

Second-Party Opinion

Santander Argentina Social Loans Framework



Evaluation Summary

Sustainalytics is of the opinion that the Santander Argentina Social Loans Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – SMEs Financing and Micro Financing, and Hospitals, clinics and nursing homes financing – are aligned with those recognized by the Social Bond Principles, namely Employment Generation and Access to Essential Services. Sustainalytics considers that providing financing to the eligible categories in response to the effects of the COVID-19 pandemic will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 3 and 8.



PROJECT EVALUATION / SELECTION Santander Argentina’s Commercial and Risk Departments, along with the Legal and Compliance Departments, will be in charge of evaluating and selecting social loans and ensure borrowers are in compliance with the Framework criteria and the Bank’s internal guidelines and policies. Sustainalytics considers the approval selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Santander Argentina’s Treasury Department, supported by the Commercial teams, will be responsible for overseeing the disbursement of eligible loans. The Bank will track disbursements using a portfolio approach. In the case that Santander Argentina issues a bond, proceeds will be held according to its liquidity management portfolio. This is in line with market practice.



REPORTING Santander Argentina intends to report allocation of proceeds in its Annual Report on an annual basis until full allocation. The allocation reporting will include the amount of social loans allocated to each of the eligible categories. In addition, Santander Argentina is committed to reporting on relevant impact metrics such as number of MSMEs financed and number of health and social care providers supported. Sustainalytics views the Bank’s allocation and impact reporting as aligned with market practice.

Evaluation date August 28, 2020

Issuer Location Buenos Aires, Argentina

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Santander Argentina Social Loans Framework

Introduction

Banco Santander Río S.A. (“Santander Argentina”, or the “Bank”), part of Santander Group (the “Group”), is a commercial bank offering commercial and consumer loans, credit cards, securities brokerage services, insurance, and offers custody and trust services. Santander Argentina is the largest private bank in Argentina, with head offices in Buenos Aires, Argentina, with 9,244 employees and 438 branches in the country.

Santander Argentina has developed the Santander Argentina Social Loans Framework (the “Framework”) under which it intends to issue social loans and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future loans as additional financing for micro, small and medium-sized enterprises (MSMEs), and health service providers in response to the nation-wide quarantine measures due to the COVID-19 pandemic. The Framework defines eligibility criteria in two areas:

1. SMEs Financing and Micro Financing
2. Hospitals, clinics, and nursing homes financing

Santander Argentina engaged Sustainalytics to review the Santander Argentina Social Loans Framework, dated August 2020, and provide a second-party opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2020 (SBP).¹ This Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2020, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the lender’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.5, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Santander Argentina’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Santander Argentina representatives have confirmed (1) they understand it is the sole responsibility of Santander Argentina to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Banco Santander Río S.A.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

² The Santander Argentina Social Loans Framework is available on Santander Argentina’s website at: <https://www.santander.com.ar/banco/online/acerca-de-nosotros/comunidad/banca-responsable/finanzas-sostenibles>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

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projects expected to be financed with loans but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the loans towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Santander Argentina has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Santander Argentina Social Loans Framework

Sustainalytics is of the opinion that the Santander Argentina Social Loans Framework is credible and impactful and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of Santander Argentina's Social Loans Framework:

- Use of Proceeds:
 - Santander Argentina's two eligible social categories are aligned with those recognized by the SBP, namely Employment Generation and Access to Essential Services.
 - The proceeds of the social loans are meant to provide additional financing, in response to the COVID-19 pandemic and the nation-wide quarantine to prevent the spread of the virus, to MSMEs, and health service providers such as hospitals, clinics and nursing homes. Sustainalytics views providing financing to businesses impacted by the effects of the COVID-19 pandemic to be in line with market expectations.
 - The Bank's definition of MSMEs is aligned with the criteria established by the Ministry of Productive Development (Spanish: Ministerio de Desarrollo Productivo), and in order to be eligible for financing borrowers need to submit a valid MSME certificate issued by the corresponding authority. Sustainalytics views positively this alignment with official definitions. Please refer to Appendix 1 for the detailed overview of MSMEs categorization.
 - For the "Hospitals, clinics, and nursing homes financing" category, the Bank intends to finance expenditures in health and social care such as salaries, working capital and capital expenditures for medical supplies. To be considered eligible under this category, borrowers should be enrolled with the Federal Administration of Public Income (Spanish: Administración Federal de Ingresos Públicos) under one of the following categories or activities: health and social care, manufacturers of medical equipment, surgical equipment, orthopedic equipment and producers or providers of pharmaceutical products.
 - Sustainalytics notes positively the impacts of providing financing to the medical and healthcare sector in the face of the COVID-19 pandemic.
 - Financing may be provided to care homes and medical clinics, including both public and private facilities. Sustainalytics notes that enhancing the access to healthcare services, through availability and affordability, is a key consideration from a social impact perspective. While this generally involves focusing on public or subsidized services, as the Bank intends to provide immediate support in response to the significant stresses posed by COVID-19 pandemic, this financing is anticipated to have net-positive impacts; therefore private facilities are considered suitable recipients of a social loan. Nevertheless, Sustainalytics encourages the Bank to prioritize support to healthcare infrastructure and related services that are free and/or subsidized in nature.
 - Sustainalytics notes that the Bank has specified that financing under the Framework will not be directed to the following activities: gambling, tobacco, alcohol, the armament sector, mining,

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nuclear power generation and fossil fuel-based energy. Sustainalytics views these exclusionary criteria as strengthening the Framework.

- **Project Evaluation and Selection:**
 - Santander Argentina’s Commercial teams and Risk Department, supported by the Legal and Compliance departments, will be in charge of performing due diligence and ensure borrowers comply with the Bank’s risk threshold for each category. Furthermore, borrowers need to comply with the Framework and, if required, with other internal sustainability policies, including the Bank’s General Sustainability Policy, the Equator Principles and the UN Global Compact. Please refer to Section 2 for the Bank’s risk mitigation strategies.
 - Based on the above, Sustainalytics is of the opinion that the project evaluation and selection process is clear and well-defined and, as such, considers this process to be aligned with market practice.
- **Management of Proceeds:**
 - Santander Argentina will track disbursements using a portfolio approach where it will record the (i) amounts allocated to each category and type of facility; (ii) number of financings per category and type of facility; and (iii) portfolio’s expected run-off.
 - The Bank has communicated to Sustainalytics that the Treasury Department, in coordination with Commercial teams will oversee the disbursements of eligible loans.
 - The Bank has communicated that, at this time, it does not intend to issue bonds against the portfolio of eligible loans. However, in the event that Santander Argentina decides to issue a social bond, the Bank intends to allocate net bond proceeds within 24 months after issuance. The Global Debt Financing department will be in charge of monitoring net bond proceeds and pending allocation the Bank will manage net proceeds as per its liquidity management policy.
 - Based on the above and the disclosure of temporary use of proceeds, Sustainalytics considers this management approach to be in line with market practice.
- **Reporting:**
 - Santander Argentina intends to report on allocation and impact annually. The reporting will be added to the Responsible Banking chapter of its Annual Report made available on its website and will contain the portfolio’s current and future loans that meet the Framework’s eligibility criteria.
 - The allocation reporting will include the amount of the social loans that have been allocated to each category at the end of each fiscal year (December 31st). In addition, the Bank intends to report on impact metrics such as number of MSMEs financed, number of health and social care providers supported, and number and amount of total facilities to finance capital expenditures to improve MSMEs and Health and Social care providers installed capacity.
 - The reporting will be externally verified by a financial auditor, who will assess compliance with the Social Loans Framework.
 - Based on Santander Argentina’s reporting commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Social Bond Principles 2020

Sustainalytics has determined that the Santander Argentina Social Loans Framework aligns to the four core components of the SBP. For detailed information please refer to Appendix 2: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Performance of Santander Argentina

Contribution of Framework to Santander Argentina’s sustainability strategy

Sustainalytics is of the opinion that Santander Argentina, which is aligned to the mission of Grupo Santander, demonstrates a commitment to sustainability with a focus on supporting inclusive and sustainable growth.

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Santander Argentina and Grupo Santander have expressed a number of key focus areas, of which Sustainalytics highlights the following as being particularly aligned with the objectives of the Framework:⁴

- Meeting the needs of everyone in society – aiming to increase the number of services and products to allow different types of customers to manage their finances. To this end, Santander Argentina created Santander iU for customers aged between 18 and 31 years old. This product offers young people discounts on transport services, facilities for university payment and provides information on topics such as entrepreneurship, job search, and volunteering initiatives.
- Financial empowerment – this strategy revolves around financial inclusion and empowerment based on (i) helping underbanked or financially vulnerable people access financial services; (ii) offering products for low income individuals with economic difficulties or financially vulnerable; and (iii) offering programs and initiatives aimed at increasing financial literacy. The Group is aiming to empower 10 million people from 2019 to 2025.
- Sustainable finance – the Group has incorporated environmental, social and governance criteria into its lending decision making process, in an effort to address climate change and support the target of the 2015 Paris Agreement of keeping global warming below 2°C.

In addition, Grupo Santander was one of the founding signatories of the United Nations Principles for Responsible Banking and it is participating in the United Nations Environment Programme Finance Initiative (UNEP FI) pilot project on implementing the TCFD recommendations for banks. Other notable initiatives of which the Group is part of include the UN Women’s Empowerment Principles, the CDP (before Carbon Disclosure Project), and the UN Global Investors for Sustainable Development (GISD) Alliance.

Sustainalytics is of the opinion that the Santander Argentina Social Loans Framework is aligned with the company’s overall sustainability strategy and initiatives and that it will further the Bank’s actions on its key social priorities.

Well positioned to address common social and environmental risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the loans issued under the Framework will be directed towards projects that are recognized by the SBP and anticipated to have positive social impact, Sustainalytics notes that lending and microfinance are areas which may pose environmental and social risks associated with activities carried out by companies financed as well as predatory lending and the expansion of debt burden on vulnerable enterprises.

Sustainalytics is of the opinion that Santander Argentina is able to manage and/or mitigate potential risks through the implementation of the following:

- Santander Argentina has incorporated social and environmental risk factors into its credit lending activities, assessing the performance and potential environmental risk of clients and their ability to respond to such risks.⁵
- Santander Group became a signatory of the Equator Principles⁶ integrating the risk management framework which comprises the identification, assessment and management of environmental and social risks.
- The Group is also a signatory of the United Nations Global Compact, thus committing to operate in a manner that upholds fundamental responsibilities in areas including human rights, labour, the environment and on anti-corruption.
- In 2019, Santander Group analyzed 88% of global customers for an environmental and social risk assessment (these clients represented 90% of the exposure to the sectors under the policies). The Bank also complies with Santander Group’s Customer Protection Policy⁷ and introduced new guidelines in 2019 that establish a groupwide approach on conducting business with vulnerable customers with a goal to prevent their over-indebtedness and ensure that they are always treated

⁴ Grupo Santander, “Annual Report 2019”, at: <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual/2019/ia-2019-annual-report-en.pdf>.

⁵ Santander Rio, “Informe de Actividades 2018”, at: https://www.santander.com.ar/banco/wcm/connect/16264336-4c84-4e2a-8e60-de7ef9f491c3/1+Memoria+Santander+Rio+2018_.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=ROOTWORKSPACE-16264336-4c84-4e2a-8e60-de7ef9f491c3-n77nfVl%20target=%22_blank%22.

⁶ Equator Principles, “The Equator Principles”, at: <https://equator-principles.com/about/>.

⁷ Grupo Santander, “2019 Annual Report”, at: <https://www.santander.com/content/dam/santander-com/en/documentos/informe-anual/2019/ia-2019-annual-report-en.pdf>.

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with empathy for their specific circumstances.⁸ Furthermore, Santander's Ethical Code of Conduct⁹ recognizes transparency as one of its five key objectives and delineates accountability to its employees on clearly and correctly presenting all information that may be necessary for the customer to make a decision. Sustainalytics views these factors as appropriate to consider in order to ensure that unnecessary debt burden on vulnerable individuals is avoided.

Based on these policies and international commitments, Sustainalytics is of the opinion that Santander Argentina has in place adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The two use of proceeds categories are aligned with those recognized by the SBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

The importance of supporting MSMEs in Argentina

MSMEs represent approximately 97% of all businesses in Argentina,¹⁰ amounting to approximately 600,000 companies that make up 70% of the total private sector employment.¹¹ These numbers highlight their important contribution to economic growth and employment in Latin America's third largest economy. The response policies taken in the face of the global pandemic by the Argentine Government and its commercial partners have resulted in the disruption of a large part of commercial activities. This comes at a time when the World Bank had determined that the Argentinian economy is in a precarious position, with the Argentine peso losing 68% of its value since 2018, annual inflation standing at over 50%, a 2.5% fall of GDP in 2018 and an additional 2.2% in 2019.¹² Considering the current situation, access to financing is critical for business to be able to maintain operations as they see diminished income due to the measures introduced to stop the spread of COVID-19, and mitigate the impact of lost revenue. An analysis from the OECD estimates that the Argentine economy was due to decline a further 2% of GDP for 2020, which would translate to approximately 180,000 lost jobs.¹³

Overall, access to finance is also an integral factor for MSMEs to be able to grow and expand their business activities. For example, a demonstration of the impact that access can have can be seen with the EU's credit guarantees for SMEs from 2002 to 2016, which enabled beneficiaries to grow more rapidly than non-beneficiaries in terms of assets, sales and employment.¹⁴ Additionally, regarding employment levels, the impact on growth was estimated to be between 8% to 30%,¹⁵ further highlighting the importance of SMEs role in providing stable employment.

Sustainalytics views favorably Santander Argentina's financing for MSMEs to support their economic activities and for the generation and maintenance of employment.

The importance of access to healthcare

With Latin America now a center of the COVID-19 pandemic,¹⁶ access to healthcare is of utmost importance to confront the crisis. Although there is universal health coverage in Argentina, the WHO identified its health care system as being "highly decentralized and fragmented" resulting in governance challenges, that bring about considerable inefficiencies and variabilities in access, equity, and resources in each jurisdiction.¹⁷ In addition, a UN report estimates that Latin America "is reliant on extra regional imports of medical products

⁸ *Ibid.*

⁹ Santander Group, "General Code of Conduct", at: <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/pol%C3%ADticas/do-General%20code%20of%20conduct-en.pdf>.

¹⁰ Urien, P. (2018), "El 50% de los empresarios de las pymes tiene más de 60 años", La Nación, at: <https://www.lanacion.com.ar/economia/empleos/el-50-de-los-empresarios-de-las-pymes-tiene-masde-60-anos-nid2151143>.

¹¹ Urien, P. (2020), Crisis. Hay 61.000 pymes que evalúan cerrar y piden más flexibilidad laboral", La Nación, at: <https://www.lanacion.com.ar/economia/hay-61000-pymes-riesgo-desaparecer-piden-flexibilidad-nid2365536>.

¹² The World Bank, "The World Bank COVID-19 response in Argentina", (2020), at: <https://www.worldbank.org/en/country/argentina/overview>.

¹³ Organización Internacional el Trabajo, "La COVID-19 y el mundo del trabajo en Argentina: impacto y respuestas de política", (2020), at: https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---ilo-buenos_aires/documents/publication/wcms_740742.pdf.

¹⁴ Brault, J., et al, (2019), "The real effects of EU loan guarantee schemes for SMEs: A pan-European assessment", EIF Working Paper Series 2019/56, at: <https://ideas.repec.org/p/zbw/eifwps/201956.html>.

¹⁵ *Ibid.*

¹⁶ WHO, "Argentina: There is no economy without health", (2020), at: <https://www.who.int/news-room/feature-stories/detail/argentina-there-is-no-economy-without-health>.

¹⁷ *Ibid.*

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essential for treating COVID-19, with less than 4% of imports sourced from within the region itself.”¹⁸ The report enlists a series of recommendations that highlight the importance of ensuring access to testing and care for all and extending public investment in health.¹⁹

Sustainalytics notes positively that Santander Argentina’s inclusion to financing hospitals, medical equipment, and healthcare technologies will help advance the betterment of this sector and make it more resilient in face of the current pandemic and for future health emergencies.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This social bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
SMEs Financing and Micro Financing	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium sized enterprises, including through access to financial services
Hospitals, clinics, and nursing homes financing	3. Good Health & Well Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Conclusion

Santander Argentina has developed the Santander Argentina Social Loans Framework under which it will issue loans to provide financing for micro, small and medium-sized enterprises (MSMEs), and health service providers in response to the nation-wide quarantine measures due to the COVID-19 pandemic. Sustainalytics considers that the projects funded under this Framework will provide positive social impact.

The Santander Argentina Social Loans Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Santander Argentina Social Loans Framework is aligned with the overall sustainability strategy of the Bank and that the social use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3 and 8. Additionally, Sustainalytics is of the opinion that Santander Argentina has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Santander Argentina is well-positioned to finance these socially impactful loans and that the Santander Argentina Social Loans Framework is robust, transparent, and in alignment with the core components of the Social Bond Principles 2020.

¹⁸ United Nations, “Policy Brief: The Impact of Covid-19 on Latin America and the Caribbean”, (2020) https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid_lac.pdf.

¹⁹ *Ibid.*

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Appendices

Appendix 1: Micro, Small and Medium-Sized Enterprises (MSMEs) classification

The Ministry of Productive Development (Spanish: Ministerio de Desarrollo Productivo)²⁰ defines MSMEs in relation to a company's revenue by industry. The value is established as an average of the company's revenues over the last three years, excluding VAT and other taxes, and deducting up to 75% of exports amounts.

Company Size Category	Revenue by Industry (ARS)				
	Construction	Services	Commerce	Industry Mining /	Agribusiness
Micro	19,450,000	9,900,000	36,320,000	33,920,000	17,260,000
Small	115,379,000	59,710,000	247,200,000	243,290,000	71,960,000
Medium Tranch 1	643,710,000	494,200,000	1,821,760,00	1,651,750,000	426,720,000
Medium Tranch 2	965,460,000	705,790,000	2,602,540,000	2,540,380,000	676,810,000

²⁰ Ministerio de Desarrollo Productivo, "Que es una PyME?", at: <https://www.argentina.gob.ar/registrar-una-pyme/que-es-una-pyme>.

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Appendix 2: Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name:	Santander Argentina
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	Santander Argentina Social Loans Framework
Review provider's name:	Sustainalytics
Completion date of this form:	August 28, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

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1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – SMEs Financing and Micro Financing, and Hospitals, clinics and nursing homes financing – are aligned with those recognized by the Social Bond Principles, namely Employment Generation and Access to Essential Services. Sustainalytics considers that providing financing to the eligible categories in response to the effects of the COVID-19 pandemic will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDG 3 and 8.

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Santander Argentina's Commercial and Risk Departments, along with the Legal and Compliance Departments, will be in charge of evaluating and selecting social loans and ensure borrowers are in compliance with the Framework's criteria and the Bank's internal guidelines and policies. Sustainalytics considers the approval selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
|--|--|

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- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Santander Argentina's Treasury Department, supported by the Commercial teams, will be responsible for overseeing the disbursement of eligible loans. The Bank will track disbursements using a portfolio approach. In the case that Santander Argentina issues a bond, proceeds will be held according to its liquidity management portfolio. This is in line with market practice.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Santander Argentina intends to report allocation proceeds on its Annual Report on an annual basis until full allocation. The allocation reporting will include the amount of social loans allocated to each of the eligible categories. In addition, Santander Argentina is committed to reporting on relevant impact metrics such as number of MSMEs financed and number of health and social care providers supported. Sustainalytics views the Bank's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

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Information reported:

- Allocated amounts
 Social Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Information reported (expected or ex-post):

- Number of beneficiaries
 Target populations

Other ESG indicators (*please specify*):
 Number of MSMEs aided; Number of Health and Social care providers supported; Number and amount of total facilities to finance salary payment; Number and amount of total facilities to finance capital expenditures related to technological equipment to enable teleworking or remote working; Number and amount of total facilities to finance capital expenditures to improve MSMEs and Health and Social care providers installed capacity.

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
- Information published in ad hoc documents
 Other (please specify): Information published via the Responsible Banking chapter of its Annual Report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

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USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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Santander Argentina Social Loans Framework

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