

**SANTANDER SICAV**

*Société anonyme - société d'investissement à capital variable*

Registered office: 6, route de Trèves,

L- 2633 Senningerberg, Grand-Duchy of Luxembourg

R.C.S. Luxembourg number: B 45.337

(the "**Company**")

**NOTICE TO SHAREHOLDERS OF THE SUB-FUNDS SANTANDER AM EURO EQUITY, SANTANDER EUROPEAN DIVIDEND, SANTANDER SELECT DEFENSIVE, SANTANDER SELECT DYNAMIC, SANTANDER SELECT MODERATE, SANTANDER AM EURO CORPORATE BOND AND SANTANDER CORPORATE COUPON**  
(the "**Sub-Funds**")

Luxembourg, 22 July 2022

Dear Shareholder,

The board of directors of the Company (the "**Board**") would like to inform you about its decision to make changes to the Sub-Funds as from 26 July 2022 (the "**Effective Date**").

Terms not otherwise defined in this notice will have the same meaning as those defined in the Company's current prospectus (the "**Prospectus**").

SFDR has evolved significantly during the last months and providers have increased the quality of the data in order to evaluate the environmental and social characteristics of the underlying assets. The investment managers of the Sub-Funds have put in place tools in order to incorporate that data to their daily processes and therefore now they can integrate and measure on a more robust way the data without impact in the investment policy of the Sub-Funds.

Therefore, the Board has decided to recategorize the Sub-Funds as they will promote, among other characteristics, environmental or social characteristics, or a combination of both.

As from the Effective Date, they will qualify as "Article 8" financial products under 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 ("**SFDR**").

As from the effective Date, the information disclosed in the appendix to this notice will be added to the Annexes of the Sub-Funds in the Prospectus in specific sections denominated Sustainable Finance Disclosure Regulation categorization and Taxonomy Regulation (EU Regulation 2020/852).

All other key features of the Sub-Funds will remain the same. The change of categorisation of the Sub-Funds under SFDR will not impact the asset allocation, risk profile or way the Sub-Funds are managed.

The revised Prospectus may be obtained free of charge upon request at the registered office of the Company.

Please do not hesitate to contact us or your financial adviser if you require any further clarification.

Yours faithfully,

For and on behalf of the Board

**Appendix – Sustainable Finance Disclosure Regulation categorization and Taxonomy Regulation  
(EU Regulation 2020/852)**

<p><b>An indication of the environmental (E) or social (S) characteristics that the Sub-Fund promotes.</b></p>	<p>The Sub-Fund will follow and / or apply financial and extra-financial criteria with the aim of integrating sustainability into the investments. For this purpose, financial, environmental, social and good governance criteria are used, in order to obtain a more complete and global vision of the assets in relation to their financial, social and environmental sustainability; among other aspects, the following ESG (Environmental, Social and Governance) characteristics are considered :</p> <ul style="list-style-type: none"> <li>- Environmental (corresponding to the “E” within “ESG”): Analysis of the commitment to the conservation of natural resources by reducing their usage or eliminating their abuse, promotion of innovation by investing in new techniques and/or environmentally friendly businesses, climate change (promotion of renewable energy, CO2 emissions reduction and efficiency, etc.), natural resources (forestry, water, wood and water treatment, etc.), pollution control and waste management and environmental opportunities, etc. This criteria is applicable to both public and private issuers.</li> <li>- Social criteria (corresponds to the “S” within ESG): promotion of respect for human rights, decent work, the development of the worker within the company or in his professional aspects (gender equality, training, safety and health, human development ...), control of the company's products so that they do not generate any physical or moral damage to customers, among others. Relationship with customers and suppliers, and with the community in general with practices and / or businesses that generate value, as well as penalizing the performance of activities and / or businesses harmful to the environment or society. For public debt, specific metrics for this type of assets are considered such as: policies and expenditures on education and health, employment, social quality (life expectancy). Indicators such as the human development index, GINI index, commitment to different conventions related to human and labor rights. Initiatives to promote the development of more disadvantaged regions, etc., will be positively valued.</li> <li>- Good governance and business ethics (corresponds to the “G” within “ESG”): A deep analysis of the quality of the management team is carried out to limit the negative events and news that can affect in the short term the evolution of share price: accidents, strikes, corruption and fraud. Within corporate governance, the Investment Manager pays special attention to the composition of the board of directors, the number of women on the board, remuneration, control and ownership of the company and accounting. For public debt, specific metrics</li> </ul>
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	<p>for this type of assets are considered, such as: quality of regulation, control of corruption, R&amp;D expenditure, political stability, freedom of business creation and investment.</p> <p>The Investment Manager, through its decision-making and control mechanisms, ensures that the assets (subject to the limitations mentioned below) in which the Sub-Fund invests comply with the ESG characteristics promoted by the Sub-Fund, according to the ESG information of the assets provided by ESG data providers and on the assessment of the ESG performance, as evidenced by an ESG rating based on the Investment Manager’s proprietary methodology.</p>
<p><b>Description of the type of investment strategy used to achieve the environmental or social characteristics promoted by the Sub-Fund.</b></p>	<p>For the selection of the securities to be invested, the following criteria is applied in the Investment Manager’s decision-making process on all of the Sub-Fund’s investments, although adapted to each type of asset:</p> <p>- Exclusion criteria: The Sub-Fund excludes assets/issuers whose business models are not aligned with the promotion of sustainability, or that do not respect certain values from an ESG point of view. For example, issuers whose business is mostly oriented to activities related to controversial weapons, as well as unconventional fossil fuels, coal mining and coal power generation.</p> <p>In addition, a controversies analysis is carried out through information from external suppliers, which allows to identify breaches of internationally recognized norms or standards. Companies that are involved in controversies considered critical are excluded from the investment universe, as well as issuers in which events of environmental, social or governance gravity occur that, due to the nature of the occurrence of the events, jeopardize compliance with the characteristics that this Sub-Fund promotes.</p> <p>Additionally, for the particular case of public fixed income, the following exclusion criteria is applied at country level, to exclude those with poor performance in terms of political rights and social freedoms according to any of the following two indicators:</p> <p>- Democracy Index: determines the range of democracy of 167 countries based on indicators such as electoral process and pluralism, civil liberties, functioning of government, political participation and political culture, (on a scale of 1 to 10 points, countries that are below 6 points - corresponding to hybrid and authoritarian regimes - are excluded).</p> <p>- Freedom in the World report: measures the level of democracy and political freedom in all countries and in the most important disputed territories around the world on a scale of 3 levels ("Not free", "Partially free" and "free"). The Sub-Fund excludes countries qualified as "Not free".</p>

	<p>On the other hand, the list of exclusionary criteria is subject to a minimum annual review by the Investment Manager.</p> <p>- Valuation criteria:</p> <p>Quantitative and qualitative criteria is used and valued in a positive and / or negative sense in order to obtain a clear and complete vision of each asset in its overall ESG performance, generating an ESG score for each asset. For example, in the case of companies, elements such as relations with their employees, health and safety at work, training, commitment to the conservation of natural resources, management and mitigation of greenhouse gases and good corporate governance and business ethics are considered. For public debt specific metrics for this type of assets are assessed, such as the policies and expenditure on education and health, employment, the human development index, quality of regulation, corruption control, R&amp;D expenditures or the political stability. For the case of investment in funds, the score of portfolios according to the Investment Manager’s proprietary ESG methodology is considered.</p> <p>Based on this criteria, each asset obtains an ESG score that complements the analysis made by the Investment Manager according to economic-financial criteria and which is used to favor those assets with a better ESG profile, with the aim that the Sub-Fund complies with a minimum ESG rating.</p> <p>These ESG indicators/ scores may vary depending on their relevance in each area and on the data coverage available from providers used by the Investment Manager or from information published at any time by the issuers.</p> <p>Additionally, for companies, engagement and voting activities are carried out by the Investment Manager in cases in which the type of assets allows it (shares), aligned with the social and environmental characteristics of the Sub-Fund and with the Investment Manager’s Engagement and Voting Policy. With these activities, which consist of dialogue and active ownership with the companies, the Investment Manager seeks a double objective. On the one hand, to understand in depth companies’ business model, their risks and opportunities and, on the other hand, to promote change, in a way that improves the strategy, management and reporting of material ESG aspects for each company, which contributes to protect the value of the Investment Manager’s investments and to reduce the adverse impacts on sustainability factors.</p>
<p><b>Description of the binding elements of the investment strategy used in the selection of investments to achieve the environmental or social characteristics promoted by the Sub-Fund</b></p>	<p>The binding elements used in the selection of investments for the promotion of environmental, social and corporate governance characteristics are the exclusion and valuation criteria mentioned in the previous point.</p> <p>- Exclusionary criteria: Direct investments in issuers that do not comply with the exclusions described above are excluded.</p>

	<ul style="list-style-type: none"> <li>- Valuation criteria: The average minimum ESG rating of the assets (including direct investments and/or investment funds (including ETFs) with a rating available), in accordance with the Investment Manager's own proprietary methodology applied to the underlyings, will be an A- on a 7-level scale (from C- to A+, where A+ reflects the best ESG rating) thus validating that the portfolio meets the criteria described for the promotion of the ESG characteristics indicated above.</li> </ul> <p>However, for those direct investments and/or investment funds (including ETFs) without ESG rating, as an exception, they could be considered as compliant with the environmental or social characteristics promoted by the Sub-Fund in the following cases:</p> <ul style="list-style-type: none"> <li>▪ An issuer without an ESG rating, when issuances can be qualified as a green, social or sustainable bond. These issuances could be part of the universe of assets that promote the ESG characteristics of the fund, after prior validation by the Investment Manager, in accordance with its own analysis methodology.</li> <li>▪ And in the case of funds, those that, although they do not have an ESG rating, are funds that promote ESG characteristics in accordance with Art. 8 SFDR or have a sustainable investment objective (Art. 9 SFDR).</li> </ul>
<p><b>Narrative explanation of Sub-Fund investments that will include the minimum percentage of investments used to achieve the promoted environmental or social characteristics</b></p>	<p>In normal market conditions, at least 51% of the Sub-Fund's net assets should meet the exclusion and valuation criteria described above.</p> <p>The procedures described above for the promotion of ESG characteristics apply generally to all investments (direct investment and/or investment funds). Within the direct investments, all equity assets, public and/or private fixed income, as well as monetary assets (including deposits) in the Sub-Fund's portfolio that are permitted by the Sub-Fund's investment policy are included.</p> <p>Other investments that will not be used to attain the environmental or social characteristics promoted by the Sub-Fund may in normal market conditions not exceed 49% of the Sub-Fund's net assets, and may be invested only in the following assets, within the limits of the Sub-Fund's investment policy:</p> <ul style="list-style-type: none"> <li>- Direct investments indicated in the previous paragraph that do not have an ESG rating due to lack of data from the provider used by the Investment Manager and that cannot be considered to meet the ESG criteria defined in the previous section.</li> <li>- Investment funds that do not have an ESG rating due to lack of data from the provider used by the Investment Manager, and that cannot be classified as Art. 8 or 9 of SFDR.</li> <li>- Assets other than those indicated above (i.e.: ETC, etc.) that are</li> </ul>

	<p>permitted by the Sub-Fund's policy and do not harm the ESG profile.</p> <ul style="list-style-type: none"> <li>- Cash in the depositary and other current accounts used for the ordinary operations of the Sub-Fund (i.e.: derivative guarantees, etc.).</li> </ul> <p>Finally, with regards to investments in derivative financial instruments, the procedures described above for the promotion of ESG characteristics do not apply to such instruments. In this particular case, the Investment Manager has established procedures to verify that these instruments will not alter the achievement of the environmental or social characteristics promoted by the Sub-Fund, and these instruments may be used for the purpose of hedging, efficient portfolio management of the Sub-Fund and diversification purposes.</p>
<p><b>Taxonomy Regulation</b></p>	<p>The Taxonomy Regulation aims to establish a framework for classifying economic activities as environmentally sustainable, while modifying certain reporting requirements for SFDR. It defines harmonized criteria for determining whether an economic activity can be qualified as environmentally sustainable and describes a series of disclosure requirements aimed at improving transparency and allowing an objective comparison of financial products with regard to the proportion of their investments that contribute to ecologically sustainable economic activities.</p> <p>The Sub-Fund does not intend to invest in environmentally sustainable investments covered by article 9 of the Taxonomy Regulation and it is not expected that its portfolio will contain any such investments although it is not excluded that the Sub-fund may be exposed to underlying investments that contribute to climate change mitigation and/or climate change adaptation (including enabling and/or transitional activities). However, currently due to a lack of reliable data, the share of environmentally sustainable investments under the Taxonomy Regulation is assessed to be 0%.</p> <p>The “do no significant harm” principle applies only to those investments underlying the Sub-fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.</p>