STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

This statement on principal adverse impacts on sustainability factors covers the reference period from 31 December 2022 to 31 December 2023..

One of the principal purposes of Openbank, S.A. ("**Openbank**" or the "**Bank**") is to try to maximise its contribution to sustainable development, promoting the positive impact of its activities and taking into account the goal of always acting in the best interest of its customers.

Openbank has a Sustainability Risk Integration Policy, the purpose of which is, on the one hand, to respond to the Bank's concerns and commitments regarding sustainability and, on the other, to comply with the regulatory requirements derived from Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "**Disclosure Regulation**" or "**SFDR**") as a participant in the financial markets providing the customer portfolio management service.

In this context, the Disclosure Regulation establishes that when participants in the financial markets take into account the principal adverse incidents of investment decisions on sustainability factors, they will publish and maintain a Statement on Due Diligence Policies on their websites in relation to the principal adverse incidents on sustainability factors (the "**Statement**").

Principal adverse impacts ("**PAIs**") shall be understood as relevant or potentially relevant negative effects on sustainability factors caused by investment decisions or advisory services.

Openbank is aware that certain investment activities could cause adverse impacts on sustainability and seeks to minimise them, whenever possible, by applying the criteria established in both its own policies and procedures (incorporating sustainability risk) and the corporate policies of the Santander Group:

- General Sustainability Policy
- Compensation Policy
- Human Rights Policy

Likewise, Openbank, as a bank that forms part of the Santander Group, is inspired by and respects the best practices included in international conventions and protocols, codes of conduct and applicable ESG guidelines. These include the Equator Principles, the Environmental and Social Performance Standards and Guidance Notes of the International Finance Corporation (IFC), the United Nations Global Compact, the Universal Declaration of Human Rights, the Sustainable Development Goals, the Fundamental Conventions of the International Labour Organization (ILO) and the United Nations Principles for Responsible Investment.

In the provision of the Openbank portfolio management service (commercially known as the "robo-advisor automated investment service"), investment decision-making is based, among other factors, on the identification and tracking of principal adverse impacts conducted by the Openbank Investment Committee upon underlying assets (investment funds) that make up the investment strategies. It also has a procedure for dealing with the principal adverse impacts related to sustainability in place.

Consequently, in the strategy investment decision process, the principal adverse impacts on ESG factors are considered indirectly, in accordance with the methodology and indicators set out below.

In accordance with regulatory requirements and the Principal Adverse Impacts measurement and management methodology prepared by Openbank, the 18 mandatory indicators of adverse impacts on sustainability included in Table 1 of the Regulatory Technical Standards (RTS) of the European Commission on ESG Disclosure will be considered:

1. Indicators applicable to investments in invested companies

- Total greenhouse gas (GHG) emissions.
- Carbon footprint.
- Carbon intensity.
- Exposure to companies operating in the fossil fuel sector.
- Non-renewable energy production and consumption share
- Energy consumption intensity by high climate impact sector
- Activities that negatively impact biodiversity-sensitive areas
- Water emissions
- Hazardous waste and radioactive waste level
- Pay gap between males and females, unadjusted
- Gender diversity on the board.
- Violations of the United Nations Global Compact and the OECD Guidelines.
- Lack of compliance processes and mechanisms to track compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises
- Exposure to controversial weapons.

2. Indicators applicable to investments in sovereign and supranational organizations

- Carbon intensity of investment recipient countries
- Number of investment recipient countries subject to violations of social matters

3. Indicators applicable to investments in real estate assets

- Exposure to fossil fuels via real estate assets
- Exposure to real estate assets that are not energy efficient

For these indicators, follow-up is conducted in order to detect and mitigate the principal adverse impacts on sustainability arising from its activity. This procedure applies to products subject to regulation and, in particular, to investment funds that are integrated into the strategies that the Bank offers its customers through the portfolio management service. For managed portfolios with social and/or environmental characteristics, the analysis of the principal adverse impacts on sustainability is especially relevant and plays a decisive role in investment decisions.

This procedure allows for the evaluation of the context, relevance and mitigation actions to be taken for each of the monitored indicators. To this end, a measurement and reporting exercise is carried out based on the quantification of the indicators described above, provided by external data providers.

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Subsequently, an exercise is carried out to contextualise the indicator in order to check whether an impact on sustainability is occurring, analysing the magnitude and severity of the indicator. This is carried out by comparing the performance of the indicator against a selected benchmark index according to its coverage, sectoral and geographic allocation, and portfolio composition. When the performance of an adverse impact indicator is not aligned with the benchmark index practices, Openbank will establish mitigation measures to address these adverse impacts.

Given that the investment strategies of the portfolio management service that Openbank provides to its customers are currently made up exclusively of investment funds from third-party companies, it is not possible to carry out engagement activities in listed companies. Consequently, mitigation measures will be carried out and procedures will be established with the asset management firms of the affected investment funds.