

# Second-Party Opinion

## Junta de Andalucía Sustainable Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Junta de Andalucía Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and Green Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds — Access to Essential Services: Education and Healthcare, Socio-Economic Advancement, Affordable Housing, Employment Generation and Support to SMEs, Renewable Energy and Energy Efficiency, Clean Transportation, Environmental and Biodiversity Conservation, Sustainable Water and Wastewater Management, and Pollution Prevention and Control and Climate Change Mitigation — are aligned with those recognized by both the Green Bond Principles, Social Bond Principles, and Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts in Andalusia and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 10, 11, 12, and 15.



**PROJECT EVALUATION / SELECTION** Junta de Andalucía has established a Sustainable Finance Committee (SFC) to select and evaluate eligible programmes. The SFC is comprised of members from the General Secretary of Finance, the General Directorate of Financial Policy and Treasury, and the General Directorate of Budgets. Sustainalytics considers the project selection process in line with market practice



**MANAGEMENT OF PROCEEDS** Net proceeds of the issuances will be allocated towards the budgetary programmes in the general budget of Junta de Andalucía and earmarked for allocation to eligible social and environmental programmes. This process will be tracked using internal tracking systems and monitored by the Sustainable Finance Committee. Junta de Andalucía intends to fully allocate the net proceeds to existing programmes within the first year of issuance. This is in line with market practice



**REPORTING** Junta de Andalucía intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to eligible programmes and eligible categories. In addition, Junta de Andalucía is committed to reporting on relevant impact metrics. Sustainalytics views Junta de Andalucía's allocation and impact reporting as aligned with market practice.

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<b>Evaluation Date</b>	March 23, 2021
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<b>Issuer Location</b>	Sevilla, Spain
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## Introduction

Junta de Andalucía is the regional government of Andalusia, Spain, with administrative, legislative, executive, and judicial powers. Junta de Andalucía is in charge of passing regional laws, budgets, and taxes in Andalusia through its main bodies, the Parliament, the Presidency, and the Government Council. Andalusia has a total population over 8 million people.

Junta de Andalucía (“the Issuer”) has developed the Junta de Andalucía Sustainable Finance Framework (the “Framework”) under which it intends to issue sustainability bonds and/or loans, and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are socially and environmentally impactful. The Framework defines eligibility criteria in nine social and environmental areas:

### Social Eligible Categories:

1. Access to Essential Services: Education and Healthcare
2. Socio-Economic Advancement
3. Affordable Housing
4. Employment Generation and Support for SMEs

### Green Eligible Categories:

5. Renewable Energy and Energy Efficiency
6. Clean Transportation
7. Environmental and Biodiversity and Conservation
8. Sustainable Water and Wastewater Management
9. Pollution Prevention and Control and Climate Change Mitigation

Junta de Andalucía engaged Sustainalytics to review the Junta de Andalucía Sustainable Finance Framework, dated March 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), Sustainability Bond Guidelines 2018 (SBG)<sup>1</sup>, and Green Loan Principles 2021 (GLP)<sup>2</sup>. This Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

- The Framework’s alignment with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020, as administered by ICMA, and the Green Loan Principles 2021 as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’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 1.7, 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 Junta de Andalucía’s management team to understand the sustainability impact of their business processes and planned use of

<sup>1</sup> The Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>2</sup> The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/>

<sup>3</sup> The Junta de Andalucía Sustainable Finance Framework is available on Junta de Andalucía’s website at: <http://lajunta.es/infoinversor>

<sup>4</sup> 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.

proceeds, as well as management of proceeds and reporting aspects of the Framework. Junta de Andalucía representatives have confirmed (1) they understand it is the sole responsibility of Junta de Andalucía 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 Junta de Andalucía.

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 projects expected to be financed with bond and loan proceeds 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 potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds 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 Junta de Andalucía has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Junta de Andalucía Sustainable Finance Framework

Sustainalytics is of the opinion that the Junta de Andalucía Sustainable Finance Framework is credible, impactful and aligns with the four core components of the SBG, GBP, SBP, and GLP. Sustainalytics highlights the following elements of Junta de Andalucía's Sustainability Bond Framework:

- Use of Proceeds:
  - The eligible categories — Access to Essential Services: Education and Healthcare, Socio-Economic Advancement, Affordable Housing, Employment Generation and Support to SMEs, Renewable Energy and Energy Efficiency, Clean Transportation, Environmental and Biodiversity Conservation, Sustainable Water and Wastewater Management, and Pollution Prevention and Control and Climate Change Mitigation — are aligned with those recognized by the GBP, SBP, and GLP. Sustainalytics notes that the following projects and activities will be financed in the Andalucía region of Spain.
  - Junta de Andalucía may finance the following expenditures to increase Access to Essential Services: Education and Healthcare according to the following eligibility criteria:
    - Within Education, Junta de Andalucía may finance programmes aimed at providing universal access to quality education for Andalusians, guaranteeing the inclusion of disadvantaged groups at the different levels of the education system and reducing early dropouts. Potential expenditures/investments include construction, rehabilitation and maintenance of public education institutions;<sup>5</sup> financial aid and scholarship programs for students from lower socioeconomic backgrounds; the provision of schooling equipment for public education centers; and financing of public universities. Sustainalytics highlights the Issuer's targeted approach, aiming to include disadvantaged groups in the education system.

<sup>5</sup> Including childhood and primary education, secondary education and vocational training.

- Regarding Healthcare, Junta de Andalucía may finance programmes aimed at increasing universal access to quality healthcare for Andalusians. Potential expenditures include: the construction, retrofitting and equipment of clinics, access to medicines and pharmaceutical products, acquisition of medical equipment, laboratory materials, prostheses, surgical implants and vehicles for disabled people, and agreement with private hospitals<sup>6</sup> to guarantee assistance in excess demand or special care. The Issuer has confirmed to Sustainalytics that agreements with private hospitals will guarantee access to healthcare regardless of the ability to pay. The Framework also defines eligibility for financing programs for addiction prevention, early childhood healthcare, and attention and social integration of mental health patients.
- Under the Socioeconomic Advancement category, Junta de Andalucía may finance programmes that aim to improve the well-being and social inclusion of vulnerable segments of the population including children, victims of gender violence, seniors and dependent people. Potential expenditures include financing the Minimum Income for Social Insertion<sup>7</sup>, the provision of free legal aid, support for the protection of juveniles and victims of gender violence, financing of residential care services<sup>8</sup>, day centers or home centers. Junta de Andalucía has confirmed to Sustainalytics that services under this category will be free or sufficiently subsidized to ensure affordability for the target population.
- Within the Affordable housing category, Junta de Andalucía may finance programmes compliant with Decree 91/2020<sup>9</sup> which are aimed at increasing access to affordable housing such as rent payment support, development and construction of homes, and soil adaptation.<sup>10</sup> The Issuer intends on targeting these investments at vulnerable populations as defined in Decree 91/2020.
  - Junta de Andalucía has explained to Sustainalytics that beneficiaries of affordable housing programs are assigned to housing units based on municipal registry ranking systems, which include factors such as income, household structure and size, household members with disabilities, or other factors that may affect a household's vulnerability and risk of housing exclusion.
  - Sustainalytics notes that while Junta de Andalucía's targeting for affordable housing can include households with annual income up to four times of the Multiplier for the Public Income Index (IPREM),<sup>11</sup> Junta de Andalucía has explained to Sustainalytics that the majority (80%) of the beneficiaries of affordable housing programmes have incomes below the 2.5 IPREM multiplier. The 2.5 IPREM multiplier is equivalent to EUR 19,771.5 annual income while the Andalusian median income for 2020 was EUR 20,645.8.<sup>12</sup> Sustainalytics considers the 2.5 IPREM multiplier to ensure that projects are targeted towards low-income populations and encourages Junta de Andalucía to target its affordable housing programmes at households with annual income below 2.5 times of the IPREM.
- As part of the Employment Generation and Support to SMEs category, Junta de Andalucía may finance programmes for employment generation and financial support for SMEs.<sup>13</sup>

<sup>6</sup> The concerted activity of the Andalusian Public Health System is a complementary option within the strategies developed by the Ministry of Health to achieve the objectives set out in its health policy. The agreement with private hospitals concerns hospitals beds, specific surgical activities or complementary testing. For more information on the programme please visit: <https://www.juntadeandalucia.es/organismos/saludyfamilias/areas/sistema-sanitario/centros-servicios/paginas/centros-servicios-concertados.html>

<sup>7</sup> The Minimum Income for Social Insertion in Andalusia, approved by Decree-Law 3/2017, of December 19, regulates the economic benefit aimed at the eradication of marginalization and inequality and the fight against social exclusion that must include an itinerary to through a Social and Labor Inclusion Plan, in the terms established in articles 42.1 and 42.2.g) of Law 9/2016, of December 27, on Social Services of Andalusia.

<sup>8</sup> The government programme is targeted towards personal autonomy and care for people in a situation of dependency. The beneficiaries of long-term benefits participate in their financing according to the type and cost of the service and their personal financial capacity. No citizen is left out of the coverage of the system due to lack of financial resources. For more information, please visit: [https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2012-10468](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2012-10468)

<sup>9</sup> Junta de Andalucía, "Decreto 91/2020, de 30 de junio, por el que se regula el Plan Vive en Andalucía, de vivienda, rehabilitación y regeneración urbana de Andalucía 2020-2030", (2020), at: <https://www.juntadeandalucia.es/boja/2020/127/7>

<sup>10</sup> Activities targeted towards making the land suitable for housing development and provision of basic services (water piping, sewage, construction of sidewalks).

<sup>11</sup> IPREM is an index used in Spain as a reference for the granting of aid, subsidies or unemployment benefit. Further information is available at: <http://www.iprem.com.es/>

<sup>12</sup> El País, "La pandemia eleva la pérdida del poder adquisitivo a casi 300 euros anuales por trabajador", (2021), at: [https://cincodias.elpais.com/cincodias/2021/03/01/economia/1614592231\\_665571.html](https://cincodias.elpais.com/cincodias/2021/03/01/economia/1614592231_665571.html)

<sup>13</sup> Junta de Andalucía has clarified to Sustainalytics that it will rely on the EU's definition of SMEs for its investment related to the support of SMEs. at: [https://ec.europa.eu/growth/smes/sme-definition\\_en](https://ec.europa.eu/growth/smes/sme-definition_en)

Sustainalytics recognizes the positive social impact of the financing of SMEs in Andalusia given the high unemployment rate in the region compared to the Spanish average (for more information please see Section 3).

- For the Renewable Energy and Energy Efficiency category, Junta de Andalucía intends to invest in programs to promote renewable energy generation from solar, wind, biomass, biogas, and geothermal sources, energy efficient systems and technologies according to the following eligibility criteria:
  - Concentrated solar heat and power generation (CSP) and solar thermal plants, where the majority of electricity generated (>85%) will be sourced from solar energy.
  - With respect to geothermal, Junta de Andalucía has confirmed to Sustainalytics that it intends to finance projects with an emissions intensity of less than 100gCO<sub>2</sub>e/kWh, which Sustainalytics considers to be in line with market practice.
  - Junta de Andalucía may finance contracts for the procurement of certified 100% renewable energy with a duration of four years. Sustainalytics notes that long-term power purchase agreements ("PPAs") are market preference, while also noting that the Issuer commits pursuing new short-term contracts on the same sustainability terms, continuing its commitment to renewable energy. Sustainalytics encourages the Issuer to establish longer-term agreements.
  - Junta de Andalucía has confirmed to Sustainalytics that energy-efficient equipment or systems aimed at increasing the energy efficiency in facilities, infrastructure and public buildings, including administrative centres, hospitals, clinics and schools, are either non-motorized or powered by electricity.
- Within the Clean Transportation category Junta de Andalucía intends to finance programmes aimed reducing public transportation systems dependency on fossil fuels, promoting the use of public transportation, and replacement of fossil fuel vehicles with low-emissions vehicles. Potential expenditures include the development of electric vehicle infrastructure, and infrastructure development for electric-powered mass public transportation systems: train, metro, tram, and electric bus. Cargo trucks which use alternative fuels and have a direct CO<sub>2</sub> emission intensity 50% below the baseline CO<sub>2</sub> emission intensity of all vehicles in the same subgroup are also eligible. Additionally, the Framework defines as eligible financial incentive programmes to promote the acquisition of electric, fuel cell, and hybrid vehicles subject to an emissions threshold of <75 gCO<sub>2</sub>/km or lower.
- Under the Environmental and Biodiversity Conservation category, the Issuer may finance programmes targeted towards the conservation of ecosystems, fire risk prevention, natural heritage, and biodiversity. Junta de Andalucía confirmed to Sustainalytics that reforestation programmes will use tree species that are well adapted to local conditions and will follow sustainable management plans with the Forest Stewardship Council (FSC), and the Programme for the Endorsement of Forest Certification (PEFC). Sustainalytics views these certifications as being credible standards upholding sustainable forest management practices (see Appendix 1 for more information).
- As part of the Sustainable Water and Wastewater Management category, Junta de Andalucía may finance programmes, facilities, and equipment that aim to increase water-saving, treatment, and recycling. Intended projects include building supply, purification, and sewage treatment infrastructure, wastewater treatment facilities, and recovery of water ecosystems affected by mining activities which are no longer operational.
- Under the Pollution Prevention and Control and Climate Change Mitigation category, the Issuer intends to invest in programmes for waste recycling and sorting, prevention of environmental damage, and the improvement of soil and air quality. Sustainalytics notes the importance of the waste hierarchy in assessing the impact of waste management projects and highlights positively Junta de Andalucía's focus on waste reduction and recycling. Additionally, Junta de Andalucía may finance environmental restoration projects in degraded areas and closure and decommissioning of landfill sites. Junta de Andalucía has explained to Sustainalytics that examples of restoration projects include projects related to plastic pollution clean-up from soils affected by large-scale greenhouse agriculture.

- **Project Evaluation and Selection:**
  - Junta de Andalucía has established a Sustainable Finance Committee (the “Committee”), comprised of representatives of the General Secretary of Finance, the General Directorate of Financial Policy and Treasury, and the General Directorate of Budgets to oversee the process for project evaluation and selection. In the event that expert knowledge will be needed in specific areas, the Committee will be supplemented by members from other departments.
  - Based on the establishment of a formal committee and involvement from cross-functional departments, Sustainalytics considers this process to be in line with market practice.
- **Management of Proceeds:**
  - The management of proceeds will be monitored by the Committee and tracked using Junta de Andalucía’s internal tracking systems. The net proceeds of the issuances under the Framework will be deposited in the budgetary Programmes in the General Budget of Junta de Andalucía and earmarked for allocation to the eligible programmes. The Issuer intends to allocate the proceeds fully by the 31<sup>st</sup> of December of the year the issuance takes place to existing government programmes.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
  - Junta de Andalucía intends to report on the allocation of proceeds on its website on an annual basis until full allocation. The allocation reporting will include the amount allocated to eligible programmes and eligible categories.
  - In addition, the Issuer is committed to reporting on relevant environmental and social impact metrics including the number students benefiting from scholarship programs, number of people benefitting from housing programmes, and production of electricity from renewable sources / Total production electric power. For a complete list of impact indicators, please refer to Appendix 2 Sustainability Bond/ Sustainability Bond Programme External Review Form.
  - Based on these commitments, Sustainalytics considers this process to be in line with market practice.

### **Alignment with Sustainability Bond Guidelines 2018**

Sustainalytics has determined that the Junta de Andalucía Sustainable Finance Framework aligns with the four core components of the GBP, SBP, and GLP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

## **Section 2: Sustainability Strategy of Junta de Andalucía**

### **Contribution of Framework to Junta de Andalucía’s sustainability mandate**

Sustainalytics is of the opinion that Junta de Andalucía demonstrates a commitment to sustainability through multiple initiatives aimed at advancing the goals of the United Nations 2030 Agenda. To foster sustainable development in Andalusia, Junta de Andalucía has two strategic plans in place, namely the Andalusian Sustainable Development Strategy 2030 (“EADS 2030”), and the Andalusian Strategy for the Fulfilment of the Sustainable Development Goals (“Agenda 2030 Andalucía”).<sup>14</sup>

The EADS 2030 provides the strategic plan of Junta de Andalucía to guide its policies towards socio-economic development integrating economic prosperity, social inclusion, gender equality and environmental protection.<sup>14</sup> The guidelines are built on two pillars that are deemed to be priorities for the development of the region of Andalusia, namely, the promotion of a green economy, and the strengthening of social cohesion. The 13 strategic areas under the EADS 2030 include natural resources, environmental quality, energy, climate change, mobility, social cohesion, health, education, governance, innovation, competitiveness and green employment, sustainable production and consumption, and rural development. The 37 lines of action and the 226 measures included in the EADS 2030 are underpinned by the goals and targets of the UN Sustainable Development Goals.

In addition to the above-mentioned strategies, Junta de Andalucía has the Andalusian Action Plan for Climate (“AAPC”) in place, which serves as the key instrument for Andalusia’s climate change planning and energy.<sup>15</sup>

<sup>14</sup> Sustainable Development Goals, “Spain’s report for the 2018 voluntary national review”, at: [https://sustainabledevelopment.un.org/content/documents/203295182018\\_VNR\\_Report\\_Spain\\_EN\\_ddghpbrgsp.pdf](https://sustainabledevelopment.un.org/content/documents/203295182018_VNR_Report_Spain_EN_ddghpbrgsp.pdf)

<sup>15</sup> Junta de Andalucía Sustainable Finance Framework



The three programmes under the AAPC are focused on the (i) mitigation of greenhouse gas emissions and promotion of circular economy in waste management, (ii) adaptation programme facilitating the move towards new energy models, (iii) communication and participation programme, aimed at encouraging the participation of citizens in Andalusia's climate policies.

Sustainalytics is of the opinion that the Junta de Andalucía Sustainable Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key social and environmental risks associated with the eligible projects include worker health and safety, land-use change, biodiversity loss, waste management, and stakeholder participation. In addition, social projects may also create some risk of increasing inequality if not targeted to vulnerable populations.

Sustainalytics is of the opinion that Junta de Andalucía is able to manage and/or mitigate potential risks due to the following:

- All projects financed under the Framework must comply with relevant Spanish regulations. The Equator Principles consider Spain to be a Designated Country, indicating that it is deemed to have "robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment".<sup>16</sup>
- According to Spanish Environmental Law, public and private projects are required to ensure the protection of the environment. Based on annex II of Law 21/2013, competent authorities are required to consider conducting an environmental impact assessment depending on the scale of the project and potential impact on the environment and obtain an environmental permit where deemed necessary.<sup>17</sup> Regarding biodiversity and habitat, Law 47/2007 (Natural Heritage and Biodiversity), outlines the regulatory landscape for the "conservation, sustainable use, improvement and restoration of natural heritage and biodiversity."<sup>17</sup> Sustainalytics considers this law and necessary processes to be robust, and sufficient to mitigate multiple environmental risks associated with projects undertaken by Junta de Andalucía.
- It is required by Law 26/2007 (Environmental Liability Law) that operators of projects that have the potential to contaminate the environment (i) prevent, avoid and remedy any environmental damage; (ii) report to the relevant authorities any damage that it has caused; and (iii) bear the costs of remedying any actual damage.<sup>17</sup> Compliance with the contaminated land regime is enforced by each Autonomous Region.
- In relation to worker's health and safety, Spanish Law 31/9523 outlines the regulatory regime for safety at the construction sites.<sup>18</sup> In more detail, Chapter V sets out the right of consultation and participation of workers regarding issues affecting health and safety.
- In order to mitigate the risk of increasing inequalities in Andalusia, the Junta de Andalucía targets social investments at disadvantaged groups, the scope of which is defined in the Framework. (for more information, please refer to Section 1 of this document)
- Junta de Andalucía excludes financing of any activity, projects related to fossil fuel energy generation, nuclear power, mining, weapons and defense, tobacco, gambling.

Considering the regulatory context in which Junta de Andalucía operates, Sustainalytics is of the opinion that Junta de Andalucía is well positioned to mitigate social and environmental risks commonly associated with the eligible categories.

### **Section 3: Impact of Use of Proceeds**

All nine use of proceeds categories are aligned with those recognized by GBP, SBP, or GLP. Sustainalytics has focused on renewable energy and SME support below where the impact is specifically relevant in the local context.

<sup>16</sup> Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>.

<sup>17</sup> Lavilla J. J., "Environmental law and practice in Spain: overview", Thomson Reuters, at:

[https://uk.practicallaw.thomsonreuters.com/Cosi/SignOn?redirectId=rt\\_6548b6b2-0b33-477c-bd5a-f2ac8f8fc79b&comp=pluk](https://uk.practicallaw.thomsonreuters.com/Cosi/SignOn?redirectId=rt_6548b6b2-0b33-477c-bd5a-f2ac8f8fc79b&comp=pluk)

<sup>18</sup> Instituto Nacional de Seguridad e Higiene en el Trabajo, "LEY 31/1995, de 8 de noviembre, de Prevención de Riesgos Laborales. BOE n° 269 10- 11- 1995", at: <https://www.boe.es/buscar/act.php?id=BOE-A-1995-24292>.

### Importance of Supporting SMEs in Andalusia and Spain overall

In the European Union, over 25 million small and medium-sized enterprises (SMEs) represent 99% of all businesses.<sup>19</sup> SMEs are a key driver of the EU's economic growth and development as SMEs employ two out of every three employees and generate 85% of all new jobs. According to the European Commission, one of the most pressing issues for SMEs is access to finance.

Similarly, SMEs in Spain represent a significant proportion of all enterprises. More specifically, 99.7% of all non-financial Spanish corporations were SMEs, providing employment to 63.8% of Spain's workforce and generating 61.3% of the total value in 2017.<sup>20</sup> In Andalusia, SMEs have an important role in driving the region's economic growth with micro firms representing over 96% of enterprises.<sup>21</sup>

Spain's economy shrank by 11% in 2020 due to the global pandemic caused by the Covid-19 virus.<sup>22</sup> Due to the continued restrictions throughout Spain to stop the spread of the virus, SMEs were hit the hardest, threatening the survival of many enterprises. In Andalusia, the unemployment rate stood at 22% in the 4<sup>th</sup> quarter of 2020, which was significantly higher than the unemployment rate in Spain overall which stood at 16.3%.<sup>23</sup> As Spain's economy recovers, supporting SMEs to keep up production and employment will be imperative.

Increasing access to financial services for SMEs in the region of Andalusia is expected to have a positive impact on poverty reduction, reduction of inequalities, employment generation, and overall economic development. Sustainalytics is of the opinion that the programmes financed by Junta de Andalucía can increase financial inclusion for households and SMEs, and therefore have positive social impact.

### Importance of Andalusia in achieving Spain's Climate Goals

As part of Spain's climate ambitions established in a climate law, Spain intends to cut the country's carbon emissions to net zero by 2050.<sup>24</sup> More specifically, the climate law targets to make Spain's electricity mix 100% renewable by 2050 and all new vehicles carbon neutral before 2040.<sup>25</sup> Spain's interim climate goals outlined in the national energy and climate plan set a target of 23% of GHG emissions cut by 2030 compared to 1990 levels and a 74% target for renewable energy in the electricity generation.<sup>26</sup> In 2020, Spain produced 43% of its electricity from renewable sources.<sup>27</sup> Despite a significant progress in increasing the share of renewable in its energy mix, meeting the 2030 and 2050 climate goals will require significant effort from various industries and sectors simultaneously.

As Andalusia is considered to be one of the regions with the greatest renewable energy potential in Spain, the region of Andalusia has an important role in driving Spain's transition to renewable sources of energy.<sup>28</sup> Solar radiation in Andalusia is almost 13% higher than the national average, further highlighting the region's renewable energy potential in relation to solar. Andalusia was the first autonomous region to install 1 million square meters of solar connection surface and generates 43% of Spain's concentrated solar power. In light of Spain's climate goals, Andalusia aims to contribute 45% of the new renewable power that Spain's 2030 climate strategy stipulates.<sup>27</sup>

Considering Spain's 2030 and 2050 climate targets and plans in place, as well as the renewable energy potential and effectiveness of existing renewable energy initiatives and programmes in place, Sustainalytics is of the opinion that financing renewable energy projects will support Junta de Andalucía's renewable energy ambitions and contribute to the decarbonization of Spain's economy.

<sup>19</sup> European Commission, SMEs, at: [https://ec.europa.eu/growth/smes\\_en](https://ec.europa.eu/growth/smes_en)

<sup>20</sup> OECD, "Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard", at: <https://www.oecd-ilibrary.org/sites/5673c2aa-en/index.html?itemId=/content/component/5673c2aa-en#section-d1e177030>

<sup>21</sup> Ministry of Economy and Industry, "estadísticas pyme evolución e indicadores", at: <http://www.ipyme.org/publicaciones/estadisticas-pyme-2017.pdf>

<sup>22</sup> El País, "Coronavirus Impacts", at: [https://english.elpais.com/economy\\_and\\_business/2021-01-29/spains-economy-shrank-11-in-2020-in-biggest-drop-since-civil-war.html](https://english.elpais.com/economy_and_business/2021-01-29/spains-economy-shrank-11-in-2020-in-biggest-drop-since-civil-war.html)

<sup>23</sup> Information provided by Junta de Andalucía

<sup>24</sup> Ministerio para la Transición Ecológica, "Borrador Actualizado del Plan Nacional Integrado de Energía y Clima 2021-2030", at: [https://www.miteco.gob.es/images/es/pniec\\_2021-2030\\_borradoractualizado\\_tcm30-506491.pdf](https://www.miteco.gob.es/images/es/pniec_2021-2030_borradoractualizado_tcm30-506491.pdf)

<sup>25</sup> Climate Home News, "Spain unveils climate law to cut emissions to net zero by 2050", (2020), at:

<https://www.climatechangenews.com/2020/05/18/spain-unveils-climate-law-cut-emissions-net-zero-2050/>

<sup>26</sup> ECEEE, "Spain finally sends 2030 climate plan to Brussels", (2020), at: <https://www.eceee.org/all-news/news/spain-finally-sends-2030-climate-plan-to-brussels/>

<sup>27</sup> Renewables Now, "Spain generates 43.6% of power from renewables in 2020", at: <https://renewablesnow.com/news/spain-generates-436-of-power-from-renewables-in-2020-725418/>

<sup>28</sup> HeliSCSP, "Solar Thermal Energy News", at: <http://helioscsp.com/andalusia-has-43-of-spains-concentrated-solar-power-and-solar-radiation-13-higher-than-average/>



### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Junta de Andalucía Sustainable Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Essential Services: Education and Healthcare	4. Quality Education  3. Good Health & Wellbeing	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills including technical and vocational skills, for employment, decent jobs and entrepreneurship  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
Socio-Economic Advancement	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Employment Generation and Support for SMEs	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
Renewable Energy and Energy Efficiency	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix  7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Environmental and Biodiversity Conservation	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Pollution Prevention and Control and Climate Change Mitigation	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

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## Conclusion

Junta de Andalucía has developed the Sustainable Finance Framework under which it intends to issue sustainability bonds and use the proceeds to finance projects that have the potential to reduce Andalusia's environmental footprint and provide social benefits. Sustainalytics considers that the projects funded by the sustainability bond proceeds has the potential to provide positive environmental and social impact. The Sustainable Finance 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 Junta de Andalucía's Sustainable Finance Framework is aligned with the overall sustainability strategy of the region and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 6, 7, 8, 10, 11, 12, and 15. Additionally, Sustainalytics is of the opinion that Junta de Andalucía 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 Junta de Andalucía is well-positioned to issue sustainability bonds and that its Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020).

## Appendices

### Appendix 1: Overview of and Assessment of Forestry Certifications

	FSC <sup>29</sup>	PEFC <sup>30</sup>
<b>Background</b>	Founded in 1993 after the 1992 Earth Summit in Rio failed to produce any international agreements to fight against deforestation, FSC aims to promote sustainable forest management practice.	PEFC was founded in 1999 in response to the specific requirements of small and family forest owners as an international umbrella organisation providing independent assessment, endorsement and recognition of national forest certification systems.
<b>Basic Principles</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and FSC principles</li> <li>• Tenure and use rights and responsibilities</li> <li>• Indigenous peoples' rights</li> <li>• Community relations and workers' rights</li> <li>• Benefits from the forests</li> <li>• Environmental impact</li> <li>• Management plans</li> <li>• Monitoring and assessment</li> <li>• Special sites – high conservation value forests (HCVF)</li> <li>• Plantations</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle</li> <li>• Maintenance and enhancement of forest ecosystem health and vitality</li> <li>• Maintenance and encouragement of productive functions of forests (wood and non-wood)</li> <li>• Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems</li> <li>• Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water)</li> <li>• Maintenance of socioeconomic functions and conditions</li> <li>• Compliance with legal requirements</li> </ul>
<b>Governance</b>	<p>The General Assembly, consisting of all FSC members, constitutes the highest decision-making body.</p> <p>At the General Assembly, motions are proposed by one member, seconded by two more and deliberated and voted on by all members. Members are entitled to vote to amend the bylaws, initiate new policies and clarify, amend or overturn a policy decision by the board.</p> <p>Members apply to join one of three chambers – environmental, social or economic – that are further divided into northern and southern sub-chambers.</p> <p>Each chamber holds 33.3% of the weight in votes and within each chamber the votes are weighted so that the North and South hold an equal portion of authority, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p> <p>The votes of all individual members in</p>	<p>PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders.</p> <p>Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p> <p>The Board of Directors supports the work of the GA and together the GA and the Board make the formal approval of final draft standards. Standards are developed by working groups.</p> <p>In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups, which gives industry and governments more influence in the decision-making process. However, the</p>

<sup>29</sup> Forest Stewardship Council, at: <https://www.fsc.org/en>.

<sup>30</sup> Programme for the Endorsement of Forest Certification, at: <https://www.pefc.org/>.

	<p>each sub-chamber represent 10% of the total vote of the sub-chamber, while the votes of organizational members make up the other 90%.</p> <p>The members vote for the board of directors, which is accountable to the members. There is an international board elected by all members and a US board elected by the US-based members.</p>	<p>organisation does include stakeholders from all sectors.</p>
<b>Scope</b>	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)<sup>31</sup> and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>
<b>Chain-of-Custody</b>	<ul style="list-style-type: none"> <li>• The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards.</li> <li>• CoC standard includes procedures for tracking wood origin.</li> <li>• CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products.</li> <li>• CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC.</li> </ul>	<ul style="list-style-type: none"> <li>• Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004, respectively) may be used to implement the minimum requirements for chain-of-custody management systems required by PEFC.</li> <li>• Only accredited certification bodies can undertake certification.</li> <li>• CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content.</li> <li>• The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials.</li> <li>• The CoC standard includes specifications for the physical separation of certified and non-certified wood.</li> <li>• The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody.</li> </ul>

<sup>31</sup> ISO, "ISO/IEC Guide 59:2019", (2019), at: <https://www.iso.org/standard/23390.html>.

<b>Non-Certified Wood Sources</b>	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems and documentation to avoid sourcing materials from controversial sources, including:</p> <ul style="list-style-type: none"> <li>a. Illegally harvested wood, including wood that is harvested without legal authorisation; from protected areas; without payment of appropriate taxes and fees; using fraudulent papers and mechanisms; in violation of CITES requirements; and others,</li> <li>b. wood harvested in violation of traditional and civil rights,</li> <li>c. wood harvested in forests where high conservation values are threatened by management activities,</li> <li>d. wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses,</li> <li>e. wood from management units in which genetically modified trees are planted.</li> </ul>	<p>The PEFC's Due Diligence System requires participants to establish systems to minimise the risk of sourcing raw materials from:</p> <ul style="list-style-type: none"> <li>a. forest management activities that do not comply with local, national or international laws related to workers' health and labor and indigenous peoples' property, tenure and use rights.</li> <li>b. operations and harvesting, including land use conversion,               <ul style="list-style-type: none"> <li>o management of areas with designated high environmental and cultural values,</li> <li>o protected and endangered species, including CITES species,</li> <li>o health and labour issues,</li> <li>o indigenous peoples' property, tenure and use rights,</li> <li>o payment of royalties and taxes.</li> </ul> </li> <li>c. genetically modified organisms,</li> <li>d. forest conversion, including conversion of primary forests to forest plantations.</li> </ul>
<b>Accreditation/ Verification</b>	<p>FSC-accredited Certification Bodies (CB) conduct an initial assessment and upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.</p>	<p>Accreditation is carried out by an accreditation body (AB). A certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial and that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>
<b>Conclusion</b>	<p>Sustainalytics views both FSC and PEFC as well as the PEFC-affiliated. Both schemes have received praise for their contribution to sustainable forest management practices<sup>32</sup> and both have also faced criticism from civil society actors.<sup>33,34</sup> In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are equal or similar to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.</p>	

<sup>32</sup> FESPA, "FSC, PEFC and ISO 38200" (2018), at: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>.

<sup>33</sup> Yale Environment 360, "Greenwashed Timber: How Sustainable Forest Certification Has Failed" (2018), at: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>.

<sup>34</sup> EIA, "PEFC: A Fig Leaf for Stolen Timber" (2017), at: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>.

## Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Junta de Andalucía
<b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</b>	Junta de Andalucía Sustainable Finance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	March 23, 2021
<b>Publication date of review publication:</b>	

### 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 GBP and 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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

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.



## 1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds — Access to Essential Services: Education and Healthcare, Socio-Economic Advancement, Affordable Housing, Employment Generation and Support to SMEs, Renewable Energy and Energy Efficiency, Clean Transportation, Environmental and Biodiversity Conservation, Sustainable Water and Wastewater Management, and Pollution Prevention and Control and Climate Change Mitigation — are aligned with those recognized by both the Green Bond Principles, Social Bond Principles, and Green Loan Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts in Andalusia and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 10, 11, 12, and 15.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency  |
| <input checked="" type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input checked="" type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input checked="" type="checkbox"/> Clean transportation   |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs:

### Use of proceeds categories as per SBP:

- |   |  |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure  | <input checked="" type="checkbox"/> Access to essential services                                   |
| <input checked="" type="checkbox"/> Affordable housing  | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security  | <input checked="" 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):

Junta de Andalucía has established a Sustainable Finance Committee (SFC) to select and evaluate eligible programmes. The SFC is comprised of members from the General Secretary of Finance, the General Directorate of Financial Policy and Treasury, and the General Directorate of Budgets. Sustainalytics considers the project selection process in line with market practice.

### Evaluation and selection

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green 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 Sustainability Bond proceeds | <input 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 type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):  |  |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Net proceeds of the issuances will be allocated towards the budgetary programmes in the general budget of Junta de Andalucía and earmarked for allocation to eligible social and environmental programmes. This process will be tracked using internal tracking systems and monitored by the Sustainable Finance Committee. Junta de Andalucía intends to fully allocate the net proceeds to existing programmes within the first year of issuance. This is in line with market practice.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds            |
| <input type="checkbox"/> Other (please specify):  |

### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- |  |   |
|--|---|
| <input type="checkbox"/> Allocation to individual disbursements                  | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):                    |

#### 4. REPORTING

Overall comment on section (if applicable):

Junta de Andalucía intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount allocated to eligible programmes and eligible categories. In addition, Junta de Andalucía is committed to reporting on relevant impact metrics. Sustainalytics views Junta de Andalucía's allocation and impact reporting as aligned with market practice.

##### Use of proceeds reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

##### Information reported:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      |   |

##### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

##### Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

##### Information reported (expected or ex-post):

- |  |   |
|--|---|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings                         |
| <input type="checkbox"/> Decrease in water use   | <input type="checkbox"/> Number of beneficiaries                |
| <input type="checkbox"/> Target populations      | <input type="checkbox"/> Other ESG indicators (please specify): |

Eligible Category	Sample of impact indicators
<b>SOCIAL PROJECTS</b>	
<b>Access to Essential Services: Education</b>	Number of people enrolled in the Andalusian education system Early school dropout rate 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
<b>Access to Essential Services: Health</b>	Number of beneficiaries of the Andalusian health service (SAS)
<b>Socioeconomic Advancement</b>	Income perception rate over total population Number of beneficiaries of social inclusion programmes Number of gender violence victims that obtained legal assistance
<b>Affordable Housing</b>	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
<b>GREEN PROJECTS</b>	
<b>Renewable Energy and Energy Efficiency</b>	Production of renewable energy / Consumption of primary energy Production of electricity from renewable sources / Total production of electricity Annual GHG emissions avoided (tCO <sub>2</sub> e) Energy savings (toe/year)
<b>Clean Transportation</b>	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
<b>Renewable Energy and Energy Efficiency</b>	Renewable energy production / Primary energy consumption Production of electricity from renewable sources / Total production electric power Annual emissions of greenhouse gases (GHG) reduced or avoided (tCO <sub>2</sub> e) Energy savings (tep / year)
<b>Clean Transportation</b>	Number of annual travellers in public transportation Built km of bicycle lanes Number of electric vehicles purchased Number of electric vehicle charging points installed Number of electric bike loan systems installed
<b>Environmental and Biodiversity Conservation</b>	Hectares of surface area of forest restoration treatments against fires Hectares of area of wilderness treatments to improve habitats Air and land resources acquired or improved
<b>Sustainable Water and Wastewater Management</b>	Annual volume of water, wastewater treated (% or m <sup>3</sup> /year) Population connected to wastewater treatment with at least second degree of treatment Variation of bodies of water in good condition
<b>Pollution Prevention and Control and Climate Change Mitigation</b>	Annual volume of waste treated, recycled (% or m <sup>3</sup> /year) Air quality control points Number of circular economy projects Air quality index

**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):
- ☐ 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.

**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 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

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

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and 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 sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability 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 environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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