



**SUSTAINABLE BOND
2023 - IMPACT REPORT**



TABLE OF CONTENTS

I. APPROACH TO SUSTAINABILITY

II. SUSTAINABLE FINANCE





I. APPROACH TO SUSTAINABILITY



Sustainability Mandate of the Community of Madrid

Comunidad de Madrid has a **clear social and environmental mandate** to meet the needs of its citizens. **Fostering inclusive growth** is core for the Region, and so it is committed to integrate sustainable development and social responsibility in all its activities while playing a key role to promote sustainable initiatives on the territory.

Social expenditures include several programs such as the financing of public policies related to **public health, education, social services, employment promotion, public transportation, and subsidized housing**. Comunidad de Madrid's expenditure on social programs aim to strengthen Madrid's socio-economic recovery and improve social cohesion, thanks to the development of public services that benefit all the citizens and the implementation of programs to promote employment through investment of small businesses.

Strategy for Social Inclusion 2016/2021, within the framework of the Europe 2020 Strategy, which seeks to eradicate severe poverty from the region



Contribution to the UN SDGs

Comunidad de Madrid is committed to the implementation of the 2030 Agenda for Sustainable Development. In order to implement concrete actions, the project “Madrid is Action” has been established



	<ul style="list-style-type: none"> ➤ Affordable Housing (Target 1.4) ➤ Social Inclusion (Target 1.1 and 1.B)
	<ul style="list-style-type: none"> ➤ Healthcare (Target 3.8)
	<ul style="list-style-type: none"> ➤ Education (Target 4.1, 4.2, 4.4, 4.A)
	<ul style="list-style-type: none"> ➤ Social Inclusion - Fight against gender violence and promotion of equal opportunities (Target 5.1 & 5.2)
	<ul style="list-style-type: none"> ➤ Social Inclusion (8.6) ➤ SMEs financing (8.3, 8.6)
	<ul style="list-style-type: none"> ➤ Affordable Housing (11.1) ➤ Clean and Sustainable Transportation (11.2)
	<ul style="list-style-type: none"> ➤ Climate Change Policies (13.2, 13.3)
	<ul style="list-style-type: none"> ➤ Environmental conservation and biodiversity (15.1, 15.2)

Source: Comunidad de Madrid





II. SUSTAINABLE FINANCE



Rationale for Sustainable Financing



Community of Madrid' Sustainability Mandate

- Comunidad de Madrid devotes a substantial portion of its budget to social and environmental spending
- Via the issuance of sustainable debt, Community of Madrid contributes to its social and environmental policies and actions
- Alignment of the funding strategy with the sustainability strategy

Addressing the social and environmental transition

- By issuing Sustainable Finance Instruments, Community of Madrid contributes to global, EU and national social and environmental objectives
- Contribution to the achievement of UN Sustainable Development Goals (SDGs)
- Achievement of sustainable growth for Community of Madrid's citizens

Supporting the growth of a sustainable financial market

- Address the increasing demand for more sustainable assets by responsible investors
- Diversify its investor base targeting SRI and dark green investors, while fostering the relationship with existing investors
- Contribution to the development of a sustainable financial market

Comunidad de Madrid believes that Sustainable Finance Instruments are effective tools to channel investments to projects demonstrating climate and social benefits



Sustainable Finance Framework

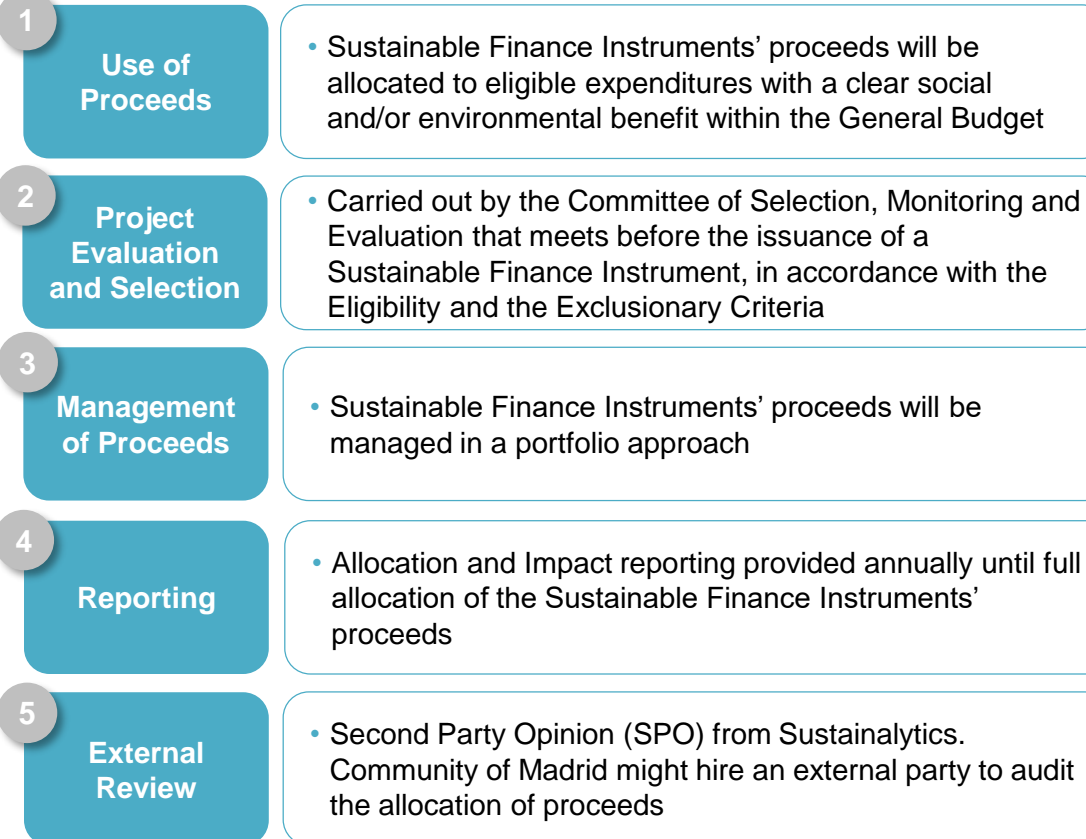
Alignment with the Standards

The Sustainable Finance Framework of the Community of Madrid complies with:

- ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines
- LMA Green Loan Principles



Community of Madrid Framework's pillars



Under the Green Finance Framework, Community of Madrid can issue Sustainable Finance Instruments which include Green, Social, Sustainability bonds, private placements and loans

Source: Comunidad de Madrid



Second Party Opinion by Sustainalytics¹

Use of Proceeds

- By financing social housing, CdM **directly supports Spain's State Housing Plan**
- Comunidad de Madrid's finances **public education for all**, and allocates resources to guarantee access to education for **students in disadvantaged situations**
- The financing of the healthcare programme will facilitate **the ongoing provision of quality healthcare services to the local population**
- Comunidad de Madrid **supports social cohesion and inclusion, protection of children and women, and care for the elderly and incapacitated** via its measures and policies
- The support provided to Madrid's SMEs, will **strengthen the competitiveness of SMEs and leading to the creation and preservation of jobs**, and **promote the integration of vulnerable people**
- Financing **low carbon transportation and reduction of global CO2 emissions** are considered an impactful use of proceeds

Project Evaluation and Selection

In line with market practice

Management of Proceeds

In line with market practice

Reporting

In line with market practice

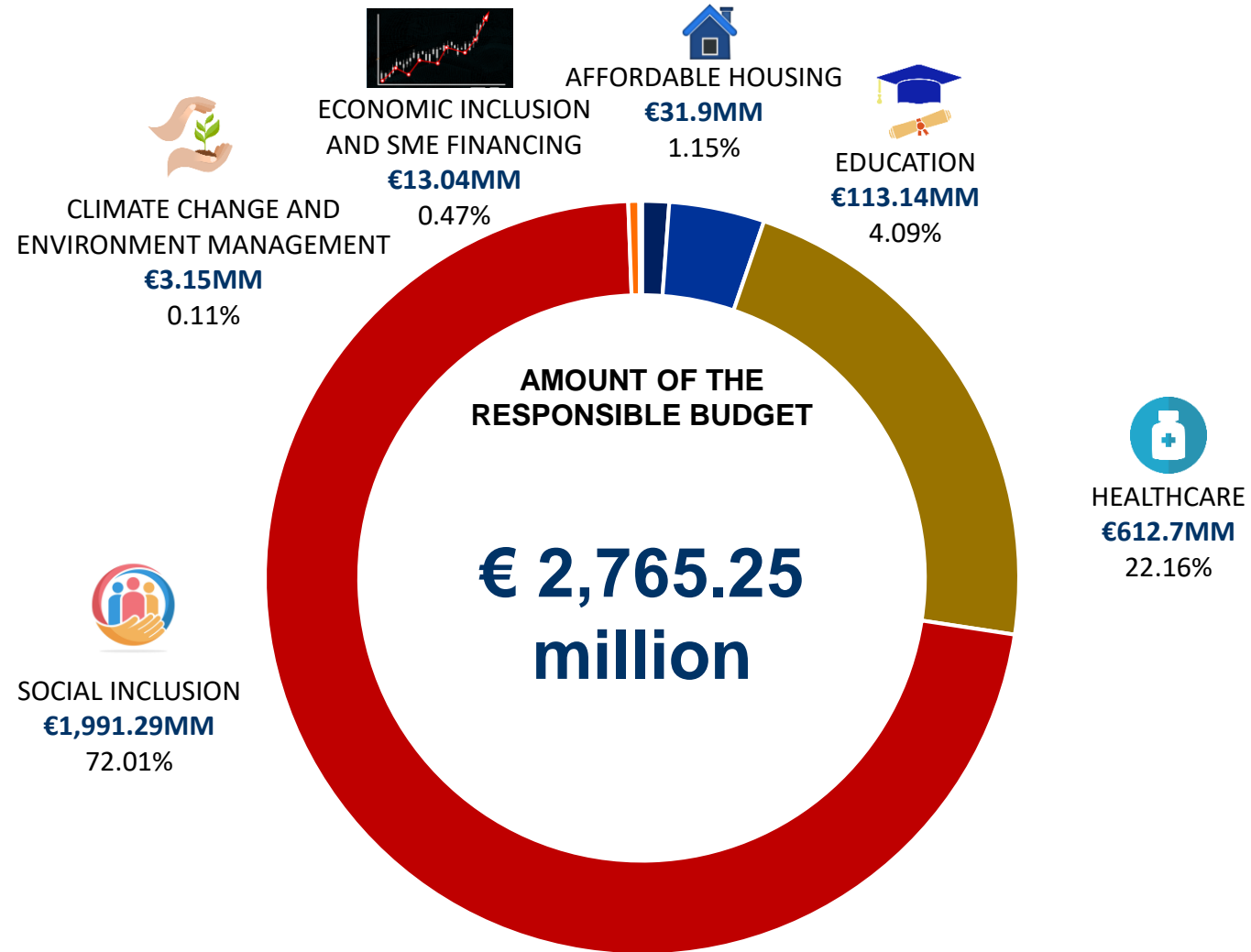


Sustainalytics is of the opinion that the Comunidad de Madrid Sustainable Finance Framework is credible and impactful, and aligns with the Green and Social Bond Principles and Green Loan Principles 2018










Source Comunidad de Madrid

¹The full Second Party Opinion is available at: <http://www.comunidad.madrid/inversion/relacion-inversores/deuda-sostenible>

2023 Eligible Portfolio – Budgetary Programs



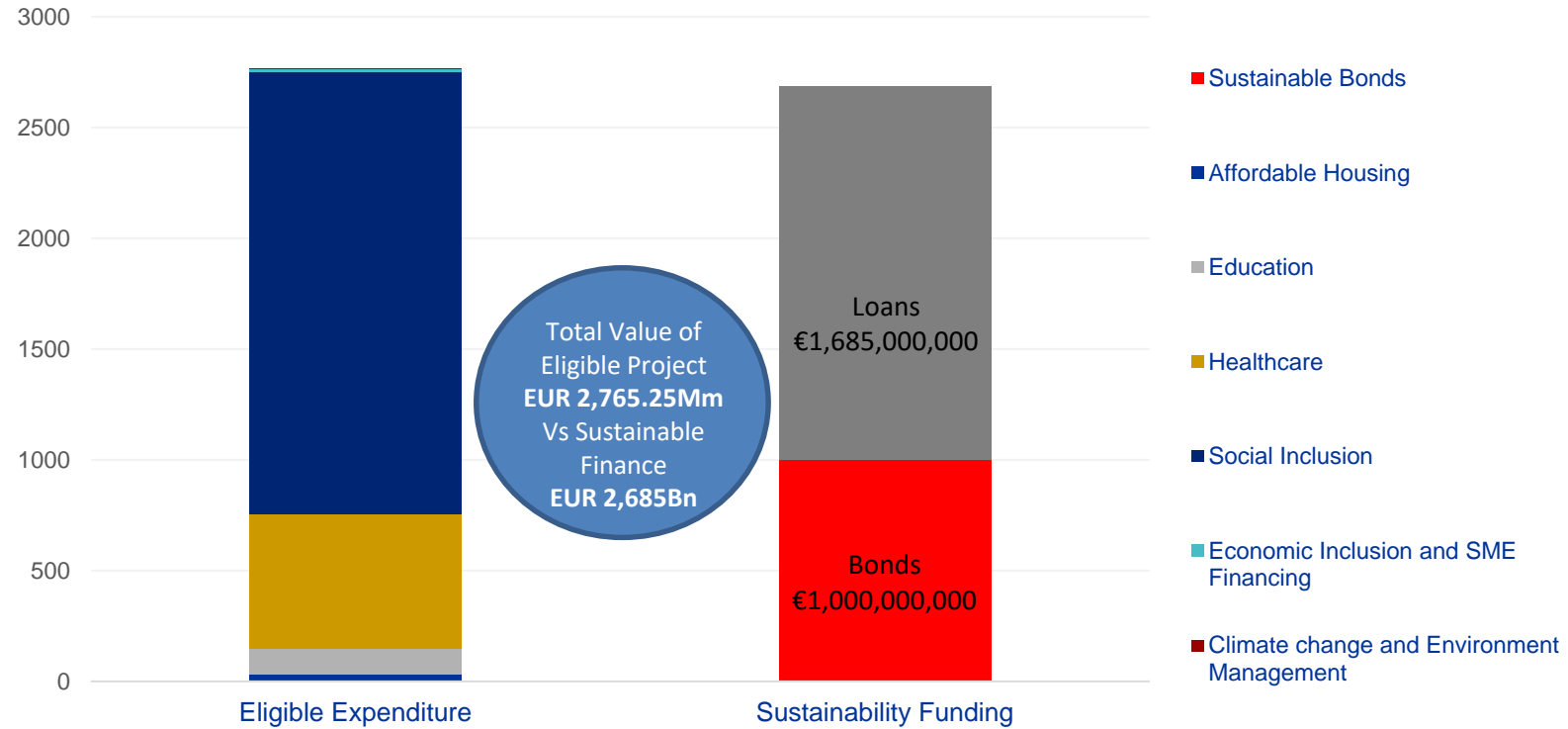
2023 Eligible Portfolio – Budgetary Programs

Eligible categories	Program Description	Program in the General Budget	Amount in € million (2023)	UN SDGs
Affordable Housing	<ul style="list-style-type: none"> Provision of affordable housing and shelter to disadvantaged populations 	261B	31,92	 
Education	<ul style="list-style-type: none"> Provision of education to the youth (including disadvantaged groups) and support of public schools and universities 	232A / 322A, B, C, F / 323M / 324M	113,14	
Healthcare	<ul style="list-style-type: none"> Support to Madrid's Public Healthcare System and financing of high impact medicines against rare diseases 	312A, 313B	612,70	
Social Inclusion	<ul style="list-style-type: none"> Fight against gender violence and promotion of equal opportunities Integration, education and employment programmes and financial assistance to vulnerable groups at risk of social exclusion Universal accessibility to the public transportation system (reduced price ticket) Provision of goods and services to the elderly and the mentally and/or physically disabled 	231A,B,C,D,E,F,I / 232A, B, E / 241A, M / 261B / 322A,B,F / 323M / 324 M / 422B / 431A / 433A / 453N / 463A /	1.991,29	 
Economic Inclusion and SME Financing	<ul style="list-style-type: none"> SMEs financing Employment promotion and advancement, including people with distance to labour market 	463A / 466A	13,04	 
Climate Change and Environmental Management	<ul style="list-style-type: none"> Environmental conservation and biodiversity 	422B / 453N / 456A,N	3,15	

Source: Comunidad de Madrid



Reporting Framework example: Sustainability Financing: Allocation Reporting 2023



% of Eligible Sustainable Project Portfolio allocated: 97.1%

% Sustainable net proceeds allocated: 100%

Source: Comunidad de Madrid



Sustainability Financing Impact KPIs

Project category		Target population	Allocation information			Impact indicators			
Eligible Project Category	SDG Addressed	Target Group (If applicable)	Budgetted amount	Allocated to sustainable bond (amount)	Share of Total Budget Financing	Number of beneficiaries		Other impact indicators	
			mEUR		%	Number	Unit of measure	Additional Indicators	number / unit of measure
Affordable Housing	Goal 1: No Poverty Goal 11: Sustainable Cities and Communities	Disadvantaged and underserved groups	31,922,286.00	31,922,286.00	1.19%	81	Families with social housing	Number of social housing units acquired	321
Education	Goal 4: Quality education	Youth, disadvantaged groups	113,136,161.00	113,136,161.00	4.21%	497,443	Number of vulnerable students	Number of students with academic reinforcement	34,676
								Number of scholarships professional training higher degree	10,292
								Number of public schools (0-18 years)	1,456
Healthcare	Goal 3: Good Health and Well-being	Citizens (including disadvantaged and underserved groups)	612,703,543.66	612,703,543.66	22.82%	759	Number of people with a rare disease being provided access to services and adequate medication	Number of people treatment medication high impact	66,695
Social inclusion	Goal 1: No Poverty SDG 5: Gender equality	Disadvantaged and underserved groups	1,991,293,362.40	1,913,196,641.34	71.25%	1,858,993	Number of individuals or families benefiting from social benefits	Number of individuals or families benefiting of social minimum income	2,687
								Number of victims of gender violence supported	12,054
								Number of subsidized trips	1.002 millions
Economic inclusion	Goal 4: Quality education Goal 8: Decent work and economic growth	SMEs and long-term unemployed	13,041,368.00	13,041,368.00	0.49%	204	Number of SMEs that received support	99 projects	
Environmental management	Goal 13: Climate Action		3,154,128.00	1,000,000.00	0.04%			Number of annual data for air quality parameters	1,318,494
								Number of annual data meteorological parameters	1,566,874
Total			2,765,250,849.06	2,685,000,000.00	100.0%	2,357,457			



Sustainability Bond Impact KPIs

Project category		Target population	Allocation information			Impact indicators			
Eligible Project Category	SDG Addressed	Target Group (if applicable)	Budgetted amount	Allocated to sustainable bond (amount)	Share of Total Budget Financing	Number of beneficiaries		Other impact indicators	
			mEUR		%	Number	Unit of measure	Additional Indicators	number / unit of measure
Affordable Housing	Goal 1: No Poverty Goal 11: Sustainable Cities and Communities	Disadvantaged and underserved groups	11,889,119.55	11,889,119.55	1.19%	30	Families with social housing	Number of social housing units acquired	120
Education	Goal 4: Quality education	Youth, disadvantaged groups	42,136,372.81	42,136,372.81	4.21%	185,267	Number of vulnerable students	Number of students with academic reinforcement	12,915
								Number of scholarships professional training higher degree	3,833
								Number of public schools (0-18 years)	542
Healthcare	Goal 3: Good Health and Well-being	Citizens (including disadvantaged and underserved groups)	228,194,988.33	228,194,988.33	22.82%	283	Number of people with a rare disease being provided access to services and adequate medication	Number of people treatment medication high impact	24,840
Social inclusion	Goal 1: No Poverty SDG 5: Gender equality	Disadvantaged and underserved groups	741,636,261.60	712,549,959.53	71.25%	692,362	Number of individuals or families benefiting from social benefits	Number of individuals or families benefiting of social minimum income	1,001
								Number of victims of gender violence supported	4,489
								Number of subsidized trips	0.373 millions
Economic inclusion	Goal 4: Quality education Goal 8: Decent work and economic growth	SMEs and long-term unemployed	4,857,120.30	4,857,120.30	0.49%	76	Number of SMEs that received support		37 Projects
Environmental management	Goal 13: Climate Action		372,439.48	372,439.48	0.04%			Number of annual data for air quality parameters	491,059
								Number of annual data meteorological parameters	583,566
Total			1,029,086,302.07	1,000,000,000.00	100.0%	878,108			



Selected Projects for the 2023 Sustainability Bond

Comunidad de Madrid has a clear social and environmental mandate to meet the needs of its citizens.

Sustainable development is at the centre of our policies for strong, sustainable and inclusive growth and development.

SELECTED PROJECTS



ELEGIBLE CATEGORY	PROJECT NAME	AMOUNT
Affordable Housing	Eviction of Cañada Real and Guadarrama River. Housing Acquisition.	0
	Maintenance and conservation of inhabited social housing.	8,175,795.00
	Development of land for the construction of social housing.	844,742.00
	My First Housing	18,000,000.00
	Construction of new social housing developments.	1,305,172.00
	Repair of uninhabited social housing for their second allocation.	2,549,955.00
Education	Neighbourhood Assistance Service of the Community of Madrid. ASIVECAM.	1,046,622.00
	Attention to students with specific educational support needs.	2,940,819
	Book lending programme. ACCEDE Programme.	56,893,460
	Maintenance of Secondary Education Centres.	22,726,651
	Refuerza Programme (academic support and reinforcement activity).	2,477,200
	Formación y sensibilización a mujeres en situación de exclusión social.	4,047
	Scholarships for advanced vocational training.	24,387,366
	Educational compensation classrooms.	706,618
	Sholarhips for public universities	3,000,000
	Healthcare	High-impact medicines and orphan drugs.
Mobile Support Service for Drug Dependency		2,049,999.66
Collaboration with Local sector		54,544.00
Collaboration with professional bodies.		99,000
Social Inclusion	Collaboration with citizens' organisations.	500,000
	Grants for School meals	42,183,327.00
	Economic benefits in situations of dependency.	300,145,862.00
	Domiciliary care in situations of dependency.	115,941,624.00
	Care services for seniors in specific centres	333,643,203.00
	Subsidies for public transport users.	1,140,115,203.00
	Care for the elderly in centres.	14,418,564.00
	Care services in residential centres for women victims of gender violence.	446,758.00
	Social canteens services	3,185,370.00
	Care services in non-residential centres for women victims of gender violence.	4,147,619.00
	Economic assistance for the social integration of women victims of gender violence.	145,225.00
	Free school transport service for pupils in special education centres.	5,887,026.00
	Free transport service for students with physical disabilities.	3,959,793.00
	Free school meals for pupils in special education centres.	2,964,500.00
	Free school transport service for pupils in shantytowns.	597,885.00
	Participation and integration centres (CEPI).	2,371,418.40
	Volunteer school.	119,452.00
	Housing First Programme.	504,314.00
	Care centre for people in situations of social exclusion.	1,565,751.00
	Network of volunteer information points (PIV).	75,613.00
	Madrid LGTBI Information and Care Programme.	216,358.00
	Minimum Insertion Income (RMI).	8,593,497.00
	Subsidies for integration projects linked to the Minimum Insertion Income (RMI).	4,900,000.00
Grants for LGBT NGOs.	675,000.00	
Development Cooperation Subsidies.	4,490,000.00	
Economic Inclusion and SME Financing	Aid for the promotion of technological sectors Consortia.	2,679,113.00
	Subsidies for the promotion of technological sectors. Start-ups	1,390,541.00
	Aid for the use of innovation services in SMEs Innovation vouchers.	732,937.00
	Aid for industrial SMEs Industry 4.0 projects.	7,518,777.00
	Aid to Innovation Intermediary Entities.	720,000.00
Climate Change and Environment Management	Conservation and maintenance of periurban parks	3,154,128.00
	TOTAL	2,765,250,894.06

Source: Comunidad de Madrid



CASE STUDY for HEALTHCARE



High Impact Medicines and Orphan Drugs



- Comunidad de Madrid offers universal healthcare coverage to all of its citizens. The overall objective of the healthcare programme is the maintenance of a quality healthcare service and an efficient use of resources. Madrid's public healthcare service includes plans such as the "Plan to improve healthcare services for people with rare diseases".

- Providing integrated and comprehensive care by all the agents involved is essential to improve the daily life of these people and their families.
- Within the **Plan to Improve Healthcare for People with Rare Diseases**, Comunidad de Madrid financed **EUR 610mm** for rare diseases treatments, over **66,000 patients** were treated:
 - 759 patients which annual costs is over EUR100,000
 - 654 patients with Chronic Hepatitis C
 - 31 CAR-T therapy treatments.
 - 8,959 multiple sclerosis
 - 28,836 immune-mediated inflammatory diseases patients
 - 26,624 HIV patients
 - 816 Pulmonary hypertension

Mobile Support Service for Drug Dependency



- **Comunidad de Madrid provides healthcare** to about **5904 drug addicts** out of treatment **through mobile devices in marginal areas**.
- This project aims to minimize the negative effects related to consumption and contributes to public health by controlling and monitoring transmitted diseases, providing referrals to drug addiction treatment, counselling and support services network

Proceeds of the bond will be allocated to projects aimed at providing a modern and sustainable public healthcare service system to the citizens of Madrid (including, but not limited to, vulnerable groups)



CASE STUDY for EDUCATION



ACCEDE – Book lending program



- **Accede Program textbook lending program** for eligible students of Primary Education, Compulsory Secondary Education and Basic Vocational Training
- Close to **485,000 students** from nearly **1,500 schools** benefited from this program
- Comunidad de Madrid has allocated **EUR56,8Mm** to this program

Education Centers Maintenance



- Comunidad de Madrid **offers a wide network of public primary and secondary education schools and special education schools**
- Every year, Comunidad de Madrid builds new centers to cope with takes care of the maintenance of schools, by taking preventive, diagnostic, updating, replacement, and repair procedures. In 2023j more than **375 schools** benefited from these procedures

REFUERZA-Academic Support



- **The Academic Support program** seeks to complement Primary Schools training by offering students reinforcement activities, study techniques or knowledge expansion sessions.
- About **17,000 students** benefited from this program.

Education is a fundamental social right, bringing significant benefits to society. An educated and skilled workforce is essential for our region's competitiveness.



CASE STUDY for AFFORDABLE HOUSING



Uninhabited Social Houses Refurbishment



- **Comunidad de Madrid** dedicated close to **EUR 2,55Mm** to Social Housing projects.
- Among others those dedicated to the maintenance and conservation of inhabited social housing to **improve the safety** and the **accessibility** and enhance its **energy efficiency**
- **240 vacant** social homes were **refurbish**

Mortgage Assistance Program



- **'Mi primera Vivienda'** is a pioneering plan for young people under 35 years old who are economically solvent but do not have savings.
- The project facilitates the granting of up to 95% of the mortgage
- Budget of 18 million euros for 2023
- 5. 987 mortgages signed by January 2023, benefiting more than 1,500 young people

ASIVECAM – Neighborhood Assistance



- **ASIVECAM** – the Comunidad de Madrid Neighborhood Assistance service
- Aims to favor and activate processes of coexistence and communication, to provide answers to the problems raised in the promotions of public housing of the Social Housing Agency, which facilitate the integration of people and the development of these, through their participation.
- Hired 40 socio-educational technicians, acquisition 5 vehicles

Comunidad de Madrid is committed to tackle inequalities and provide access to affordable and quality housing. Social housing plays a vital role in meeting the housing needs of people across Comunidad de Madrid

Source: Comunidad de Madrid



CASE STUDY for SOCIAL INCLUSION



Minimum Insertion Income (RMI)



- **Minimum Insertion Income (RMI)** refers to the different programs aimed at individuals and families who lack sufficient economic resources to cover their basic needs, accompanied by a process of social intervention.
- In 2023, **2.687 persons received the RMI in the Comunidad de Madrid.**
- Comunidad de Madrid earmarked EUR 8,5Mm for this purpose

Assistance for Women victims of gender violence



- Comunidad de Madrid funds a broad range of initiatives and programs aiming to **end all forms of gender-based violence**
- In 2023, **101 women and 82 children** were treated in **Shelter Centers** specialized in offering women and their dependents a comprehensive recovery treatment that from the psychological, educational, socio-labour and legal fields, favors the normalization of the family unit.
- **Day Centers** supported more than **10,881 women and 700 children**

Domiciliary Care for Seniors



- Comunidad de Madrid provided home assistance to more than **24,243 dependent persons.**
- The care services aim to promote personal autonomy, as well as meeting the needs of people with difficulties in performing basic activities of daily living.

Comunidad de Madrid's strategy for social inclusion aims to achieve the full integration in society of people who are in a situation (or at risk) of poverty and social exclusion, fighting against gender violence and promoting equal opportunities



CASE STUDY for SME FINANCING



Industry digitalization projects



- **SMEs** play a major role in Comunidad de Madrid's economy.
- **Supporting SMEs is a priority for the regional government**, as well as providing these companies with the necessary tools to adapt to current market needs and expand their businesses
- Under the **Digitalization program**, Comunidad de Madrid provided in 2023 assistance and funding to **90 Industrial SMEs** for the development and implementation of innovative projects

Panorama Servicios Case Study



Dirección General de Economía y Competitividad
CONSEJERÍA DE ECONOMÍA, EMPLEO Y COMPETITIVIDAD

- Panorama was established in 2018 is one of the leading large-format printing and cutting companies in Spain and offers printing companies in Spain and provides companies with integral solutions for visual communication and visual advertising solutions.
- On December 28th, 2022, the Ministry of Economy, Finance and Employment of Comunidad de Madrid provided **Panorama with EUR 189,683.00** grant to implement innovative communications and data processing solutions, as well as the implementation of ICT applications and solutions in the value chain.
- These projects and investments are link to:
 - Digitize the multi-material printing area
 - Collaborative robotics
 - Sensors
 - Embedded systems and process control



Digitising industries is one of the key challenges to be tackled for fostering growth. Comunidad de Madrid is committed in supporting SMEs in all stages of their life cycle to develop and achieve growth and engage in innovation



Leadership in Sustainable Bonds

- First Spanish Region to issue Sustainable Bonds.
- Largest number of Sustainable Bonds issued in Spain.
- Ability to Issue Green, Social and Sustainable Bonds and Loans.
- 8 Sustainable benchmark public bond issued since 2017.
- 73% of Sustainable finance in Comunidad de Madrid's annual issuance in 2023.
- Largest amount outstanding in Sustainable Bonds (8,003 MM).
- Transparent and public reporting on projects financed by under the framework.

	Amount (€ million)	Settlement	Tenor
Sustainable Bond (Public)	1,000	02/23/2018	10
Sustainable Bond (Public)	1,250	02/14/2019	10
Sustainable Bond (Public)	1,250	02/27/2020	10
Green Bond	700	05/08/2020	7
Sustainable Bond (Public)	1,000	03/26/2021	10
Green Bond	500	11/26/2021	7
Sustainable Bond (Public)	1,000	04/11/2022	10
Green Bond	500	10/14/2022	7
Sustainable Bond (Public)	1,000	02/24/2023	10
Green Bond	600	06/29/2023	5
Sustainable Bond (Public)	1,000	02/29/2024	10

Source: Comunidad de Madrid

