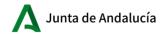


Sustainable Finance Framework March 2021



INTRODUCTION

The public services associated with state welfare (education, health or social services) are the key competences assumed by the Autonomous Community of Andalusia ("Andalusia"). Therefore, the Government of the Autonomous Community of Andalusia ("Junta de Andalucía") is strongly committed with the welfare in the region and improvement of well-being of its citizens, particularly the most vulnerable groups.

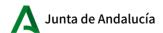
This commitment is reflected on the substantial effort in social and environmental expenditures carried out by Junta de Andalucía through expenditure and policy programmes related to universal health and education services, social services, affordable housing, employment generation, environmental management and clean and safe transport. As a result, social and environmental expenditures are the cornerstone of Andalusia's regional budget, which at the same time are the most effective levers to promote equality of opportunities, social cohesion, economic growth and sustainable development.

Within this commitment framework, Junta de Andalucía has developed **numerous planning instruments** addressed to reduce inequalities, strengthen social cohesion, improve vulnerable groups access to essential social services and promote employment and welfare. Such is the case of the successful Education Plan, the Strategy to support families, the Andalusian Plan about drug-addiction, the Andalusian Regional Strategy for social inclusion and social cohesion, the Integral Plan for elder citizens, the Integral Plan for disabled citizens, workplace health and safety Strategy or the Action Plan to reduce wage gap between women and men in Andalusia.

Additionally, Junta de Andalucía has a solid legal framework to boost the **budget with a gender approach** through an institutional mechanism and a budget tool developed and implemented since 2003. The institutional mechanism includes the Gender Impact Budget Commission, which is the interdepartmental body represented by all Regional Ministers, whereas the budget tool is carried out by the gender impact evaluation report of the Junta de Andalucía budget, which analyzes the impact of public resources invested on each budgetary year for Andalusian citizens.

In alignment with its **firm environmental commitment**, Junta de Andalucía raised to the highest regulatory level the Law 8/2018, which creates a series of measures to face climate change and establishes an energy transition model for Andalusia, creating a transversal organizational framework to tackle climate change. Within this framework, Junta de Andalucía has established an ambitious strategy developed through important initiatives such as:

- Andalusian strategy for fulfilment of the Sustainable Development Goals, was adopted in 2018 with the aim to re-direct all public policies and initiatives towards a green economy and socioeconomic development integrated in economic prosperity, social inclusion, gender equality and environmental protection. It is worth to highlight that the United Nations 2030 Agenda for Sustainable Development has been specifically included, along with its 17 Sustainable Development Goals (SDGs). In order to attain these objectives, this Strategic Plan sets guidelines and recommendations for the public administrations in 13 priority areas for sustainability: Natural resources, environmental quality, energy, climate change, mobility, social cohesion, health, education, governance, innovation, competitiveness and green employment, sustainable production and consumption, rural development.
- The **Andalusian Action Plan for Climate (AAPC)** stands as the key instrument for climate change planning and energy, which embraces 3 programs to support and implement its targets:
 - Mitigation programme to avoid greenhouse gas (GHG) for energy transition, which aims to mitigate greenhouse gas emissions in Andalusia and promote circular economy in waste management
 - Adaptation programme, in order to move towards a new energy model resulting in a growing role of renewable energies



- Communication and participation programme, to encourage active involvement of citizens in climate change policies.
- Junta de Andalucía's regional budget is the main tool to boost climate strategy, converting it into "Green Budget", which is a new way to implement fiscal policies whose objective is to align Junta de Andalucía's revenues and expenditures with environmental objectives. The strategy envisages the simultaneous work of public expenditures and revenues under the same angle of diagnosis-classification-action-evaluation and training-dissemination. Moreover, it includes a "Green Fund" which provides funding to all the projects presented by the different administrative centers interested to carry out investments aligned with climate awareness or actions to training related to climate raising awareness.
- Junta de Andalucía has completed the institutional network with the creation of a Commissioner for Climate Change and Energy Model, which reports functionally to the Presidency of Junta de Andalucía. The Commissioner will be in charge of designing the whole policy of Junta de Andalucía regarding climate change, energy transition model as well as evaluation and analysis of annual forecast in terms of the budget allocations for climate change, ecological transition and energy model.

RATIONALE

Junta de Andalucía has developed a Sustainable Finance Framework to set up the criteria to issue Sustainable Finance instruments. This Framework is valid for Sustainable Finance instruments, including Green Bonds, Social Bonds, Sustainable Bonds, Loans and any other financial instrument to which eligible projects are allocated.

The proceeds raised through Sustainable Finance instruments of Junta de Andalucía will be exclusively allocated to environmental projects and social projects. Junta de Andalucía intends to align the funding strategy with sustainable investments. In addition, Junta de Andalucía intends to further contribute to the development of Green, Social and Sustainable bond and loan market.

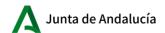
This Sustainable Finance Framework is inspired by, and intends to follow the Green Bond Principles (GBP) 2018, Social Bond Principles (SBP) 2020, Sustainability Bond Guidelines (SBG) 2018 and the LMA's Green Loan Principles (GLP) 2021 in order to facilitate transparency, disclosure, integrity and quality in Junta de Andalucía Sustainable Finance.

This Sustainable Finance Framework covers the four core components of the GBP, SBP, SBG and the GLP:

- 1. Use of proceeds
- 2. Projects evaluation and selection
- 3. Management of proceeds
- Reporting

The framework also covers:

5. External review



1. Use of Proceeds

An amount equal to the net proceeds of the Sustainable Finance instrument will be allocated to projects that meet the Eligibility Criteria specified below.

1.1. Eligibility criteria

Eligible Categories and projects can be directly linked to the General Budget and corresponding budgetary programmes of Junta de Andalucía and will always be part of the current budget of the fiscal year of issuance date of each Sustainable Finance instrument.

An overview of Eligible Categories and corresponding budgetary programmes of Junta de Andalucía is presented in Table 1.

To be eligible for the Sustainable Finance proceeds, the projects have to fall under the following Eligible Categories that are detailed below:

a) Access to Essential Services: Education and Healthcare

a. Education

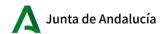
Use of proceeds: Proceeds of the Sustainable Finance instruments will be allocated to projects aimed at providing universal access for Andalusians to quality education at the different levels of the educational system, guaranteeing the inclusion of disadvantaged groups in the educational system and reducing early dropouts. All of this constitutes a fundamental strategy to achieve greater employability in the Region as a pillar of sustainable economic development. The corresponding expenditures include, but are not limited to the following:

- Construction, rehabilitation and maintenance projects of public education schools (including childhood and primary education, secondary education and vocational training)
- ii. Provision of equipment in public centers (including childhood and primary education, secondary education and vocational training)
- iii. Expenditures aimed at promoting the schooling of children under three years of age and to facilitate family reconciliation in the educational field (including morning classroom, school canteens, extracurricular activities)
- iv. Expenditures related to the free textbook program for compulsory education students in centers supported with public funds
- v. Aid aimed at reducing school failure and early dropout of the educational system, especially in groups with weaker socioeconomic conditions (including beca 6000, beca segunda oportunidad)
- vi. Financing of public universities

b. Healthcare

Use of proceeds: Proceeds of the Sustainable Finance instruments will be allocated to projects aiming to provide the Andalusian population with universal access to quality health services. Relevant expenses include, but are not limited to:

- i. Construction, retrofitting and equipment of clinics
- ii. Financing the access of the population to medicines and pharmaceutical products
- iii. Expenditures for ensuring the quality of primary assistance in clinics and home care
- iv. Acquisition of prostheses, surgical implants and vehicles for disabled people



- v. Private hospitals in agreement with Andalusian Health Service to guarantee healthcare assistance in situations of excess demand of diagnostic services, surgeries or rehabilitation
- vi. Expenses for early childhood healthcare
- vii. Financing of addiction prevention
- viii. Financing of the attention and social integration of mental patients
- ix. Acquisition of medical equipment or provision of diagnostic services
- x. Acquisition of material for laboratories

b) Socioeconomic Advancement

Use of Proceeds: Proceeds of the Sustainable Finance instruments will be allocated to projects which aim to improve the well-being and social inclusion of vulnerable segments of the population (children without protection, victims of gender violence, senior people and dependent people). Relevant expenses include, but are not limited to:

- Expenses derived from the guardianship and protection of juveniles, residential and family care and promotion of the social and professional inclusion of young people from the system of protection of juveniles
- ii. Financing of the Minimum Income for Social Insertion, that establishes an economic benefit aimed at the eradication of marginalization and inequality and the fight against social exclusion, and which incorporates an itinerary through a plan of socio-labour inclusion
- iii. Financing of the benefits of the System for Autonomy and Dependency Care, including financial benefits and residential care services, day centres, home care, tele-assistance services and services for the promotion of personal autonomy and prevention of dependency
- iv. Free legal aid programme
- v. Expenses for the comprehensive assistance for victims of gender violence
- vi. Legal assistance to victims of gender violence
- vii. Guarantee of immediate designation of attorneys to victims of gender violence

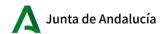
c) Affordable housing

Use of proceeds: Proceeds of the Sustainable Finance instruments will be allocated to projects and programmes aimed at facilitating access to housing for the most vulnerable population¹,. Relevant expenses include, among others, the following:

- i. Programmes to support rent payments under social emergency programmes, for vulnerable populations
- ii. Programmes to support the self-construction of protected homes
- iii. Programmes to support new promotions of homes, under both public and private initiative, aimed at vulnerable populations
- iv. Programmes to support local entities to adapt soils destined to protected homes

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¹ As defined in Decree 91/2020 of Junta de Andalucía



d) Employment Generation and Support to SMEs

Use of Proceeds: Proceeds of the Sustainable Finance instruments will be allocated to projects that promote the generation of stable employment, the reintegration of unemployed people into the labour market, the promotion of entrepreneurship, as well as support for small and medium-sized enterprises², key in strengthening the labour market in Andalucía. Relevant expenses include, among others, the following:

- i. Professional training programmes aimed at both unemployed and employed people
- ii. Promotion of entrepreneurship and self-employment.

e) Renewable Energy and Energy Efficiency

Use of Proceeds: Proceeds of the Sustainable Finance instruments will be allocated to projects and programmes which aim to increase the use and production of renewable energy³ in Andalucía, promote a low-carbon economy, encourage energy savings and improve the energy efficiency of public and private buildings and infrastructure. These include, among others:

- i. Investments in energy savings and efficiency in facilities, infrastructure and public buildings (including administrative centres, hospitals, clinics and schools)
- ii. Programmes for the promotion of investments in energy savings and efficiency, as well as the exploitation of renewable energy in buildings under private use (industrial and commercial) and residential
- iii. Programmes for energy supply with renewable source guarantee, in the administrative centres of Junta de Andalucía
- iv. Programmes for the promotion and support to the production of renewable energy.

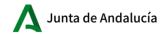
f) Clean Transportation

Use of Proceeds: Proceeds of the Sustainable Finance instruments will be allocated to programmes which aim to reduce public transportation's dependency on fossil fuels, promoting the use of public transportation as well as the replacement of fossil fuel vehicles with ones that use alternative fuels. These expenditures include, among others:

- i. Financing of programmes that promote the use of public transportation and sustainable mobility
- ii. Financing of projects and infrastructure that improve sustainable mobility, including metro, tram, train, electric bus and bicycle lanes
- iii. Programmes to promote hybrid and electric vehicles (subject to an emissions threshold of <75 gCO2/km or lower), energy savings and efficiency in transport (such as the implementation of electric vehicle charging infrastructures and systems for the borrowing of electric bicycles)
- iv. Programmes for the acquisition of alternative electric vehicles and energy supply for charging points, for the vehicles of the Junta de Andalucía administration.

² According to the European Union's definition of Small and medium-sized Enterprises (SMEs) based on number of employees, turnover and balance sheet: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32003H0361

³ Solar (thermal or photovoltaic), wind, geothermal (subject to an emissions threshold of 100gCO2e/kWh or lower), hydrothermal or aerothermal energy, excluding any type of energy from technology based on fossil or nuclear fuels



g) Environmental and Biodiversity Conservation

Use of proceeds: Proceeds of the Sustainable Finance instruments will be allocated to programmes aimed at guaranteeing and promoting the conservation of ecosystems and natural heritage and biodiversity. These expenditures include, but are not limited to, the following:

- Measures to prevent and reduce forest fires and other harmful agents: Programmes of wilderness actions for the prevention and improvement of habitats and financing of aerial and ground means of prevention and extinction of forest fires.
- ii. Reforestation and plant restoration programmes.

h) Sustainable Water and Wastewater Management

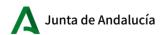
Use of proceeds: Proceeds of the Sustainable Finance instruments will be allocated to programmes designed to preserve water assets, improve the ecological status and quality of water, sanitation and wastewater treatment. These expenditures include the following:

- i. Building supply, purification and sewage treatment infrastructure
- ii. Construction, operation, maintenance and upgrades of own infrastructures for the management of water resources, increasing water recycling and wastewater treatment facilities.
- iii. Actions aimed at promoting the efficient use of water and the quality of the water environment.
- iv. Recovery of water ecosystems and restoration of the public water domain programmes.

i) Pollution Prevention and Control and Climate Change Mitigation

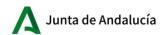
Use of proceeds: Proceeds of the Sustainable Finance instruments will be allocated to Programmes aimed at improving air, water and soil quality, prevent risks and environmental damage, waste recycling, and to fight against climate change and its mitigation. These expenditures include the following:

- i. Construction, operation, maintenance and upgrades of infrastructure for waste management.
- ii. Environmental restoration projects of degraded areas..
- iii. Programmes aimed at the acquisition and upgrades of environmental prevention and control equipment and instruments.
- iv. Programmes fostering the development, operation, maintenance and upgrades of recycling facilities as well as increase waste recycling and reuse



The eligible categories are specified in the following table and some of the projects that would fall into these categories are presented for illustration purposes:

SOCIAL PROJECTS					
Project category	Target population	Budget programmes	UN Sustainable Development Goals		
Access to Essential	Andalusian population	31P	SDG 4		
Services: Education		42C	SDG 10		
		42D			
		42E			
		42F			
		421			
		42J			
Access to Essential	Andalusian population	31P	SDG 3		
Services: Health	/aa.aa.a population	31B	SDG 10		
30. 1.000. 1.0a.u.i		41B	626 10		
		41C			
		41E			
		41F			
		41H			
		41G			
Socioeconomic	Users of social services	31E	SDG 5		
Advancement	of Junta de Andalucía	31G	SDG 10		
		31R			
		31T			
		14B			
Affordable Housing	Target population will comply with requisites established in the projects	43A	SDG 10		
Employment Generation		32D	SDG 8		
and support to SMEs	comply with requisites	72C			
	established in the projects	32L			
	GREEN P	ROJECTS			
Project category	Environmental	Budget programmes	UN Sustainable		
	benefits		Development Goals		
Renewable Energy and	Climate change	73A	SDG 7		
Energy Efficiency	mitigation. Reduction of		SDG 11		
	greenhouse gas		SDG 13		
	emissions. Energy				
	savings.				
Clean Transportation	Climate change	51B	SDG 11		
	mitigation. Reduction of	73A	SDG 13		
	greenhouse gas				
	emissions through				
	sustainable means of				
	transport.				
Enviromental and	Climate change	44E	SDG 13		
Biodiversity	mitigation.		SDG 15		
Conservation	Conservation,				
	protection and use of				



	sustainable terrestrial ecosystems		
Sustainable Water and Wastewater Management	Conservation of water resources. Water quality improvement. Management and reduction of water consumption	51D	SDG 3
Pollution Prevention and Control and Climate Change Mitigation	Pollution prevention and control. Transition into a circular economy. Prevention of waste and recycling	44B 44F	SDG 11 SDG 13 SDG 15

1.2. Exclusionary criteria

The use of proceeds may include capital and operating expenditures of eligible project categories and programmes, as well as indirect lending to projects such as grants for private and public organizations and consortiums for special purposes.

Only the Junta de Andalucía's own expenditures (net of EU grants, EIB loans or other revenues earmarked for specific purposes) are eligible. Specific sections of the relevant budgetary programmes that will be excluded include:

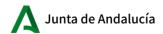
- Personnel expenditures (Chapter 1 of the budgetary programmes),
- Financing costs (Chapter 3 of the budgetary programmes),
- Contingency Funds (Chapter 5 of the budgetary programmes),
- Financial assets (Chapter 8 of the budgetary programmes)
- Financial liabilities (Chapter 9 of the budgetary programmes)

Expenditures under Junta de Andalucía's Sustainability Bond Framework will not be used to finance projects related (but not limited) to fossil fuel energy generation, nuclear power, mining, weapons and defense, tobacco, gambling.

2. Process for project evaluation and selection

The process to select and to evaluate potential Programmes and / or eligible projects of Junta de Andalucía will be under the responsibility of a Sustainability Financing Committee (the "Committee") created ad-hoc and integrated into the Consejería de Hacienda y Financiación Europea. This Committee includes representatives of the General Secretary of Finance ("Secretaría General de Hacienda"), the General Directorate of Financial Policy and Treasury ("Dirección General de Política Financiera y Tesorería") and the General Directorate of Budgets ("Dirección General de Presupuestos"). In addition, the Sustainability Financing Committee will request the participation of representatives from other departments of Junta de Andalucía or those previously mentioned when it appreciates the need for additional knowledge or specific expertise.

The Committee will select eligible projects and / or Programmes that align with the eligibility criteria defined in this Sustainability Finance Framework.



The Committee will also be responsible for monitoring the evolution of the Sustainability Bond market with the aim of continuously aligning the framework with best market practices.

3. Management of proceeds

The proceeds of the Sustainability Financing Instrument will be allocated to budgetary Programmes in the General Budget of Junta de Andalucía, corresponding to the fiscal year of the Sustainability Financing Instrument'. The total expenditures earmarked for eligible Programmes will equal or exceed the net proceeds of the Sustainability Financing Instruments. This will ensure compliance even when eligible Programmes or budgets are unexpectedly affected.

Junta de Andalucía has internal systems in place to track the net proceeds of its Sustainable Finance instruments and to account for and track the implementation of all eligible Programmes. Therefore, the Committee will monitor and avoid any double allocation of funds.

In the event that any selected eligible program becomes ineligible or has been canceled, Junta de Andalucía will reallocate the net proceeds from the Sustainable Finance instrument to another eligible programme in the budget.

4. Reporting

4.1. Allocation reporting

Allocation reporting will be available to investors within one year from the date of the issuance of the Sustainability Financing Instrument and annually until the proceeds have been fully allocated.

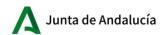
The reporting will provide insights into the total amount provided to the various eligible budgetary programmes and the total of each eligible category. The allocation reports will be available on Junta de Andalucía's website.

4.2. Impact reporting

Junta de Andalucía will provide a dedicated report on the impact of the Sustainability Financing Instrument within one year from the issuance and annually until the proceeds have been fully allocated, with estimates of the main environmental or social impacts or outputs of eligible programmes, where feasible. Additionally, some case studies may be provided to illustrate the positive impact.

Relevant environmental impact indicators could include:

Eligible Category	Sample of impact indicators	
SOCIAL PROJECTS		
Access to Essential Services: Education	Number of people enrolled in the Andalusian education system Early school dropout rate	
Oct vices. Education	Gross enrolment rate in schools Students benefiting from scholarship programs	



	Students served - morning classroom		
	Students served - school transport		
	Students served – school dining room		
	Students attended - extracurricular activities		
Access to Essential	Number of beneficiaries of the Andalusian health service (SAS)		
Services: Health	, ,		
Socioeconomic	Income perception rate over total population		
Advancement	Number of beneficiaries of social inclusion programmes		
	Number of gender violence victims that obtained legal assistance		
Affordable Housing	Number of people benefitting from housing programmes		
]	Number of social homes built		
	Number of homes destined for the rental pool		
	Number of residential resources made available to population segments at risk of		
	exclusion		
	ON O		
GREEN PROJECTS			
Renewable Energy	Production of renewable energy / Consumption of primary energy		
and Energy Efficiency	Production of electricity from renewable sources / Total production of electricity		
	Annual GHG emissions avoided (tCO2e)		
	Energy savings (toe/year)		
Clean Transportation	Number of annual users of public transportation		
	Number of km of bicycle lanes built		
	Number of electric vehicles acquired		
	Number of charging points for electric vehicles installed		
	Number of electric bicycle borrowing stations installed		
Environmental and	Hectares of surface area of forest restoration treatments against fires		
Biodiversity	Hectares of area of wilderness treatments to improve habitats		
Conservation	Air and land resources acquired or improved		
	and the second s		
Sustainable Water	Annual volume of water, wastewater treated (% or m3/year)		
and Wastewater	Population connected to wastewater treatment with at least second degree of		
Management	treatment		
	Variation of bodies of water in good condition		
	Validation of boards of fraction in good contained		
Pollution Prevention	Annual volume of waste treated, recycled (% or m3/year)		
and Control and	Air quality control points		
Climate Change	Number of circular economy projects		
Mitigation	Air quality index		
Miligation	All quality index		

5. External Review

5.1. Second Party Opinion

Junta de Andalucía has hired Sustainalytics to provide a Second Party Opinion on Junta de Andalucía Sustainability Framework. Sustainalytics has reviewed the Sustainability Bond Framework and its alignment with the four pillars of the Green Bond Principles (2018), Social Bond Principles (2020), Sustainability Bond Guidelines (2018) and the Green Loans of the Loan Market Association (LMA) Principles (2021).

The Second Party Opinion, as well as this Sustainability Bond Framework hereof, will be published and available for market information on the website of the Junta de Andalucía (http://lajunta.es/infoinversor) Principles. the Center the Green Bond and in of (https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/).