

Santander Consumer Bank

PRE-ISSUANCE VERIFICATION LETTER

LOW CARBON TRANSPORT SECTOR CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: August 9 – 22, 2019

Approved verifier: Sustainalytics

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Scope and Objectives

Santander Consumer Bank (SCB), has engaged Sustainalytics to review and verify that SCB's green bond meets the requirements under the Low Carbon Transport criteria of the Climate Bonds Standard.

Santander Consumer Bank AS ("SCB" or "the Bank") is a Norwegian commercial bank and is a part of Banco Santander, one of the largest financial groups in the world. The bank offers credit cards, consumer loans and savings products and is a leader in car and leisure finance. In 2018, the Bank was the largest automotive lender in the Norwegian, Danish and Finnish markets, also maintaining a significant presence in Sweden. SCB has developed the Santander Consumer Bank Green Bond Framework under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, new and existing retail loan and lease contracts for low emission passenger vehicles.

Climate Bonds Standards Criteria

Pre-issuance requirements under Climate Bond Standards Version 2.1:

- Low Carbon Transport
 - Criterion 1: Emissions thresholds for private light-duty and heavy goods vehicles

Issuing Entity's Responsibility

SCB was responsible for providing information and documents relating to:

- The details concerning the selection process for the eligible vehicle loans and financing
- The details of the eligible loan criteria
- The management systems for internal processes and controls for eligible loans, including: tracking of proceeds, managing unallocated proceeds and Earmarking funds to Nominated Projects
- The details of commitments for reporting prior to issuance, including: investment areas, management of unallocated proceeds and frequency of periodic Assurance Engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of SCB's green bond, issued to finance Nominated Projects, and provided an independent opinion informing SCB as to the conformance of the green bond with the Pre-Issuance requirements and Low Carbon Transport criteria of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by SCB. Sustainalytics is not responsible if any aspect of the Nominated Projects referred to in this opinion including estimates, findings, opinions, or conclusions are incorrect. Thus, Sustainalytics shall not be held liable if any of the information or data provided by SCB management and used as a basis for this assessment were not correct or complete.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

The work undertaken as part of this engagement included conversations with relevant SCB employees and review of relevant documentation to confirm the green bond's conformance with the Climate Bonds Certification Pre-Issuance Requirements, which include:

- Conformance of SCB's green bond with the Climate Bonds Standard Version 2.1;
- Conformance with the Technical Criteria of the Low Carbon Transport sector criteria
- Conformance with the Internal Processes & Controls requirements
- Conformance with Reporting Prior to Issuance requirements

Basis of the Opinion

Sustainalytics conducted the verification in accordance with the Climate Bond Standard Version 2.1 and with International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information.

Sustainalytics planned and performed the verification by obtaining evidence and other information and explanations that Sustainalytics considers necessary to give limited assurance that the Santander Consumer Bank Green Bond meets the requirements of the Climate Bond Standard. Upon reviewing evidence and other information, Sustainalytics is of the opinion that SCB will ensure compliance with Climate Bond Standard requirements.

Conclusion

SCB has developed a Green Bond Framework, under which it intends to issue Green Bonds, and use the proceeds to fund investments in clean transportation, specifically the financing or refinancing of electric vehicle loans. Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, SCB's transaction is not in conformance with the Low Carbon Transport criteria of the Climate Bond Standard Pre-Issuance Requirements.

Schedule 2A: Pre-Issuance General Requirements

<p>Selection of Nominated Projects and Assets:</p>	<p><i>1.1</i> Statement on the environmental objectives of the bond</p> <p><i>1.2</i> Confirmation that Nominated Projects and Assets meet the Climate Bonds criteria</p> <p><i>1.3</i> Document a list of Nominated Projects and Assets</p> <p><i>1.4</i> Confirmation that Nominated Projects and Assets will not be nominated to other Climate Bonds</p> <p><i>1.5</i> Confirmation that Net Proceeds of the Green Bond shall not be greater than the value of the Nominated Projects and Assets</p>
<p>Internal Processes and Controls</p>	<p><i>2.1.1</i> Tracking of proceeds</p> <p><i>2.1.2</i> Managing of unallocated proceeds</p> <p><i>2.1.3</i> Earmarking funds to Nominated Projects and Assets</p>
<p>Reporting Prior to Issuance</p>	<p><i>3.1.1</i> Investment area of Nominated Projects and Assets</p> <p><i>3.1.2</i> Intended types of temporary investments for the management of unallocated proceeds</p> <p><i>3.1.3</i> Approach of Verifier</p> <p><i>3.1.4</i> Whether periodic Assurance Engagement will be undertaken, and the expected frequency of any periodic Assurance Engagements</p>

Schedule 2B: Conformance to the Pre-Issuance Requirements

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification of requirements specified under Selection of Nominated Projects and Assets	<p>1.1 The objective of the bond is to primarily use proceeds to finance or refinance of electric passenger vehicles.</p> <p>1.2 The Nominated Projects and Assets meet the Low Carbon Transport Sector criteria of the Climate Bond Standard:</p> <ul style="list-style-type: none"> • Criterion 1: Emissions thresholds for private light-duty and heavy goods vehicles <p>1.3 The Nominated Projects and Assets include:</p> <ul style="list-style-type: none"> • A loan portfolio of new and existing retail loan and lease contracts for low emission passenger vehicles <p>1.4 SCB's management confirms that the projects shall not be nominated to other Climate Bonds.</p> <p>1.5 SCB's management confirms that the net proceeds of the bond shall not be greater than the value of the projects.</p>	None
Verification of requirements specified under Internal Processes and Controls	<p>2.1.1 SCB's management confirms that proceeds will be segregated and tracked in a systematic manner and will be exclusively used to finance Nominated Projects.</p> <p>2.1.2 SCB's management confirms that it will hold and / or invest the balance of net proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio (in cash or cash equivalents, money market funds, etc).</p> <p>2.1.3 SCB's management has confirmed that the proceeds from the bond will be managed using a portfolio approach, and allocated to a portfolio of loans that meet the use of proceeds eligibility criteria, known as the Eligible Green Loan Portfolio.</p>	None
Verification of requirements specified under Reporting Prior to Issuance	<p>3.1.1 SCB's management confirms that the proceeds of the transaction will primarily be used to finance or refinance of electric passenger vehicles.</p> <p>3.1.2 SCB's management confirms that unallocated proceeds shall be held and / or invested, at its own discretion, in its treasury liquidity portfolio (in cash or cash equivalents, money market funds, etc).</p> <p>3.1.3 The bond's offer letter confirms that an approved third party verifier has been appointed to confirm the bond's conformance with pre-issuance requirements of the Low Carbon Transport criteria of the Climate Bonds Standard.</p> <p>3.1.4 The bond's offer letter confirms that an approved third party verifier will conduct post-issuance assurance exercise within a year's time to reaffirm conformance of the bond with the Low Carbon Transport criteria of the Climate Bonds Standard.</p>	None

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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