projects and Funds



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## Introduction

In 2022, Santander Holdings USA, Inc. ("SHUSA") issued its inaugural sustainability note in which SHUSA allocated an amount equal to the net proceeds from the offering specifically for earmarked assets that meet the Eligibility Criteria in the Santander Group Green, Social & Sustainability Funding Global Framework (the "Framework").<sup>1</sup> In 2023, Banco Santander, S.A. ("Santander Group"), SHUSA's parent company, updated the Framework, which supersedes and replaces the prior version created in 2022. Sustainalytics provided a Second-Party Opinion on the Santander Group Green, Social & Sustainability Funding Global Framework, evaluating it as credible, impactful, and aligned with the four core components of the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021.<sup>2,3</sup>

SHUSA engaged to quantify the environmental benefits of the projects financed with the proceeds from SHUSA's structure notes. Using established methodologies, Sustainalytics has estimated avoided emissions from SHUSA's renewable energy projects and estimated the beneficiary savings for affordable housing projects. This report presents the details of our findings, including a description of the methodology used to calculate the impacts.

## Scope of Work and Limitations

SHUSA has engaged Sustainalytics to calculate the estimated social and environmental impacts of the projects financed through the sustainability notes. For this work, Sustainalytics relied on the data provided by SHUSA on the amount allocated and the technical data on the projects financed.

Sustainalytics' impact reporting is aligned with ICMA's June 2024 Handbook – Harmonised Framework for Impact Reporting and ICMA's June 2023 Harmonised Framework for Impact Reporting for Social Bonds.<sup>4,5</sup> The methodology and assumptions made for the impact calculation are outlined in the methodology chapter.

As part of this engagement, Sustainalytics exchanged information with various members of SHUSA's management team to understand the sustainability impact of its projects. Through these exchanges, SHUSA's representatives have confirmed that:

- (1) They understand it is the sole responsibility of the SHUSA to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information;
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information.

<sup>1</sup> The Santander Green Bond Framework Second Party Opinion is available at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/huestro-compromiso/financiaci%C3%B3n-de-proyectos-sostenibles/orf-santander-green-bond-fundino-framework-february-2022-en.pdf>

<sup>2</sup> The bond-related principles, guidelines and handbooks are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbook>

<sup>3</sup> The loan-related principles and guidelines are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: [https://www.lsta.org/content/?\\_industry\\_sector=guidelines-memos-primary-market](https://www.lsta.org/content/?_industry_sector=guidelines-memos-primary-market)

<sup>4</sup> ICMA, "Handbook - Harmonised Framework for Impact Reporting", 2024, at [Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf \(icmagroup.org\)](https://www.icmagroup.org/handbook-harmonised-framework-for-impact-reporting-june-2024.pdf)

<sup>5</sup> ICMA, "Harmonized Framework for Impact Reporting for Social Bonds", 2023, at [Harmonised-framework-for-impact-reporting-for-social-bonds-june-2023-220623.pdf \(icmagroup.org\)](https://www.icmagroup.org/harmonized-framework-for-impact-reporting-for-social-bonds-june-2023-220623.pdf)

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## Impact Findings

For reporting, Sustainalytics follows the ICMA Harmonised Framework for Impact Reporting and the ICMA Harmonized Framework for Impact Reporting for Social Bonds, which synthesize market expectations and outline recommendations for impact reporting to create a standardized reporting structure and to enhance the understanding of the impact to all stakeholders including bond investors.<sup>6,7</sup>

Tables 1 and 2 below provide a summary of the impacts related to Affordable Housing and Renewable Energy at the portfolio-level, which Sustainalytics calculated from the earmarking of proceeds from SHUSA's sustainability notes. Tables with more detailed data can be found in the Appendices.

**Table 1: Summary of Impact – Affordable Housing**

Allocated Amount	Financed Number of Individual Housing Units	Financed Number of Individuals	Average Beneficiary Savings, Monthly	Beneficiary Savings	Financed Annual Total Beneficiary Savings	Financed Annual Total Beneficiary Savings /Allocated Amount
USD	#	#	USD	%	USD	USD/USD
334,316,689	5,439	16,914	1,040	38%	67,885,880	0.20

**Table 2: Summary of Impact- Renewable Energy**

Allocated Amount	Financed Direct Emissions Avoided	Financed Indirect Emissions Avoided	Financed Emissions Avoided	Financed Emissions Avoided/USD million
USD	tCO2e/year	tCO2e/year	tCO2e/year	tCO2e/year/M USD
165,683,311	152,330	35,187	187,517	1,113.78

## Methodology

Sustainalytics developed its own methodologies for quantifying GHG avoidance and other metrics, including leveraging publicly available best-in-class methodologies, protocols and frameworks that are currently industry best practice. First, our estimation practices and general principles rely on the *GHG Protocol*.<sup>8</sup> Our methodologies are based on guidance provided by the International Financial Institutions' (IFIs) *Approach to GHG Accounting for Renewable Energy Projects*,<sup>9</sup> notably on calculation methodology and global emissions. In addition, we rely on the Partnership for Carbon Accounting Financials' (PCAF) *Global Accounting Standard*<sup>11</sup> for guidance on estimation where data is not readily available and assumptions must be made. Finally, the UN's *Clean Development Mechanism*<sup>12</sup> provides guidance and information, serving as the foundation for these and other methodologies, including those implemented in this report.

<sup>6</sup> ICMA, "Handbook - Harmonised Framework for Impact Reporting", 2024, at [Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf \(icmagroup.org\)](#)

<sup>7</sup> ICMA, "Harmonized Framework for Impact Reporting for Social Bonds", 2023, at [Harmonised-framework-for-impact-reporting-for-social-bonds-june-2023-220623.pdf \(icmagroup.org\)](#)

<sup>8</sup> The Greenhouse Gas Protocol provides standards, guidance, tools and training for business and government to measure and manage climate-warming emissions (<https://ghgprotocol.org/>).

<sup>9</sup> Close to 25 institutions are currently members of the *IFI Technical Working Group*, and include multilateral development banks, such as the Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, and the World Bank Group. The UNFCCC secretariat has been a member of the IFI TWG since 2015.

<sup>10</sup> The IFI Approach to GHG Accounting for Renewable Energy is in accordance with the *International Approach to Greenhouse Gas Accounting*. A technical working group of IFIs have agreed to a common *methodology* and set of *emissions factors* for GHG accounting of electricity production from renewable energy projects.

<sup>11</sup> PCAF is a group of leading international financial institutions that launched a global initiative to develop a global GHG accounting standard to increase the number of financial institutions applying the standard and ultimately make GHG accounting common practice within the financial industry (<https://carbonaccountingfinancials.com/>).

<sup>12</sup> CDM, "Methodologies Booklet", at: <https://cdm.unfccc.int/methodologies/documentation/index.html>



## Affordable Housing

Affordable housing is offered to a target group at a significantly lower price than housing of the same quality offered in the market. It is assumed that in the absence of affordable housing, the inhabitants would have needed to pay market rent for housing, and the difference between the two is the beneficiary savings.

- The affordable rent of the project itself is built on data from the issuer to the extent available. Where no detailed rent data is available, affordable rent is estimated with eligibility criteria, where the highest rent that can be considered affordable is estimated
- The market rent, which constitutes the baseline for the estimate, is sourced from credible regional statistics

### Data Sources and Assumptions

- For estimating the affordable rent, the beneficiary's income criteria were used together with median household income statistics<sup>13</sup> to estimate the maximum income a household can have and still be eligible for affordable housing. The maximum affordable rent criterion,<sup>14</sup> which was sourced from the US Department of Housing and Urban Development, was used together with statistics on the average household size<sup>15</sup> to estimate the maximum rent that households fulfilling the income criteria can pay in rent and still be considered affordable. As the actual affordable rent is unknown, the highest rent was used to determine a conservative estimate for affordable rent.
- For estimating the market rent, city-level data was sourced from US government sources.<sup>16</sup> Based on this data, region- and state-wide values were estimated with population weights.<sup>17</sup> When the exact location is unknown, the average of several cities in the wider geography is used.

## Renewable Energy

It is assumed that the energy generated by the projects crowd out a mix of current and upcoming planned generation capacity and, therefore, associated emissions. The approach taken to derive the greenhouse gas emissions avoidance uses:

- The emissions of the renewable energy projects, which is often (but not always) zero; and
- The baseline emissions or emissions occurring in the absence of the project. For electricity generation, these emissions are based on the energy mix used to supply electricity to the local grid.
- Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations.

### Data Sources and Assumptions

- The baseline emission factors for the countries where projects are located were sourced from IFI.<sup>18</sup> To account for emissions from upstream activities, Sustainalytics applies an additional, indirect emissions factor.<sup>19</sup>
- For zero-carbon technologies such as solar and wind, the emissions per unit of generation are assumed to be 0 gCO<sub>2</sub>e/kWh.
- For the projects included in this report, energy generation (measured in MWh) data was provided by the issuer.

<sup>13</sup> U.S. Department of Housing and Urban Development, FY 2023 Median Family Income Documentation System, at: [https://www.huduser.gov/portal/datasets/ii/2023/select\\_Geography.odn?STATES=44.0&statelist=44.0&stname=Montana&wherefrom=rmi&statefn=30&year=&ne\\_flg=1&selection\\_type=&incpath=%24incpath%24&data=2023](https://www.huduser.gov/portal/datasets/ii/2023/select_Geography.odn?STATES=44.0&statelist=44.0&stname=Montana&wherefrom=rmi&statefn=30&year=&ne_flg=1&selection_type=&incpath=%24incpath%24&data=2023)

<sup>14</sup> U.S. Department of Housing and Urban Development, Home Rent Limits, at: <https://www.huduser.gov/portal/datasets/HOME-Rent-limits.html>

<sup>15</sup> Statista.com, Distribution of occupied housing units in the United States in 2020, by number of bedrooms, at: <https://www.statista.com/statistics/206393/distribution-of-housing-units-in-the-us-by-number-of-bedrooms/>

<sup>16</sup> U.S. Department of Housing and Urban Development, FY 2023 Fair Market Rent Documentation System, at: [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023\\_code/2023summary.odn?year=2023&fmrtype=\\$fmrtype&cbsesub=METRO4522DM45220](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/2023summary.odn?year=2023&fmrtype=$fmrtype&cbsesub=METRO4522DM45220)

<sup>17</sup> United States Census Bureau, Metropolitan and Micropolitan Statistical Areas Population Totals: 2020-2022, at: <https://www.census.gov/data/datasets/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html>

<sup>18</sup> UNFCCC, The IFI Dataset of Default Grid Factors, available at: <https://unfccc.int/climate-action/sectoral-engagement/ifs-harmonization-of-standards-for-ghg-accounting/ifi-two-list-of-methodologies>

<sup>19</sup> Calculated by Sustainalytics based on: UK Government, Department for Business, Energy & Industrial Strategy, "Government conversion factors for company reporting of greenhouse gas emissions", at: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>, International Energy Agency, "IEA Country Profiles", at: <https://www.iea.org/countries> and UNFCCC, "Harmonized IFI Default Grid Factors", at: <https://unfccc.int/climate-action/sectoral-engagement/ifs-harmonization-of-standards-for-ghg-accounting/ifi-two-list-of-methodologies>



- For zero-carbon technologies such as solar and wind, the emissions per unit of generation are assumed to be 0.

### Appendix 1: Impacts of Affordable Housing Project by Area Median Income Affordability Targets

Area Median Income Affordability Target	Signed Amount	Allocated Amount	Financed Housing Units	Financed Number of Beneficiaries	Monthly Individual Beneficiary Savings	Monthly Beneficiary Savings	Financed Annual Total Beneficiary Savings	Financed Total Beneficiary Savings/Allocated Amount
% of the AMI	USD	USD	#	#	USD	%	USD	USD/USD
60%	718,445,158	230,079,716	3,733	11,610	1,261	46%	56,501,519	0.25
80%	160,400,000	104,236,973	1,705	5,304	556	20%	11,384,361	0.11

### Appendix 2: Impacts of Renewable Energy by Technology

Technology	Allocated Amount	Financed Generation	Financed Capacity	Financed Direct Emissions Avoided	Financed Indirect Emissions Avoided	Financed Emissions Avoided	Financed Emissions Avoided/M USD
	USD	MWh	MW	tCO2e/year	tCO2e/year	tCO2e/year	tCO2e/year/M USD
Wind Energy	15,552,716	31,313	11	11,037	2,549	13,587	874
Solar Photovoltaic	52,128,910	82,979	56	29,249	6,756	36,005	691
Mixed Renewables	98,001,685	317,870	298	112,044	25,881	137,925	1,407



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