



INVESTOR PRESENTATION



May 2024

TABLE OF CONTENTS

I . MACRO OUTLOOK AND FORECASTS 2024

II. FUNDING PROFILE AND STRATEGY

**III. SUSTAINABLE FINANCE 2023 & IMPACT REPORT
2023**

IV. GREEN FINANCE 2023 & IMPACT REPORT 2022





I. MACRO OUTLOOK AND FORECASTS 2023-2024



Community of Madrid key figures

↑ GDP pc 2022*
38,346 (Madrid)
28,276 (Spain)

* Latest official data available

↑ Average annual population growth (2012-2022)
+1.3% (Madrid)
+0.6%(Spain)

↑ Company stock 2023
607,476 +8.7% YoY (Madrid)
3,893,239 +13.5% YoY (Spain)

↓ CPI data (Feb- 2024)
+2.6% YoY (Madrid)
+2.8% YoY (Spain)

↓ Unemployment rate (2023 3Q)
9.72% (Madrid)
11.8% (Spain)

↑ ICTs Service 2023
Region best positioned in advanced digital services such as Artificial Intelligence or Big Data

GDP: € 261 million
Population: 6.8 million



National %:
GDP: 19.4%.
Population: 14.3%.



↑ R&D expenditure (2022)
2.05% of GDP (Madrid)
1.43% of GDP (Spain)

Foreign investment
56.1% of Total Spain (2023)-

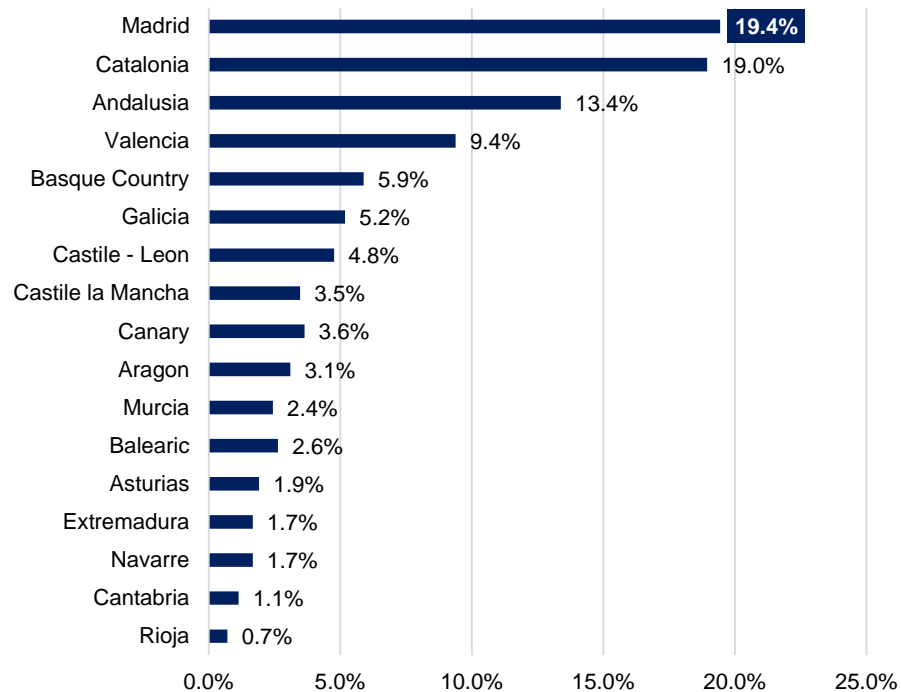
Source: Community of Madrid and INE



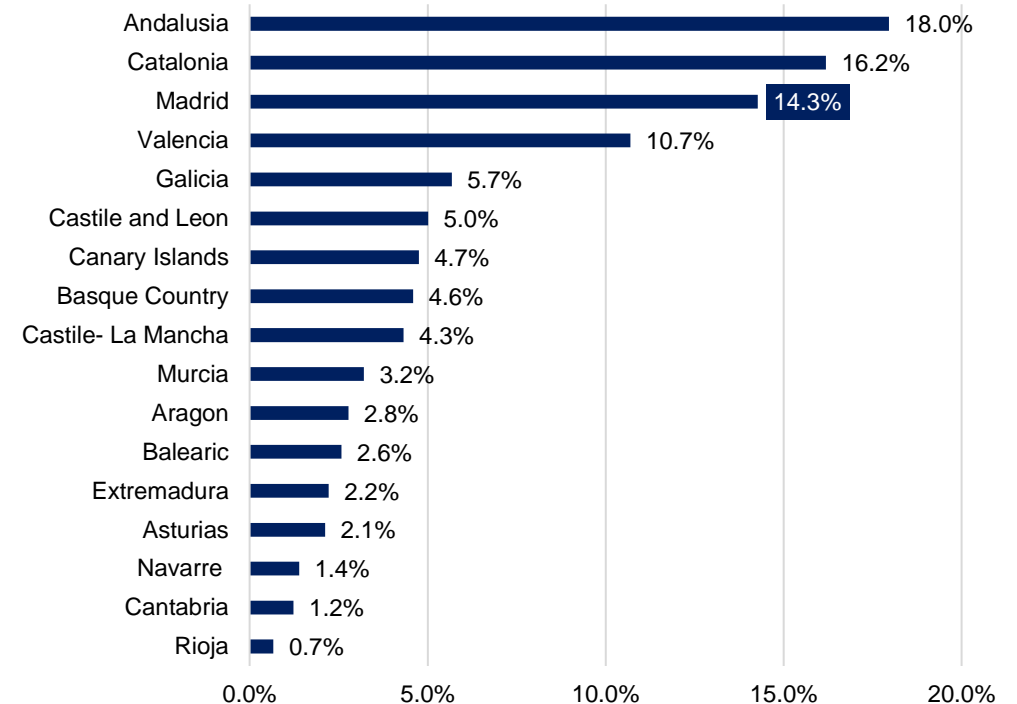
The Community of Madrid in Spain

- The regional GDP of the Community of Madrid in 2022 managed to recover its pre-pandemic level with a growth of 7.2% YoY, while the evolution of the national economy was less positive.
- In terms of population, the Madrid Region represents 14.3% of the total population at the end of 2022, with a figure of 6,825,005 (out of a national total of 47,615,034).

Contribution by region to national GDP (2022)



Population distribution by Autonomous Community (2022)



The Community of Madrid in Europe

- In 2021, Madrid was the **fifth largest regional economy in the EU** and the largest in Spain.
- Madrid continues to strengthen during 2022 and 2023.

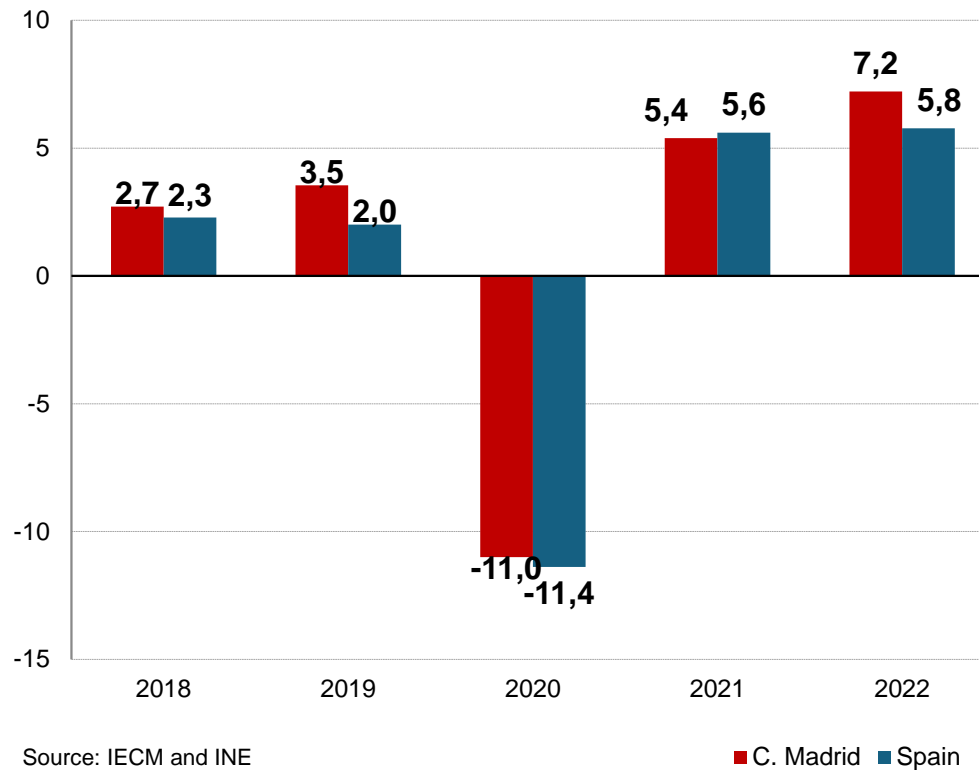
Region	Country	GDP (million €)*	GDP PPP (million €)
EU - 27		14.524.808	14.524.808
Ile-de-France	France	764.844	705.575
Lombardy	Italy	403.136	412.745
Oberbayern	Germany	296.742	267.201
Rhône-Alpes	France	250.293	230.898
Community of Madrid	Spain	234.639	248.519
Eastern and Midland	Ireland	229.934	191.815
Catalonia	Spain	229.417	242.988
Stuttgart	Germany	228.221	205.501
Düsseldorf	Germany	227.643	204.981
Darmstadt	Germany	218.548	196.791
Istanbul	Turkey	209.481	519.956
Köln	Italy	199.040	179.224
Lazio	Ireland	197.535	202.244
Noord-Holland	The Netherlands	183.078	157.638
Provence-Alpes Côte d'Azur	The Netherlands	181.067	167.036

Source: Eurostat
*Year 2021



Madrid's economy resumes its recovery against an uncertain global backdrop

Gross Domestic Product
Rates of change in real terms

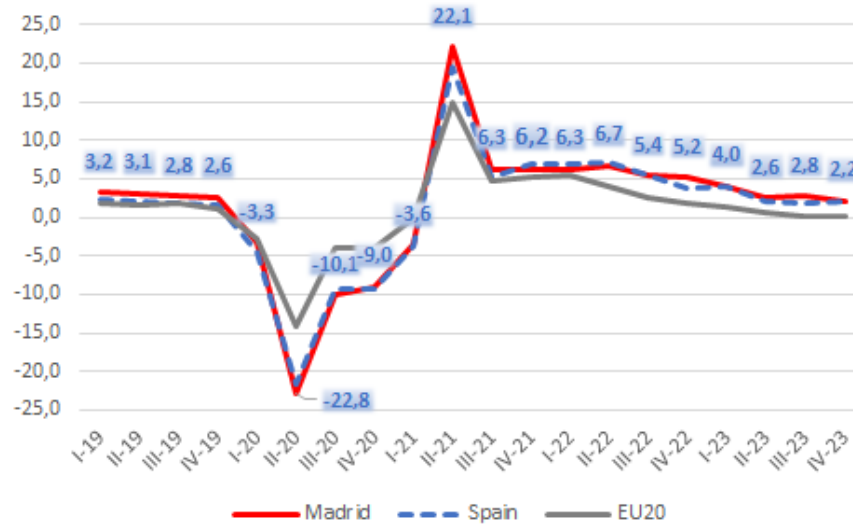


- ✓ In a context marked by inflation and uncertainty, the Madrid economy maintained considerable momentum in 2022, mainly in the first half of the year, with growth moderating in the second half of the year.
- ✓ **GDP Comunidad de Madrid: +7.2% 2022 vs 2021 (SPAIN: +5.8% after recent INE revision)**

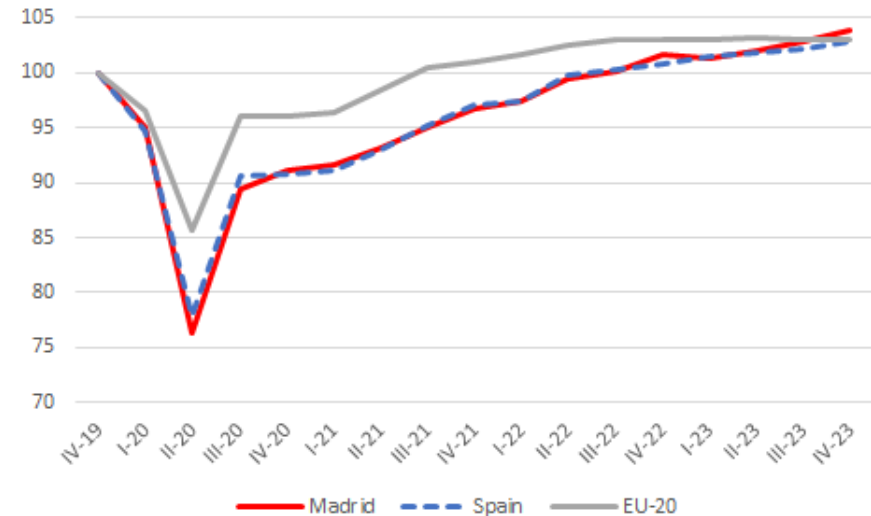


Regional momentum anticipates recovery to pre-COVID activity levels

Gross domestic product
Year-on-year actual rates of change



Gross domestic product
Index IV - 2019=100



Source: IECM, INE and EUROSTAT. Data adjusted for seasonality and calendar effect.

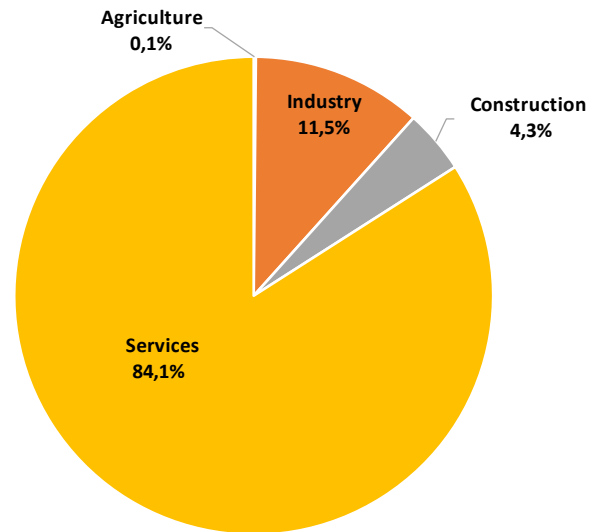
- ✓ 2022 was conditioned by several global factors: persistently high inflation, interest rate rises, the invasion of Ukraine and its consequences, etc.
- ✓ **GDP Comunidad de Madrid 23Q4: +0.9% quarter-on-quarter (0.8% Spain) +2.2% year-on-year (2,0% Spain).**
- ✓ In 23Q4, Madrid's GDP was 3.9% above pre-pandemic levels (19Q4), a level it surpassed in 22Q4; Spain has recovered but at a slower pace and in 23Q4 was 2.9% above.



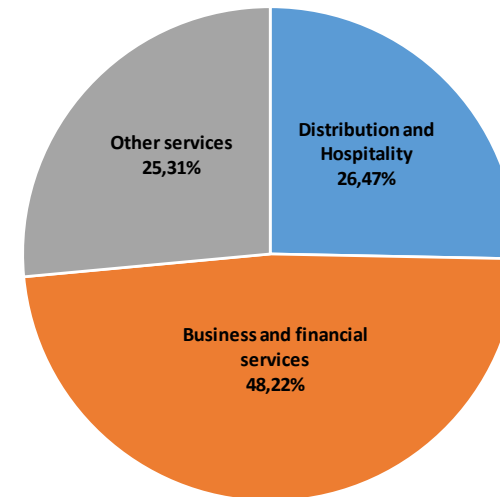
Distribution by sector 2022:

- ✓ The **regional economy** has a high weight in the services sector, with **84.1%** compared to the **national average of 75.6% in 2022**.
- ✓ The **Community of Madrid** has been affected to a **greater extent by the pandemic**, due to the high weight of the service sector and in particular the link with tourism, which subsequently resulted in a **greater recovery**.

Composition of constant GVA by sector in Madrid, 2022
(% of total)



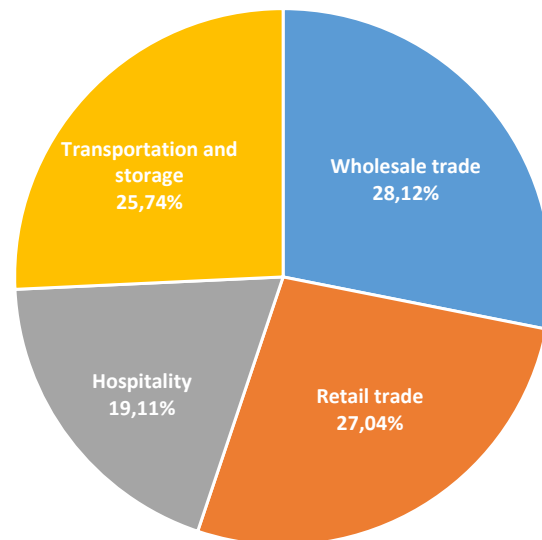
Composition of constant GVA by service sector in Madrid, 2022
(% of sector total)



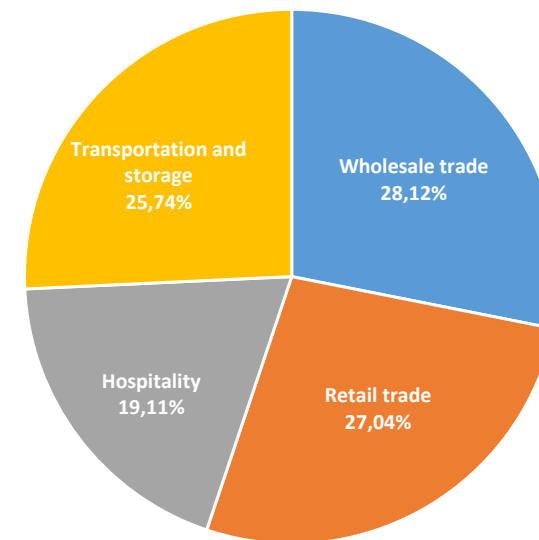
Composition of the two main categories of the services sector in 2022

- By breakdown of the **Distribution and Hospitality** category in 2022, the most important sub-sector is **wholesale trade (28.1%)**.
- Within **Business and financial services**, more than half corresponds to **Real estate activities (26.2%)** and **Information and communications (26.2%)**.

Composition of constant GVA by breakdown of the Distribution and Hotels & Catering category in Madrid, 2022
(% of category total)

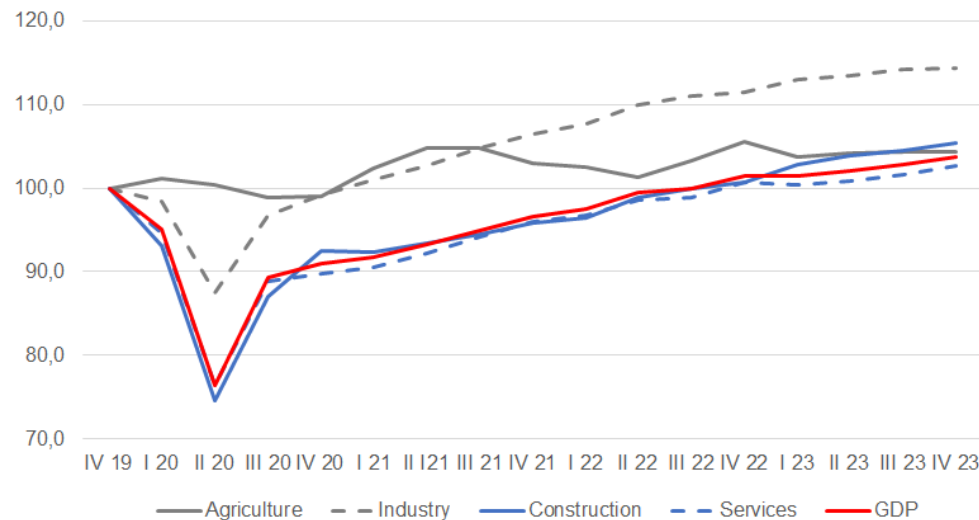


Composition of constant GVA by breakdown of the category Business and Financial Services in Madrid, 2022
(% of category total)



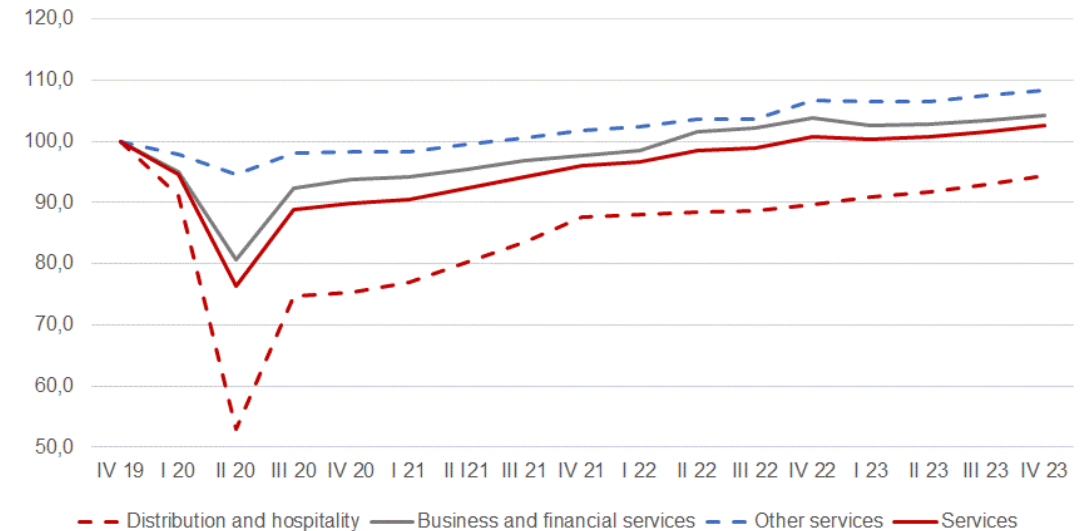
The regional economy has now fully recovered to pre-pandemic levels

Main sectors in the Community of Madrid
Index IV-2019=100



Source: Based on data from the IECM. GVA adjusted for seasonality and calendar effect

GVA services sector
Index IV-2019=100



Source: Based on data from the IECM. GVA adjusted for seasonality and calendar effect

- ✓ **Moderate year-on-year growth continued in 23Q4 compared to 22Q4.**
- ✓ Services sector +1.9% 23Q4 vs +4.9% 22Q4 (-0.9 % above 19Q4)
 - Distribution and hotel and catering services is no longer the most dynamic branch, with a year-on-year increase of 5.18%, 0.47 points above the previous quarter. This is the only activity that is still below the pre-covid level, at 5.7%.
- ✓ **Construction** +4.6% 23Q4 vs. +5.15% 22Q4 (2.0% above 19Q4)
- ✓ **Industry** +2.6% 23Q4 vs. +4.6% 22Q4 (↑1.7% above 19Q4)



A less favorable global macroeconomic backdrop has slowed regional demand growth in 2023

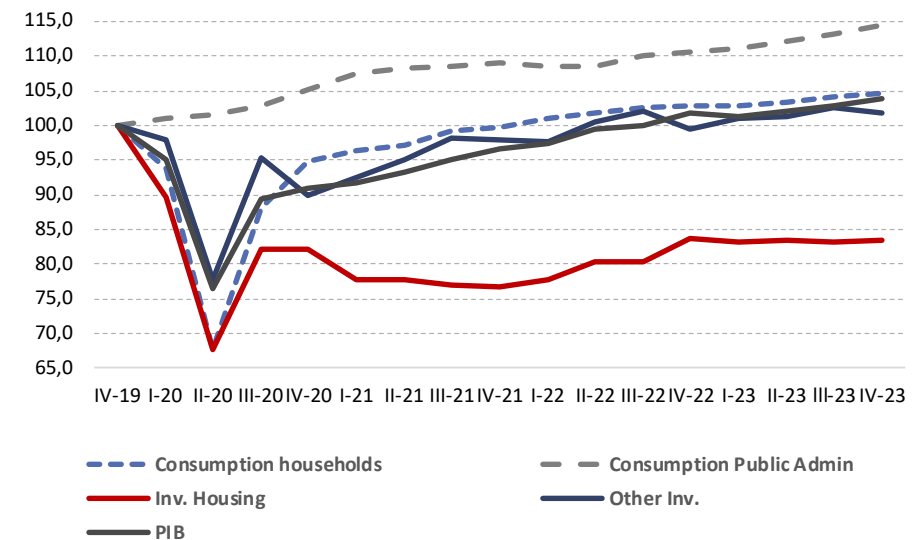
✓ Year 2022

- **Consumption continued to recover**, albeit at a more moderate pace of 3.9%, with greater momentum in household consumption (5.2%) than in general government consumption (0.8%).
- **New investment boosted**, with an increase of 6.6%; housing investment reactivated (4.2%) and a robust pace in the rest (7.7%).
- **Increase in the contribution of external demand to 1.7 points.**

✓ 2023Q4

- **Domestic demand +2.1% 23Q4 vs +3.7% 22Q4**
- **Foreign demand +5.9% 23Q4 vs +1.6% 22Q4**
 - **Investment +1.4% 23Q4**, with both components gaining momentum:
 - » Housing investment -0.2%, although 0.8 p.p. above 19Q4.
 - » Rest of lending +2.3%, 1.0 p.p. above 19Q4.
 - **Final consumption expenditure +2.2% 23Q4:**
 - » Household consumption +1.7% in 23Q4, 1.0 p.p. above 19Q4.
 - » General government consumption +3.5%, 14.5 p.p. above 19Q4.

Consumption and investment in the Madrid Region
Index IV-2019=100

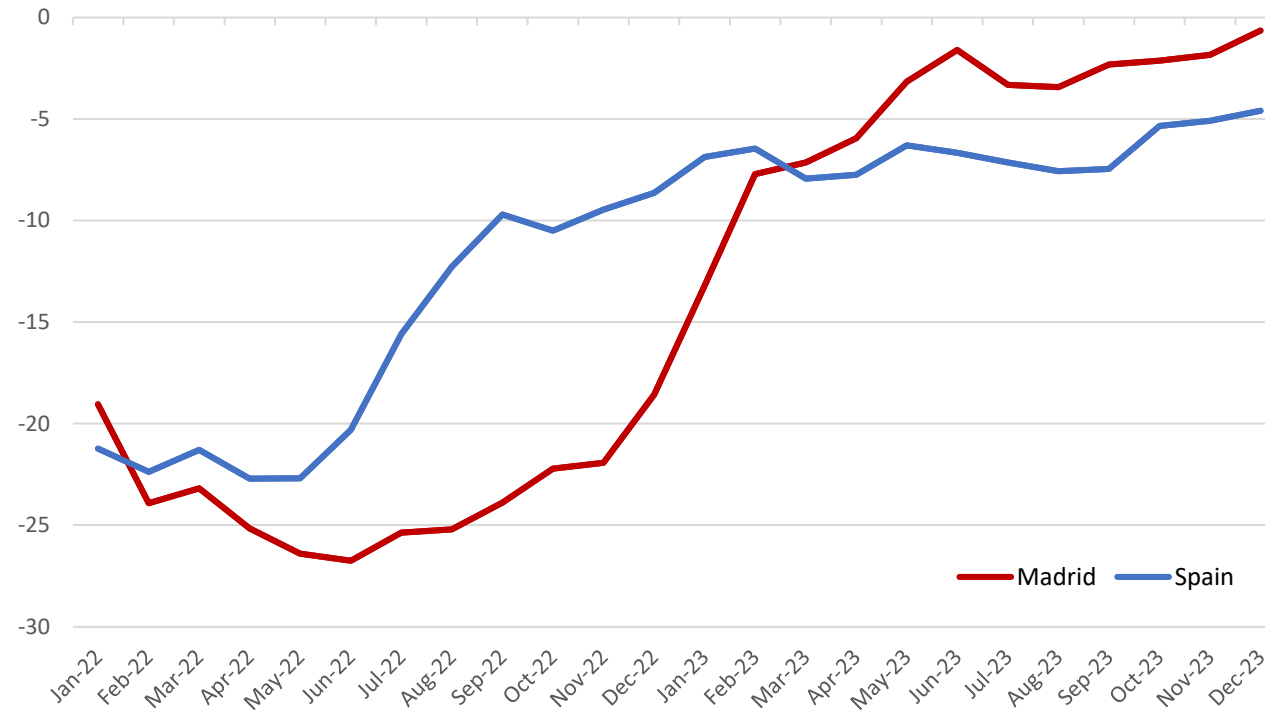


Source: Based on IECM data GVA adjusted for seasonality and calendar effect.



Unemployment at lowest level since 2008

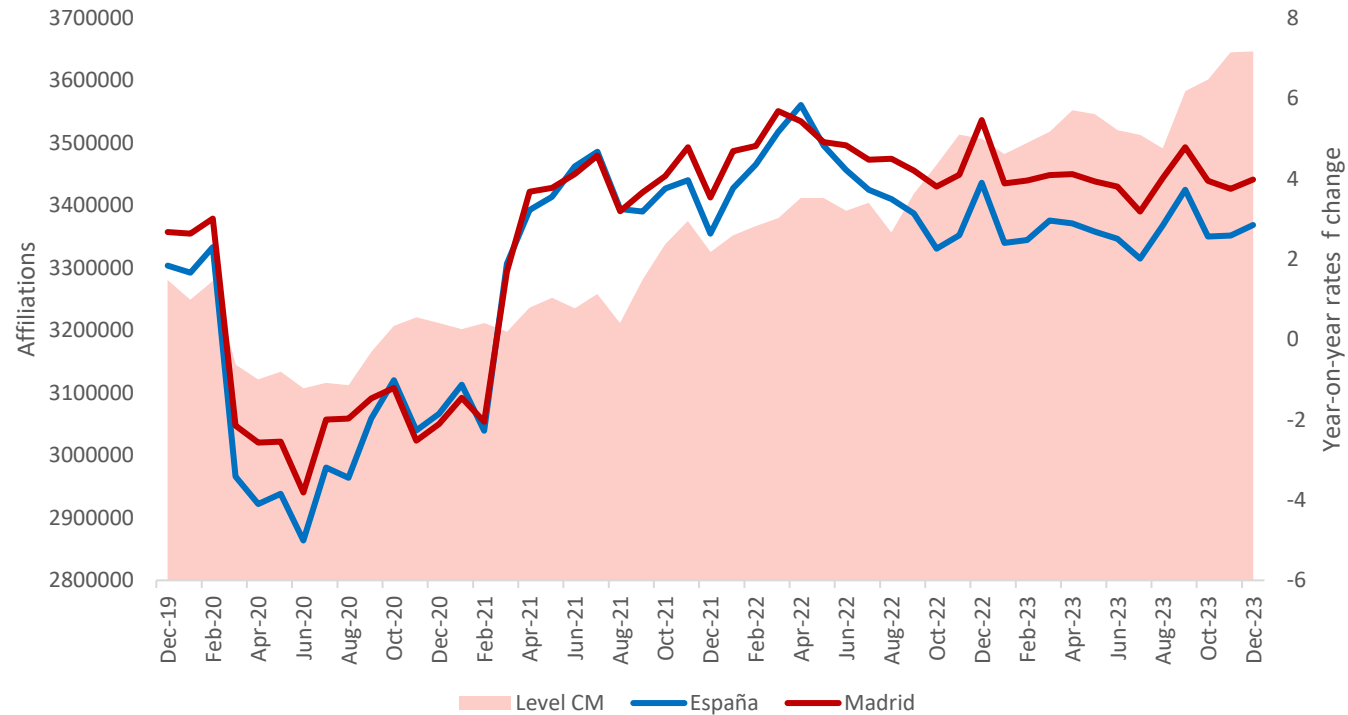
Evolution of registered unemployment
Year-on-year rate of change



- ✓ **Continued decline in the number of unemployed**, falling below pre-crisis levels.
- ✓ Dec23: 295,865, -0.64% YoY.

Social Security enrolment reaches an all-time high

Average monthly enrolment in Social Security

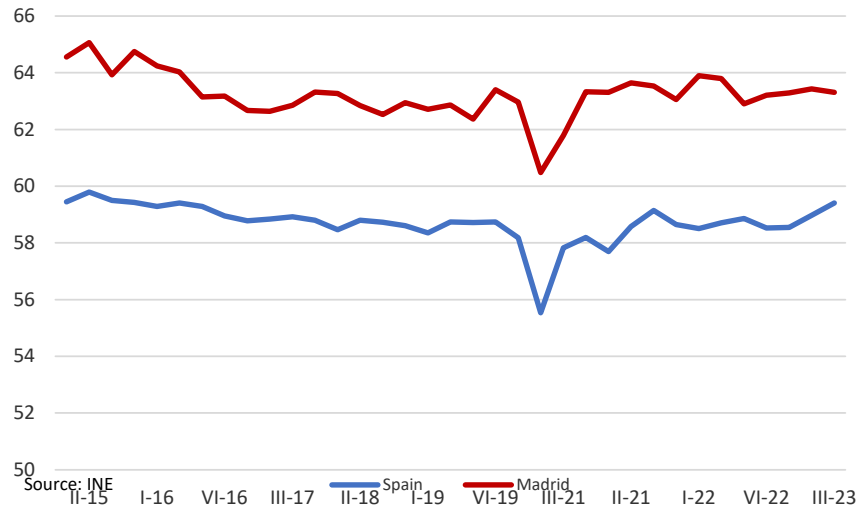


- ✓ **Social Security enrolment performed very well in the latter part of the year, reaching all-time highs in the main schemes and in both sexes.**
- ✓ Dec2023: 3,646,691 members, +3.98% vs DEC-22



Significant increase in the labour force in the region - LFS

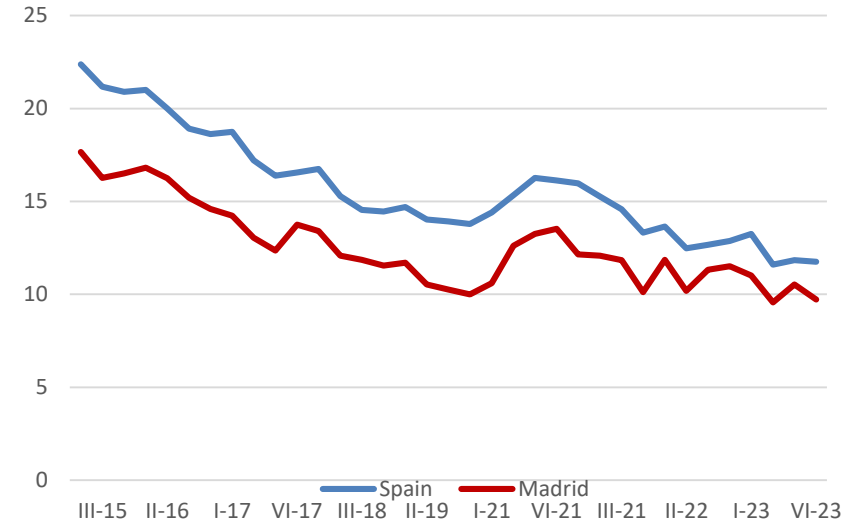
Evolution of activity rate



✓ **CM activity rate**
63.6% 23Q4 vs. 62.2% 22Q4.
 The second highest of all the Autonomous Communities.

✓ **Activity rate SPAIN**
58.9% 23Q4 vs. 58.5% 22Q4.

Evolution of unemployment rate



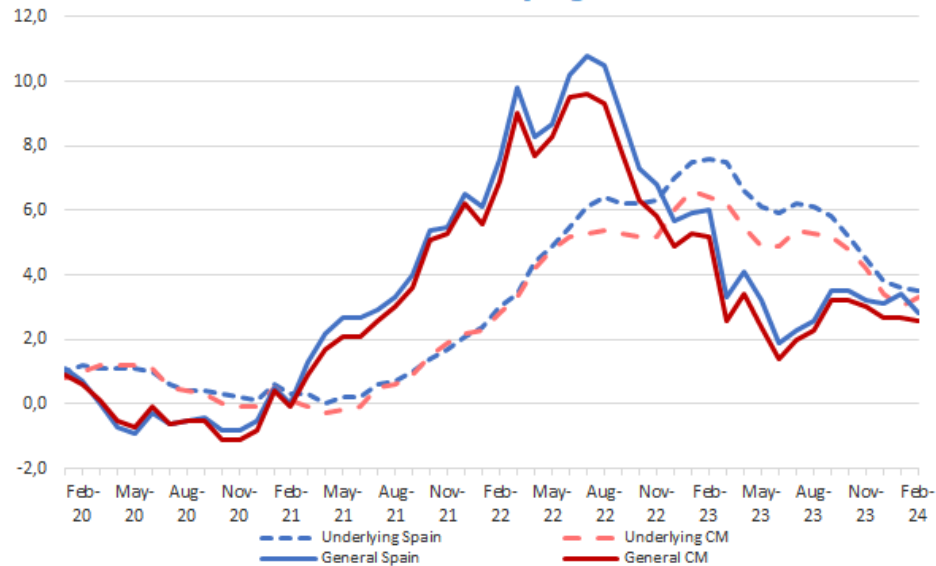
✓ **Unemployment rate CM**
9.7% 23Q4 vs. 11.5% 22Q4

✓ **Unemployment rate SPAIN**
11.7% 23Q4 vs. 12.9% 22Q4



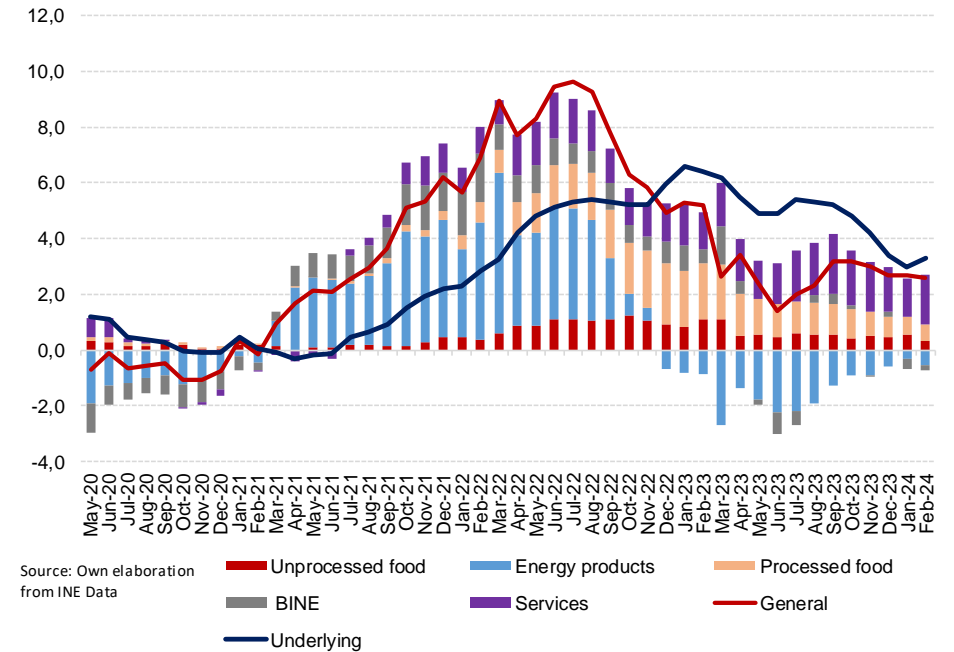
Inflation coming down quickly on lower energy prices

Evolution of prices in Madrid and Spain
General and Underlying inflation



Source: INE (EPA)

Contribution to inflation by components



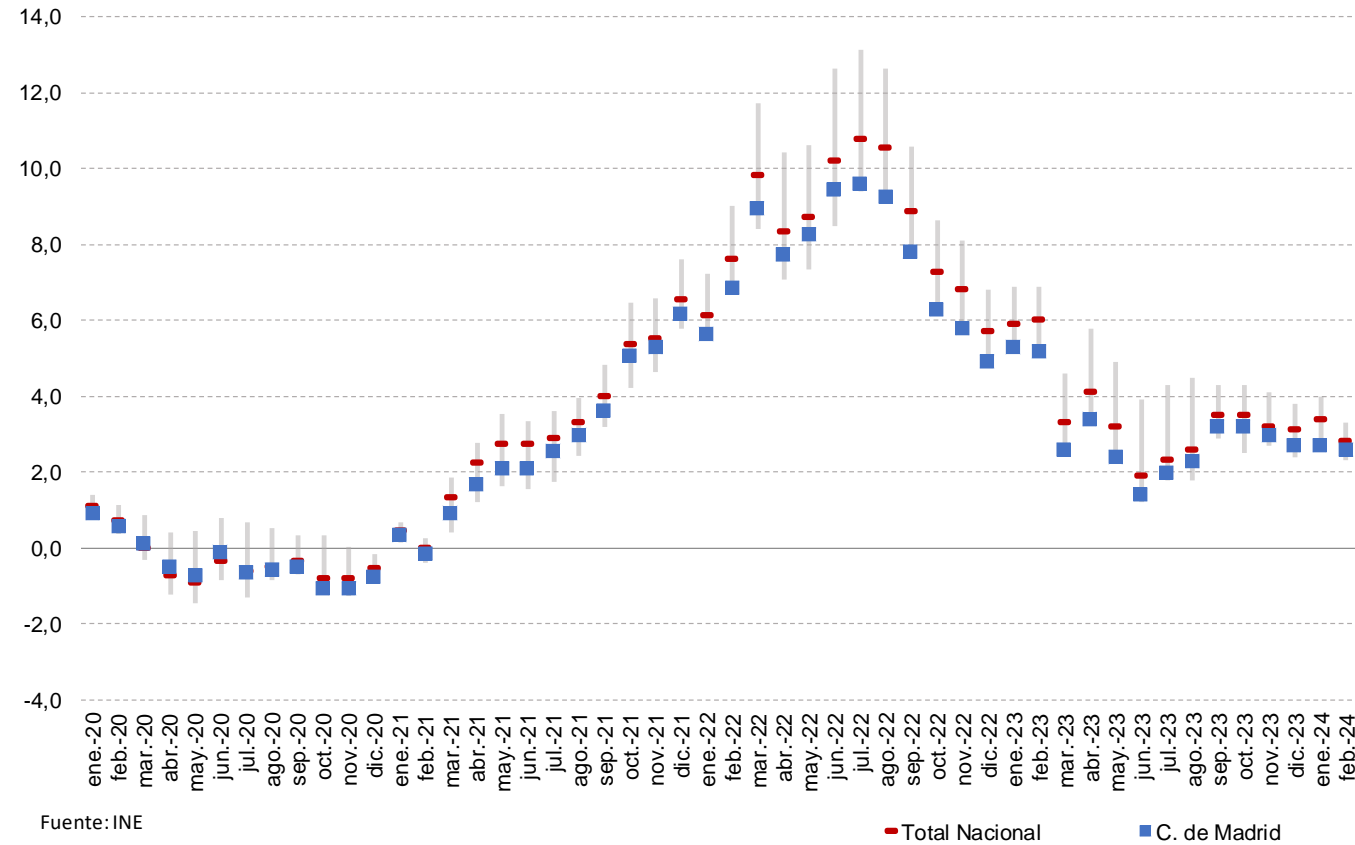
Source: Own elaboration from INE Data

- ✓ **General Inflation:** SPAIN: 2.8% in February 2024, 0.6 p.p. lower than in the previous month and 3.2 p.p. lower y-o-y.
 - **CM 2.6% in February, stable from the previous month (-2.6 p.p. vs. feb-23)**
- ✓ **Core inflation SPAIN:** 3,5% in Feb23; 0.1 p.p. lower than in the previous month and 4.1 p.p. lower y-o-y.
 - **CM 3.3% Feb24 vs. 6.0% Dec22; 3.1 p.p. lower y-o-y.**



Inflation in the Community of Madrid in the regional context

Inflation
Max and min Regional, Community of Madrid and Spain



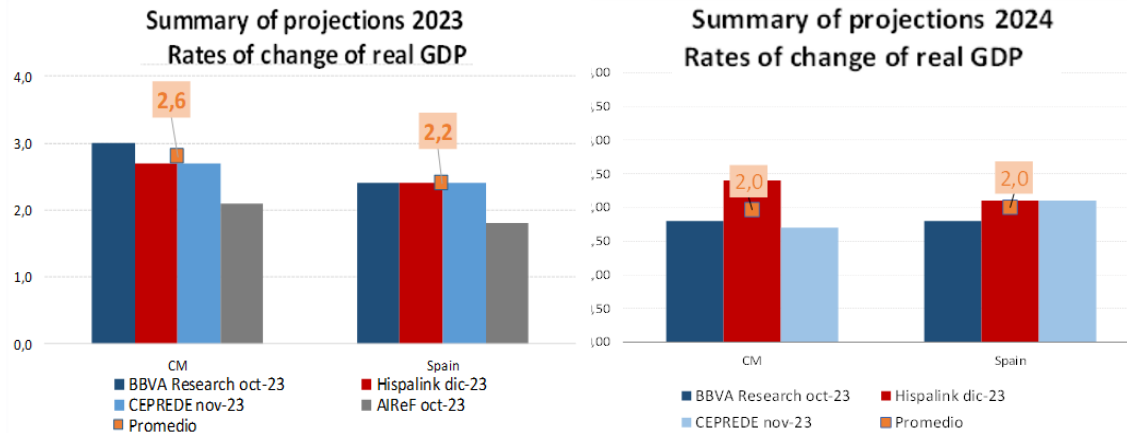
- The Community of Madrid's CPI has been one of the lowest of all Spanish regions for months.



Growth estimates for the Community of Madrid in 2023-2024

- Growth in the Madrid Region is expected to be 2.6% in 2023 and to decelerate slightly in 2024.
- In both years, the Madrid economy is expected to be more dynamic than that of Spain.

GDP growth forecasts. Community of Madrid and Spain Real GDP growth rates



Issues to follow:

- ✓ Developments in the war in Ukraine.
- ✓ Block polarisation and its implications.
- ✓ General weakening of global demand.
- ✓ Effectiveness of monetary policy measures in anchoring inflation expectations.
- ✓ Response of activity and employment to current and future changes in the policy mix.
- ✓ Risk of financial fragmentation stemming from high levels of public debt and possible territorial asymmetry in the current adjustment phase.
- ✓ Stakeholder confidence in a context of high levels of uncertainty.
- ✓ Challenge: the cohesion of the European Union and its positioning in the new global geopolitical framework.

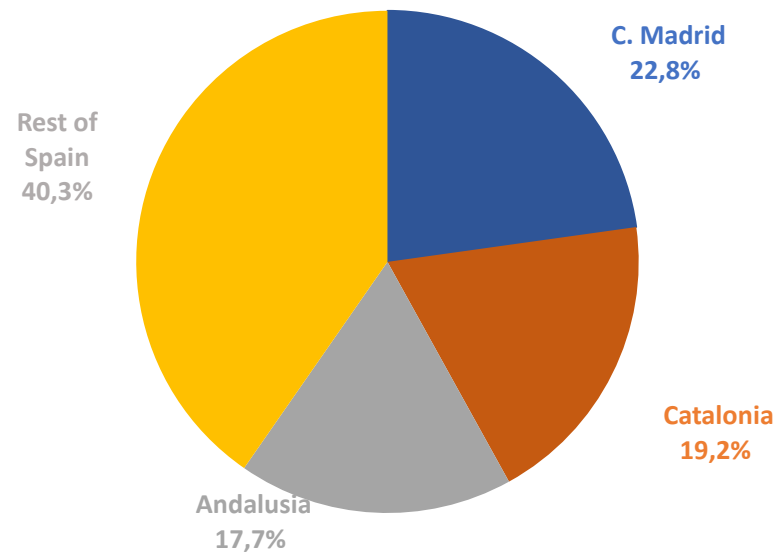


Madrid leads business creation in 2023

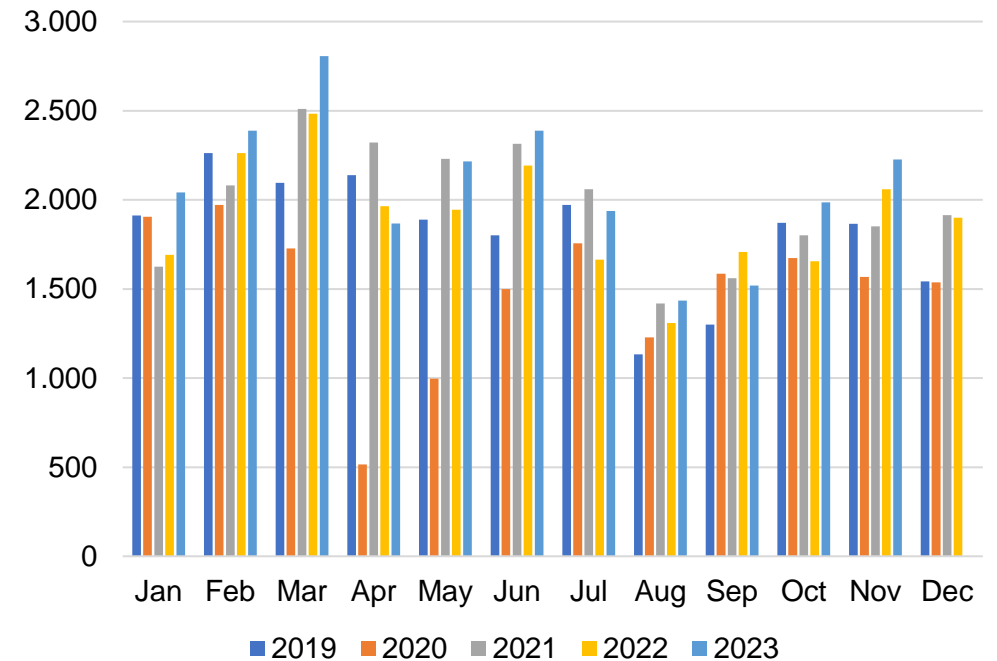
The Community of Madrid maintains its leadership in company creation with a total of 2,227 companies in November 2023.

Madrid leads in the creation of trading companies so far this year, with 22.8% of the national total.

Commercial companies created
(Percentage of the national total November 2023)

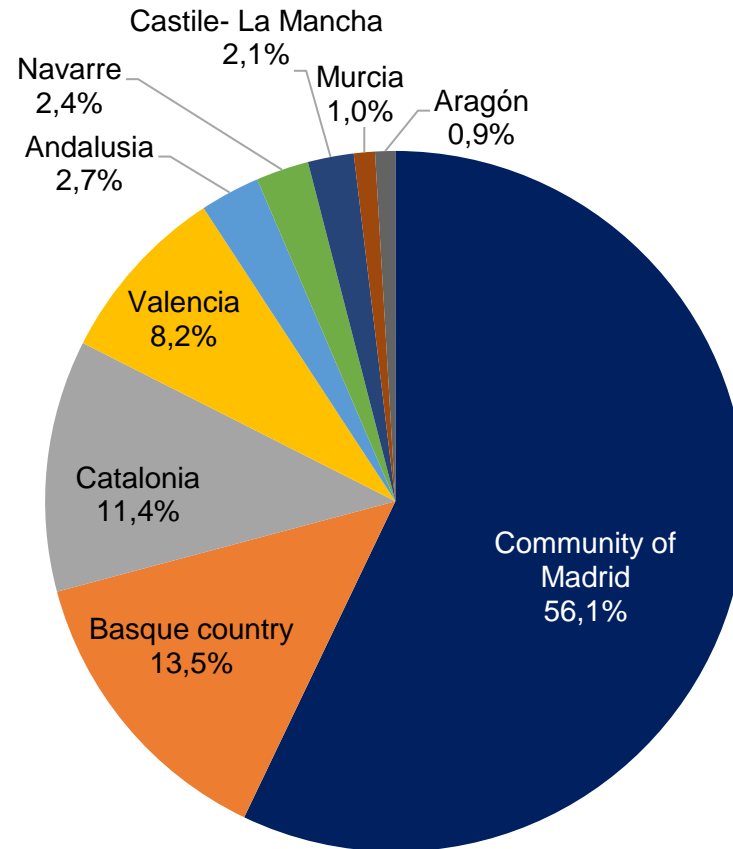


Companies set up monthly
Community of Madrid



Madrid, preferred destination for foreign investment

- During 2023, the Community of Madrid received an investment of **10,262.5** million euros, 56.1% of the national total.



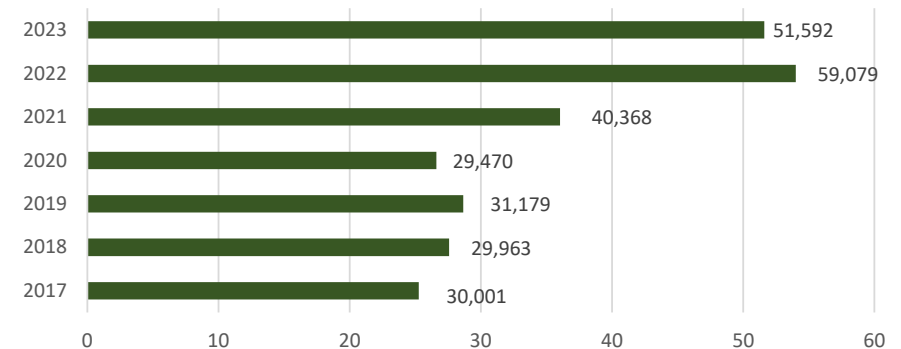
Source: Ministry of Industry, Trade and Tourism



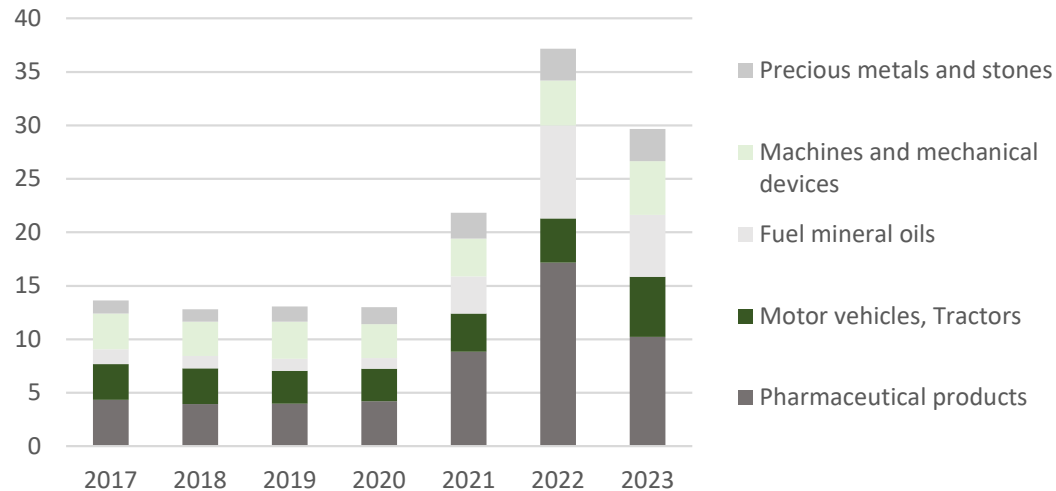
International trade performance near record highs

- Cumulative exports through December reached €51.6 billion.
- The dynamism of the international market is slightly lower than the historical maximum recorded in the previous year. However, it is worth noting a significant improvement over pre-pandemic figures for both exports and imports.
- Pharmaceuticals and mineral fuels and oils are draining the export advance until December, **while motor vehicles** acquire relevance allowing to continue the process of returning to pre-crisis patterns.

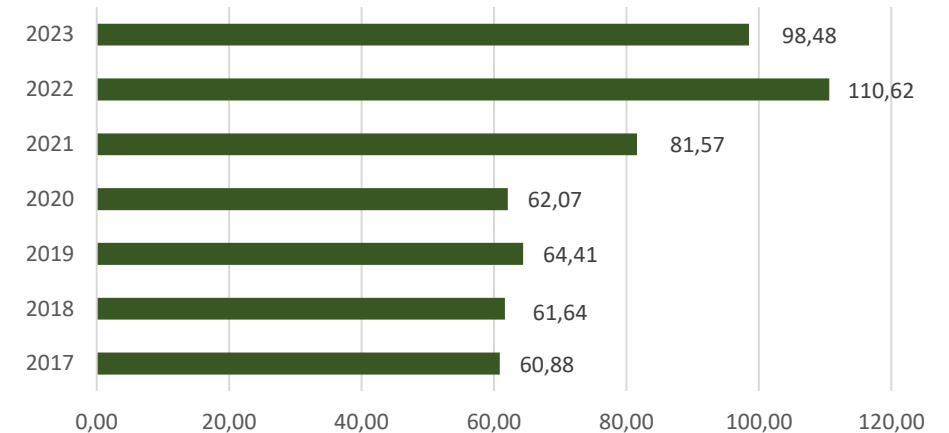
Exports of Community of Madrid



Evolution of the 5 most exported TARIC sectors



Imports of Community of Madrid



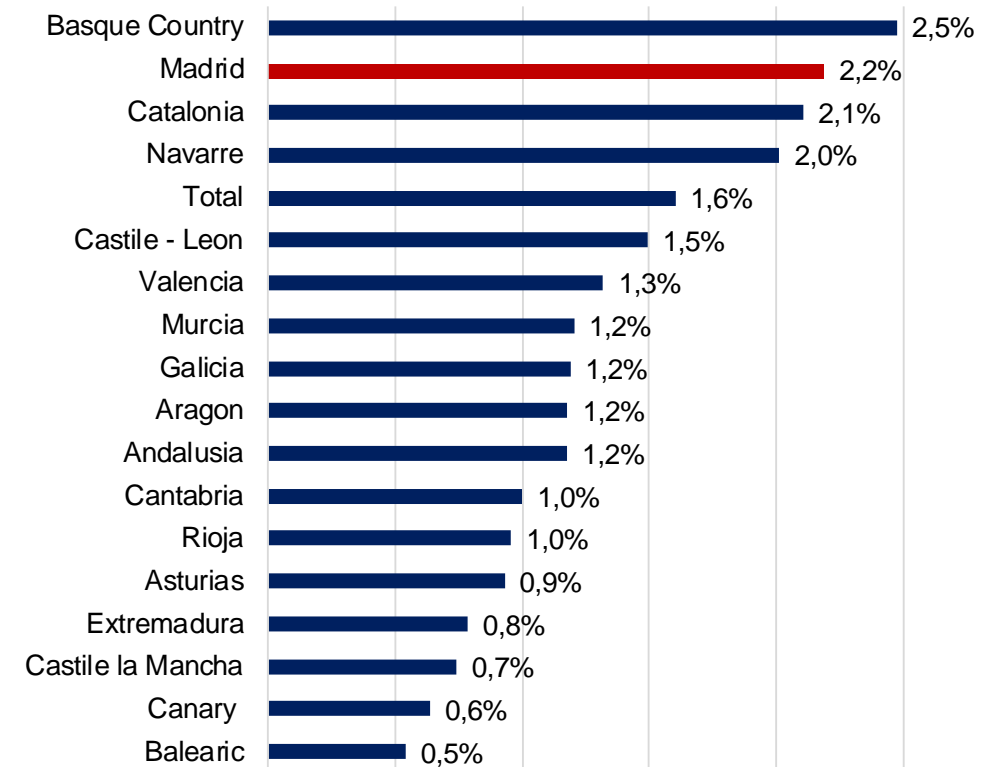
Source: Ministry of Industry, Trade and Tourism



R&D investment remains strong

- **5,130 M€** of R&D investment in the Community of Madrid (2022).
- **+13.1%** year-on-year growth.
- **26.5%** of total Spanish R&D expenditure (first region in terms of expenditure).
- Second **region in investment as a % of GDP (2.2%)**, +59 basis points compared to the national average.

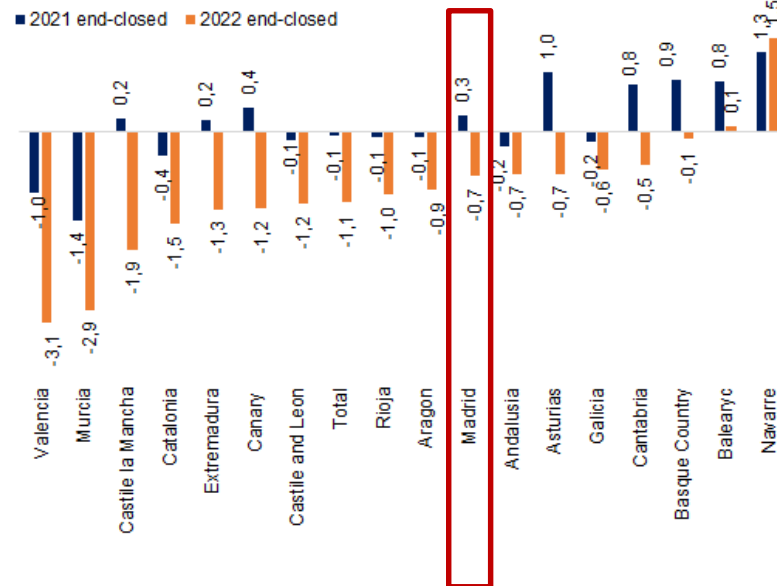
R&D investment over GDP (% , 2022)



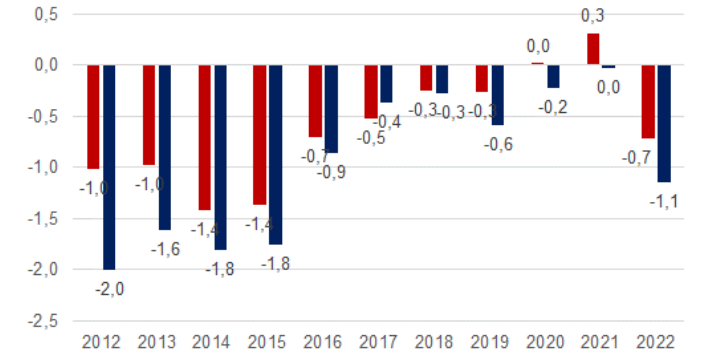
Fiscal deficit in 2022, although more contained than the regional average

- The historical fiscal discipline of the Community of Madrid has allowed the region to deliver a better fiscal execution than the regional average on a consistent basis.
- The lower volume of transfers from the State resulted in a decrease in non-financial resources in contrast to the higher rate of growth in spending, which caused the Community of Madrid to record a deficit of 0.7% of GDP as of Dec-22 (compared to -1.1% of GDP for the regional average).

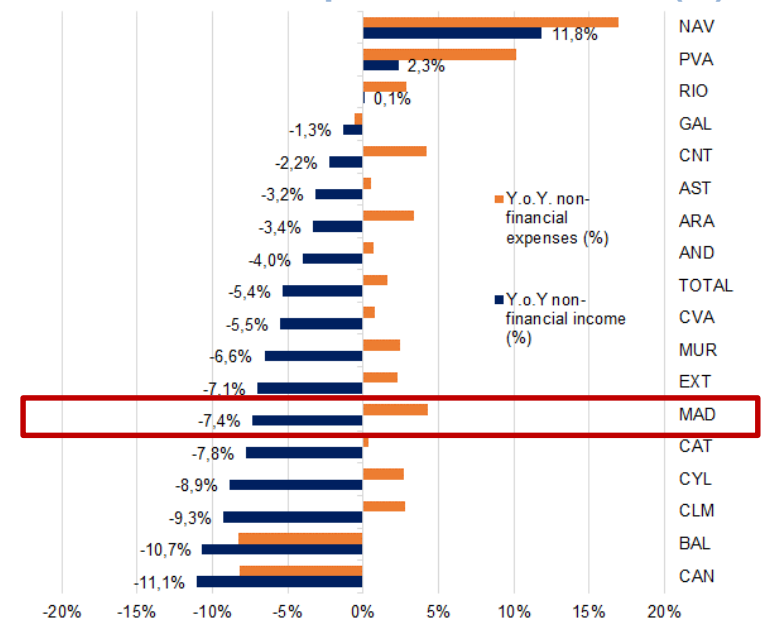
Deficit evolution by Autonomous Regions as % of GDP



Evolution of the public deficit (% GDP)



*Year-on-year change in non-interest income and expense as of Dec-22 (%)

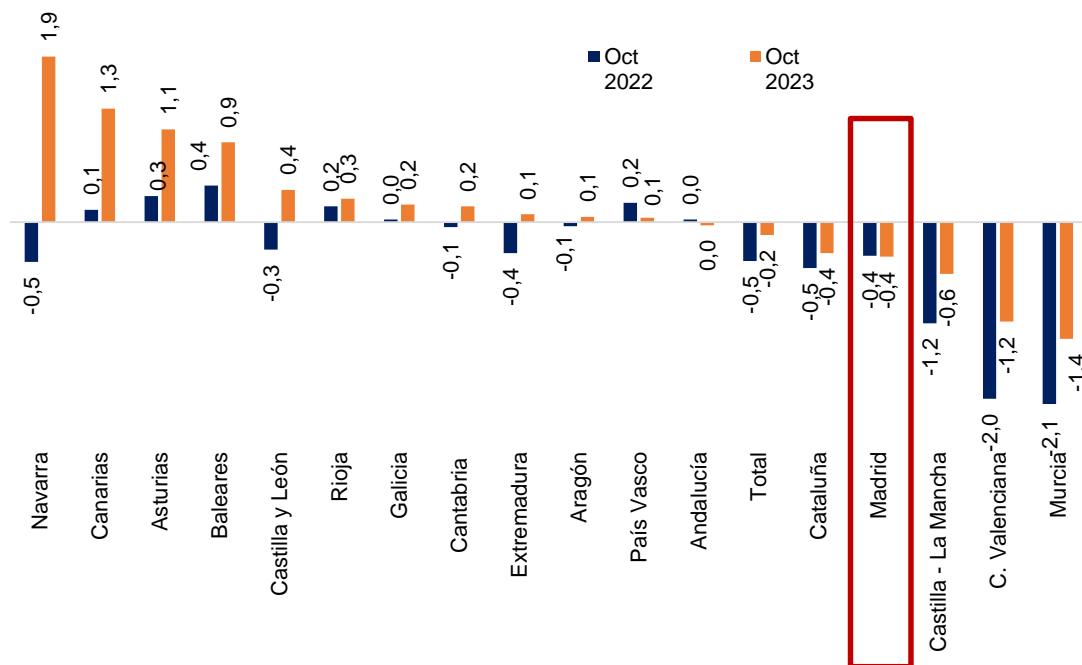


*Note: Data obtained from the budget execution of the Autonomous Regions at the end of 2022..

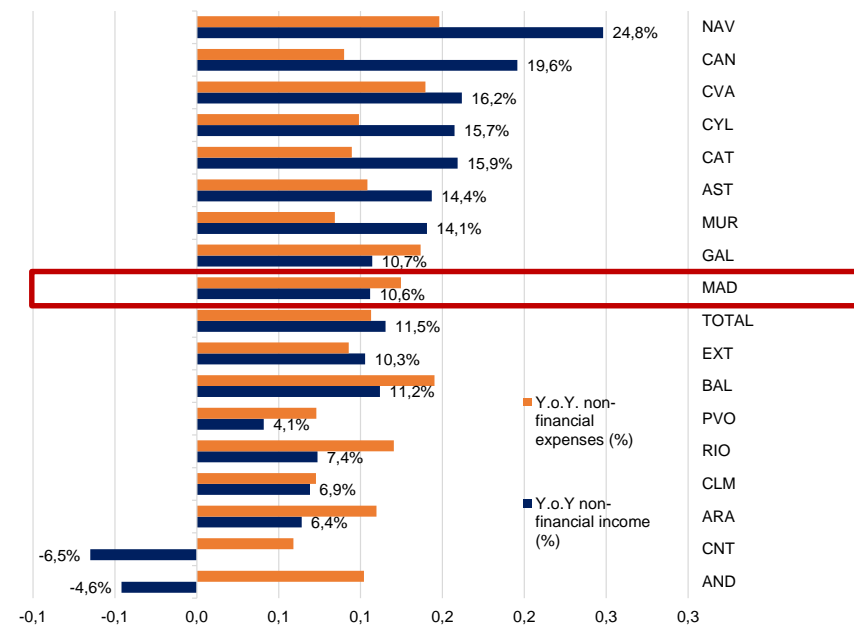
Fiscal dynamics in 2023

- The disbursement of the SFA settlement generated an inflow of resources that partially offset the acceleration in spending, with a deficit up to October of 0.4% (the same level as in the same period of the previous year).
- AIReF expects Madrid to close the year above the reference rate (-0.3% GDP).

Deficit evolution by Autonomous Regions as a % of GDP



*Year-on-year change in non-interest income and expenditure to Oct-23 (%)



*Note: Data obtained from the budget execution of the Autonomous Regions as at October 2023.

Autonomous Regional Financing System and additional transfers

- ✓ By 2024, the **Autonomous Regions will receive an amount of 154,467 million euros (+14.9% YoY)**: 134,658 million euros in State account transfers, plus 20,746 million euros from the positive liquidation of the 2022 financial year. These resources will enable the regions' budgetary situation to improve significantly, in a context where the reference rate for the Autonomous Regions has eased to -0.1% of GDP.
- ✓ **The Community of Madrid is expected to receive 20,742 (+19.9% y.a.)** million euros from the regional financing system, 2,024 million euros in settlements and 18,718 million euros in payments on account during the financial year 2024.

State account transfers, 2019-23 (EUR mn)

	2019	2020	2021	2022	2023	2023/2022	2023/2019
Cataluña	19.020	19.685	19.711	21.057	23.380	11,0%	22,9%
Galicia	7.431	7.595	7.557	8.080	8.788	8,8%	18,3%
Andalucía	19.218	19.748	19.636	20.943	23.245	11,0%	21,0%
Asturias	2.740	2.794	2.761	2.924	3.216	10,0%	17,4%
Cantabria	1.805	1.845	1.842	1.987	2.159	8,7%	19,6%
La Rioja	971	998	992	1.071	1.165	8,8%	20,0%
Murcia	3.138	3.259	3.220	3.412	3.812	11,7%	21,5%
Valencia	9.433	9.788	9.731	10.270	11.653	13,5%	23,5%
Aragón	3.540	3.646	3.630	3.860	4.275	10,8%	20,8%
Castilla-La Mancha	4.923	5.056	5.016	5.333	5.917	10,9%	20,2%
Canarias	4.540	4.740	4.703	5.047	5.591	10,8%	23,1%
Extremadura	3.069	3.123	3.096	3.315	3.613	9,0%	17,7%
Baleares	1.980	2.096	2.092	2.148	2.479	15,4%	25,2%
Madrid	14.432	14.814	14.993	15.755	17.287	9,7%	19,8%
Castilla y León	6.494	6.617	6.542	6.936	7.635	10,1%	17,6%
TOTAL	102.735	105.803	105.523	112.138	124.215	10,8%	9,2%

Extraordinary transfers in 2020-2022 (Mio. €)

	2022		2021	2020
	2017 VAT liquidation	Estimated 2020 liquidation	Extraordinary Fund	Covid Fund
Andalusia	-537	-1.261	2.358	2.199
Aragon	-80	-278	403	431
Asturias	-86	-150	308	299
Balearic	-78	0	330	438
Canary Islands	0	0	629	551
Cantabria	-46	-146	168	177
Castile and Leon	-182	-373	741	843
Castile - La Mancha	-130	-369	605	743
Catalonia	-443	-538	2.161	3.171
Extremadura	-86	-213	318	277
Galicia	-204	-392	828	735
Madrid	-377	-496	1.864	3.346
Murcia	-85	-86	422	389
Rioja	-20	-104	94	127
Valencia	-281	0	1.400	1.486
Total	-2.635	-4.407	12.629	15.212
Excess announced	-465	0	0	
Announced transfers*	-3.100	-4.407	12.629	15.212

* For 2022, the negative sign refers to the loss of the regional governments to be compensated by transfers.

Regional deficit estimates for 2023 and 2024

Regarding 2023 and 2024, the deficit forecast improves gradually thanks to the resources that will be transferred from the Autonomous Region Financing System. A balanced budget is expected to be achieved by 2024.

Deficit for 2021 and 2022 and forecast for 2023 and 2024 (% GDP)

CC.AA.	Clousure	Clousure	AIReF	
	2021	2022	2023	2024
Andalusia	-0.2%	-0.8%	-0.6%	0.7%
Aragon	-0.1%	-0.8%	-0.6%	0.7%
Asturias	1.0%	-0.5%	0.4%	1.6%
Balearic	0.8%	0.1%	0.1%	1.4%
Canary	0.4%	-1.3%	0.5%	1.5%
Cantabria	0.8%	-0.6%	-0.4%	0.1%
Castile and Leon	-0.1%	-1.1%	-0.3%	0.7%
Castile La Mancha	0.2%	-1.9%	-0.9%	0.3%
Catalonia	-0.4%	-1.5%	-0.9%	0.1%
Extremadura	0.2%	-1.3%	-0.4%	0.7%
Galicia	-0.1%	-0.5%	-0.2%	0.7%
Madrid	0.3%	-0.7%	-0.4%	0.0%
Murcia	-1.4%	-3.0%	-2.0%	-1.4%
Navarre	1.3%	1.3%	0.4%	1.2%
Basque Country	0.9%	0.0%	0.2%	0.4%
Rioja	-0.1%	-0.6%	-0.5%	0.9%
Valencia	-1.0%	-3.1%	-1.9%	-1.3%
Regional Government	-0.02%	-1.1%	-0.6%	0.2%

A flexible tax regime that drives competition and dynamism


The Community of Madrid's policy on regional taxes aims at a flexible tax regime that favours business creation and economic dynamism.

		Comunidad de Madrid	Cataluña	Andalucía	Castilla y León	
IRPF	Tarifa	18-45%	20-50%	19-47%	18,5-46%	
Impuesto sobre Patrimonios	Mínimo Exento	700.000 €	500.000 €	700.000 €	700.000 €	
	Tarifa	Bonificación del 100%	0,21-2,75%	0,24-3,03%	0,2-2,5%	
Impuesto sobre Sucesiones y Donaciones	Tarifa	7,65-34%	7-32%	7,65-26%	7,65-34%	
	Sucesiones	Reducción -Bonif.-Ded.	Grupos I y II: 99% Grupo III: 10-15%	Grupo I y II: 99-20%	Grupos I y II: 99%	Grupos I y II: 99%
		Tarifa	7,65-34%	Grupo I y II: 5-9%	7,65-26%	7,65-34%
	Donaciones	Reducción -Bonif.-Ded.	Grupo I y II: 99% Grupo III: 25%			
Impuesto sobre Transmisiones Patrimoniales y Actos	TPO	Tipo	6%	10-11%	7%	8-10%
	ADJ	Tipo	0,75%	1,50%	1,20%	1,50%

Source: Tax Agency.

*Note: It should be noted that the tax rates and deductions shown in the following table are of general application. However, the tax regulations establish other deductions with a more residual application.

Fiscal measures 2021 / 2024:

- 1) **Payment of regional taxes digitally, via BIZUM.**
- 2) **Tax incentive to attract new foreign investors.** 
- 3) Half a point reduction in all regional personal income tax brackets. Deflation of personal income tax.
- 4) Abolition of all Community own taxes.
- 5) Law on tax deductions to promote births, family support and access to housing.
- 6) Allowance for inheritances between siblings, aunts, uncles and nephews of 25%.

Characteristics:

- ✓ **Deduction of 20%** of the personal tax liability on the investment made (no minimum investment and applicable to all types of assets).
- ✓ **Minimum tax deduction of 6 years.**

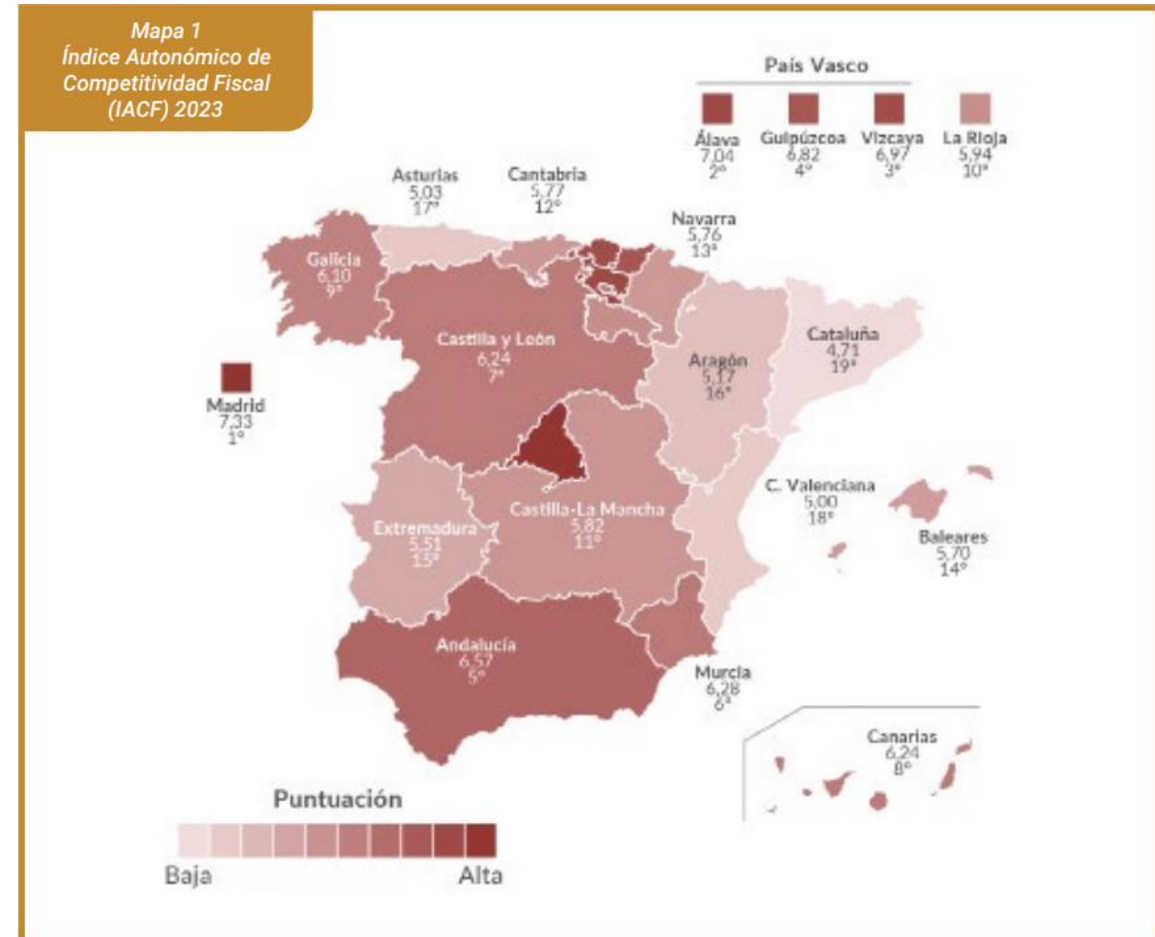
Objectives:

- ✓ **Boost savings and investment.**
- ✓ **Encourage the creation of new companies** and support the growth of existing ones.
- ✓ **Strengthen Madrid's position as a benchmark** for international investment to counteract the negative effects of the creation of the New High Wealth Tax.

The region of Madrid is the region with the highest tax competitiveness index (RTCI)

- ✓ The Autonomous Community Tax Competitiveness Index (IACF) **makes it possible to evaluate, measure and compare the tax system of the different Autonomous Communities**, with the aim of analysing the structure of the tax system in each one of them.
- ✓ The IACF is a **hierarchical index made up of five taxes** (Income, Wealth, Inheritance, Inheritance, Transfer Tax (ITP) and Stamp Duty (ADJ), and the autonomous community taxes) that assesses the specific indicators of each of these taxes.
- ✓ In **2023, the most fiscally competitive Autonomous Community was Madrid** with a value of **7.33**, followed by the Basque Country and Andalusia, with Catalonia in last place with 4.71.

Autonomous Index of Fiscal Competitiveness (IACF 2023)



Economic strengths of the region

- **The Community of Madrid has consolidated its position as national leader during 2022** by remaining the **autonomous community with the greatest weight in Spain's Gross Domestic Product (GDP)** during that year, accounting for **19.4%**. The region also has the **highest per capita income, reaching 38,435 euros**.
- Significant **contribution of domestic demand to the region's growth**, focused on household consumption and investment. Moderate inflation growth compared to other regions means that consumers' purchasing power is not excessively eroded, **maintaining a positive outlook for subsequent quarters**.
- **Leadership in the creation of new companies**. A diversified productive structure with a large presence of larger companies.
- The **good relative performance of the labour market**. Madrid has one of the highest percentages in higher education in Spain (40.8%). Moreover, in the third quarter of 2023, the unemployment rate in Madrid was 10.5% (1.3 percentage points below the Spanish rate), which shows a decrease of 0.8 percentage points year-on-year.
- **Madrid is the most deregulated and lowest taxed economy in Spain** and the most open to foreign trade and investment.
- During 2023, the region has **evolved favourably in terms of the number of commercial companies created, leading the creation of new companies in Spain**.



Community of Madrid: Key sectors



Digital economy

- Madrid is the epicentre of the Spanish digital economy, accounting for 30.7% of the market.
- It leads in investment in start-ups, with 2.5 billion euros in 2021, 60% of the state total.
- Madrid is the 5th European region with the highest employment in startups.



Aeronautics and aerospace

- Madrid is home to 25% of the country's aeronautics and aerospace companies.
- The companies in this sector operating in Madrid produce a turnover of more than 5,200 million, 48% of the national total.



Video games and content industry

- Videogame engine in Spain. The industry will have a turnover of 800 million euros in the city by 2022.



Banking, insurance and fintech

- 34.84% of those employed in the financial and insurance sector out of the national total worked in Madrid in 3Q2022.



Pharmaceuticals and Biotechnology

- 12.73% of the Spanish pharmaceutical sector's turnover in 2021.
- Madrid will account for 17% of biotech companies, second only to Catalonia in 2021.



Higher education

- 6 public and 12 private universities and some of the best business schools according to FT (ESCP Business School, IESE, IE).



Entrepreneurial ecosystem

- Region with the highest investment in R&D.
- According to the European Commission's Regional Innovation Scoreboard 2023 report, Madrid has become one of the most innovative regions in Spain and Europe.



Logistics

- The Community of Madrid concentrates 75% of the national and international logistics companies working in Spain.
- It plays an active role in the development and promotion of the sector, collaborating in the training of the logistics and transport sector.



Design and graphic arts

- Second region by number of companies in this sector (more than 3,700 - 21% of the total), behind only Catalonia (22%) in 2022.



Communications and ICT

- The Community of Madrid, a pioneer in the application of ICTs in the health sector.
- 91.13% of the turnover of the Spanish communications sector in 2020.
- 62.9% of Spanish ICT sector turnover in 2020



Sustainable mobility

- First major European capital without a single diesel bus.
- Public transport. 2023 has set an all-time high with 454 million users, 21.8 % more than in 2022.



Competitive advantages

Breakdown of the sectoral weightings of Spanish regions (Year 2022)

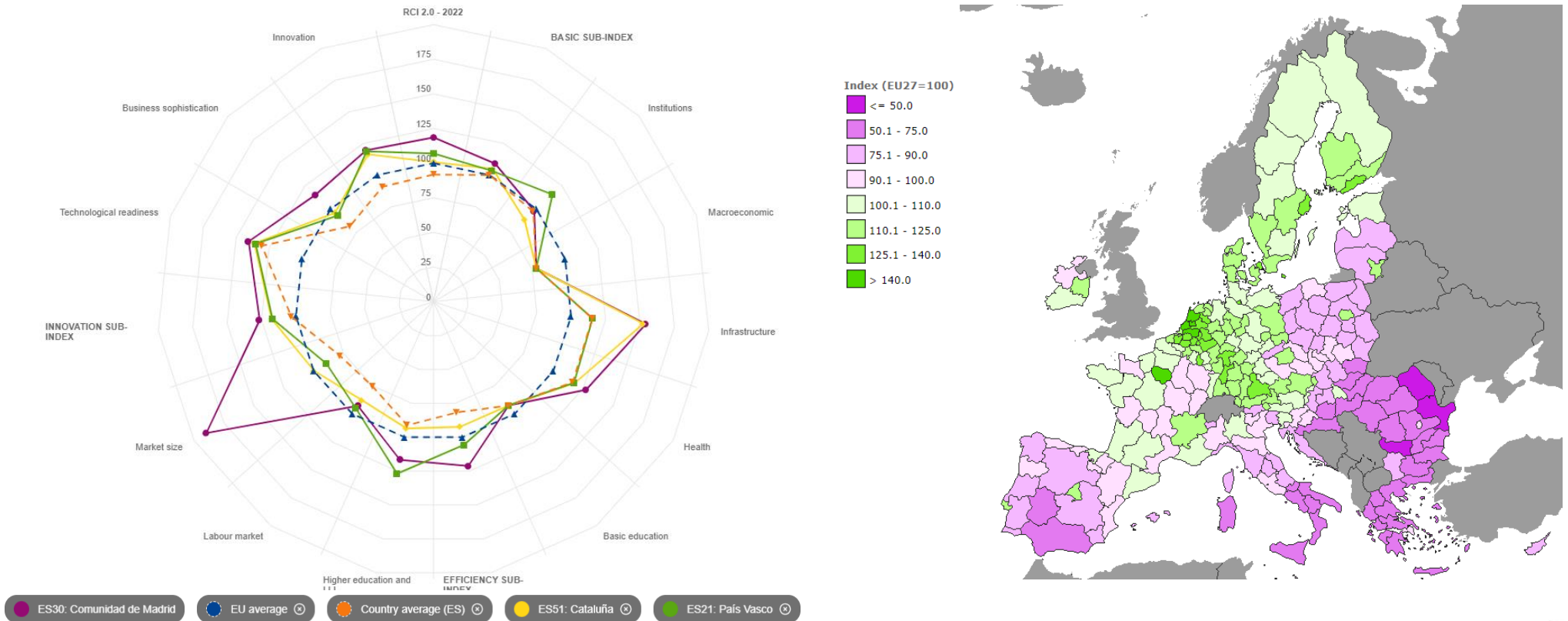
CCAA	Farming	Industry	Construction	Wholesale & Retail commerce. vehicle repairs. hospitality.	Information & Communication activities	Finance & Insurance activities	Real Estate activities	Technical & Scientific activities and auxiliary services	Public Administration. Defense. Social Security. Education. Healthcare and Social Services	Art. Culture and Entertainment activities.	Total Services
Andalusia	5,9%	11,1%	5,6%	23,5%	2,6%	3,6%	13,4%	7,5%	22,2%	4,6%	82,9%
Aragon	5,1%	21,2%	5,2%	21,4%	2,7%	3,8%	11,4%	6,8%	18,4%	4,0%	73,7%
Asturias	1,1%	20,2%	5,9%	21,8%	3,0%	3,8%	13,7%	7,1%	19,3%	4,3%	78,8%
Balearic	0,4%	6,5%	6,7%	34,2%	2,5%	3,4%	16,2%	9,9%	15,6%	4,7%	93,2%
C. Valenciana	2,0%	18,1%	5,8%	25,0%	2,7%	3,5%	13,2%	8,3%	16,9%	4,6%	79,9%
Canary Islands	0,0%	6,9%	5,3%	30,6%	3,0%	3,0%	13,7%	9,0%	21,9%	5,1%	91,8%
Cantabria	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Castille la Mancha	8,5%	18,2%	6,2%	20,0%	1,8%	3,5%	11,4%	4,9%	21,0%	4,4%	73,3%
Castille and Leon	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Catalonia	0,0%	18,2%	4,4%	24,7%	4,5%	3,7%	12,8%	11,7%	15,0%	4,2%	81,0%
Extremadura	5,9%	12,4%	6,7%	19,2%	1,8%	3,8%	12,0%	5,9%	27,9%	4,4%	81,7%
Galicia	3,9%	17,3%	6,0%	24,7%	3,0%	3,3%	10,8%	8,0%	18,9%	4,2%	78,9%
Community of Madrid	0,1%	10,1%	4,1%	23,8%	10,9%	5,9%	9,8%	16,6%	13,8%	5,0%	89,9%
Murcia	4,3%	17,4%	5,1%	25,6%	2,0%	3,2%	11,1%	7,5%	19,7%	4,0%	78,2%
Navarre	3,0%	29,7%	5,0%	19,9%	2,0%	3,3%	9,3%	6,9%	16,7%	4,3%	67,3%
Basque Country	0,4%	23,6%	5,7%	20,3%	3,3%	3,5%	11,7%	9,6%	17,4%	4,6%	75,9%
Rioja	5,3%	24,5%	5,3%	19,1%	1,9%	3,4%	10,9%	6,9%	19,1%	3,7%	70,3%
Spain	2,4%	15,5%	5,1%	23,8%	4,6%	3,9%	12,0%	10,2%	17,9%	4,5%	82,1%

- ✓ Higher than average exposure to the **services sector** (89.9%), a dynamic and highly competitive sector that allows it to be at the forefront of technological developments and productivity.
- ✓ Less weight than average in **construction**; a very labor-intensive sector and very sensitive in terms of unemployment rates in recessions and stress scenarios.
- ✓ Leader among other regions in activities with great potential for development and growth: **information, communications, finance, IT, scientific activities, etc.**

Competitive advantages

- The Community of Madrid recorded a **competitiveness index** in 2022 (corrected in March 2023) **higher than not only Spain but also some EU countries such as France, Italy and Portugal.**
- It is also the **most attractive Spanish region to live and work in**, followed by the Basque Country and Catalonia.
- The Community of Madrid is the **European region with the best public health indicators.**

EU Regional Competitiveness Index (2022)





II. FUNDING PROFILE AND STRATEGY



Normative protection of Debt payment

The Comunidad de Madrid's debt is included in the scope of State debt

- *Article 135 of the Constitution states ...*
- **"Loans to meet payment on the interest and capital of the State's Public Debt shall always be deemed to be included in budget expenditure and may not be subject to amendment or modification as long as they conform to the terms of issue."**

In terms of Organic Law

Article 14.5 of the Law on Financing of the Autonomous Communities states:

"The public debt of the autonomous communities and the securities of an equivalent nature issued by them shall be subject, to the same rules and shall enjoy the same benefits and conditions as the Public Debt of the State" .

Article 14 of the Organic Law 2/2012 of 27 April on Budgetary Stability and Financial Sustainability provides:

"The payment of interest and principal on the debt of public administrations shall have absolute priority over any other expenses"

In practice, the Spanish Government has provided financial support to regions that have experienced budgetary difficulties or access to the financial market

- ✓ *Since 2012 the Treasury has implemented mechanisms such as the FLA (Autonomous Liquidity Fund) and FFPP (Payment Provider Fund) to provide liquidity to the regional governments and local authorities to enable them to cope with their payment obligations (Royal Decree-Law 17/2014). Ultimately, the Government of Spain is the ultimate guarantor of debt amortization.*

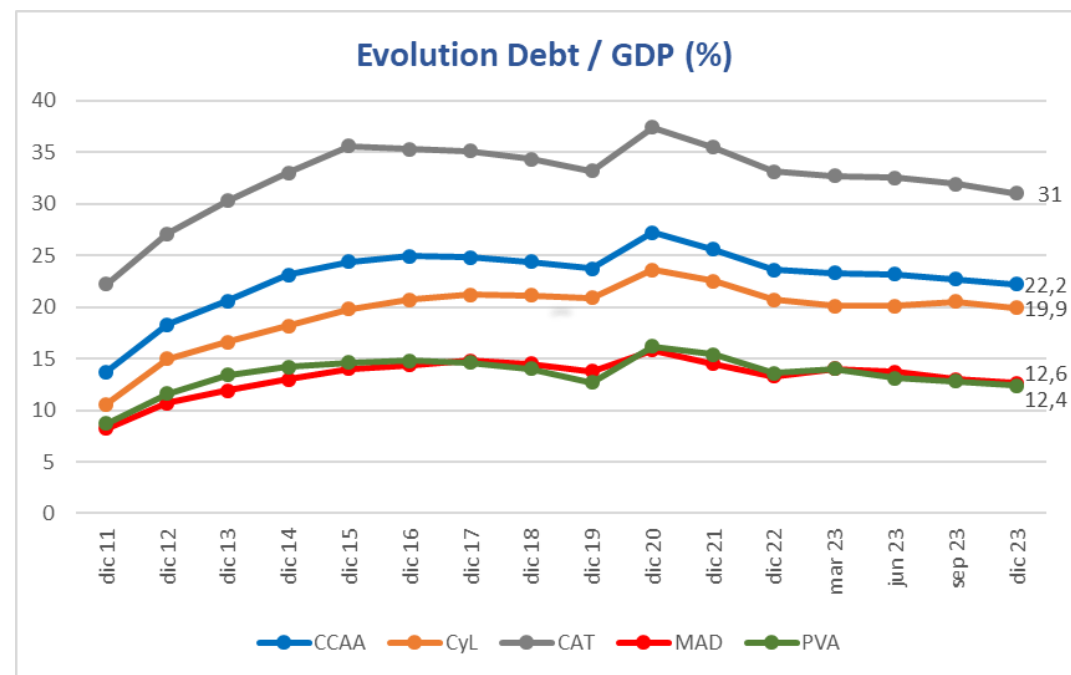


Debt ratios of the Comunidad de Madrid

The Comunidad de Madrid has strong credit fundamentals, putting it in a very favourable starting position to face the current economic and health crisis.

These debt ratios mean that the Community's cost of financing is very favourable. As a result, the Community has opted for **greater financial autonomy** (similar to the strategy of the Foral Regions), having repaid early in 2020 all the outstanding capital concentrated in the FFCA (unlike other regions where more than 80% of its debt is state-funded).

CCAA	2023 4Q	
	Debt (€ mill.)	Debt/GDP (%)
Comunidad Foral de Navarra	2.950.598	12,0
Canarias	6.518.156	12,2
País Vasco	10.661.288	12,4
Comunidad de Madrid	35.875.105	12,6
Principado de Asturias	4.242.856	15,1
La Rioja	1.624.676	15,7
Galicia	12.169.966	16,1
Andalucía	38.649.434	19,8
Cantabria	3.315.662	19,9
Castilla y León	13.864.599	19,9
Aragón	9.185.875	20,3
Extremadura	5.322.224	21,8
Illes Balears	8.579.352	22,3
Cataluña	85.986.160	31,0
Región de Murcia	12.139.261	31,2
Castilla-La Mancha	16.156.146	31,9
Comunitat Valenciana	57.992.906	42,2
National Average	325.234.264	22,2



Source: Bank of Spain



Gross Financing Needs 2024

2,959MM

- Refinancing of long-term debt redemptions in 2024

55 MM

- Negative settlement 120 monthly payments (DA 36th, Law 2/2012, 29 june)

0 MM

- Déficit 2024 (0.1 % Regional GDP)

1MM

- Agencia Vivienda Social, (Lt) debt

TOTAL FUNDING NEEDS 2024: 3,015 MM

TOTAL ISSUED 2023: 3,743 MM



2024 Debt Strategy

1. Funding needs: EUR 3,015 bn
2. EUR Benchmarks transactions.
3. Preference for medium and long maturities.
4. Smooth the maturity profile towards longer term financing.
5. Promote Sustainable Finance:
 - Capacity to issue bonds and loans.
 - Public and private deals.
 - In compliance with the GBP and SBP and aligned with the SDG.



Rating and debt ratios

	Moody's	S&P	DBRS	FITCH
Current Rating	Baa1	A	A	A-
Outlook	Positive	Stable	Stable	Stable
Date	21 March 24	29 Jan 24	15 Dec 23	26 April 24

	Comunidad de Madrid				National Total			
	2020	2021	2022	2023 4Q	2020	2021	2022	2023 4Q
Debt/GDP (%)	15.8	14.5	13.3	12.6	27.2	25.6	23.6	22.2
Debt	34,601	34,410	34,824	35,875	303,992	312,611	317,090	325,234

	Comunidad de Madrid				Spanish Treasury			
	2020	2021	2022	2023	2020	2021	2022	2023
Debt Average Cost (%)	1.91	1.86	2.09	2.27	1.85	1.64	1.73	2.09

**LCR (Liquidity Coverage Requirement): NIVEL 1 EUROCLEAR.ECB
0% risk weighted.**

Minimum risk applicable in accordance with European Prudential Regulations

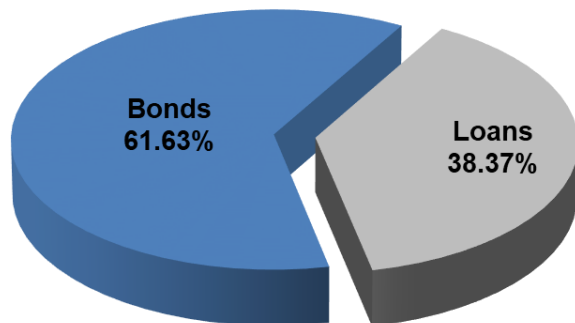
The average cost of Comunidad de Madrid is 2.36% (March 2024)

*Source: Comunidad de Madrid, INE and Bank of Spain
Considering rights and obligations
Cost: Spanish Treasury



The main characteristics of the debt

Distribution bonds/loans

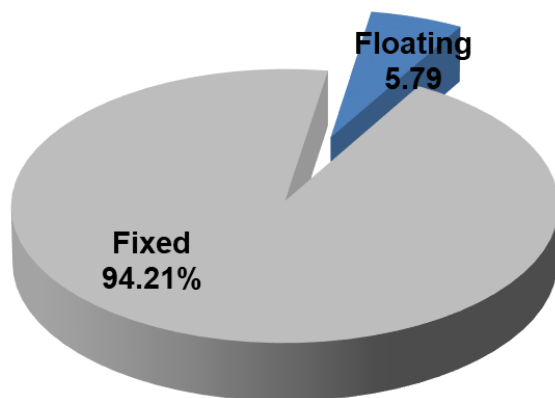


Loans	
Type	%
Public entities	22.91%
Private entities	77.09%
Total % Loans	38.37
Bonds	
Type	%
Euro	100.00
Foreign currency	0.00
Total % Bonds	61.63

Currency distribution



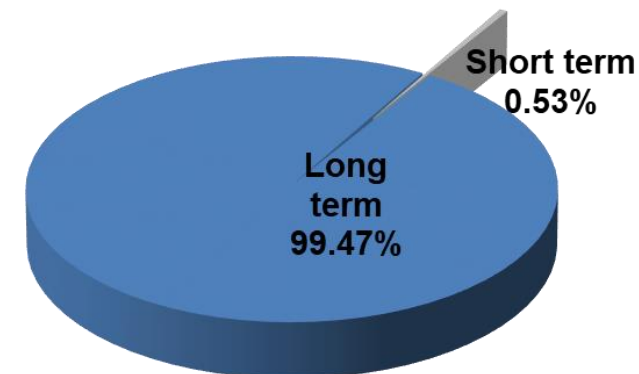
Distribution fixed/variable



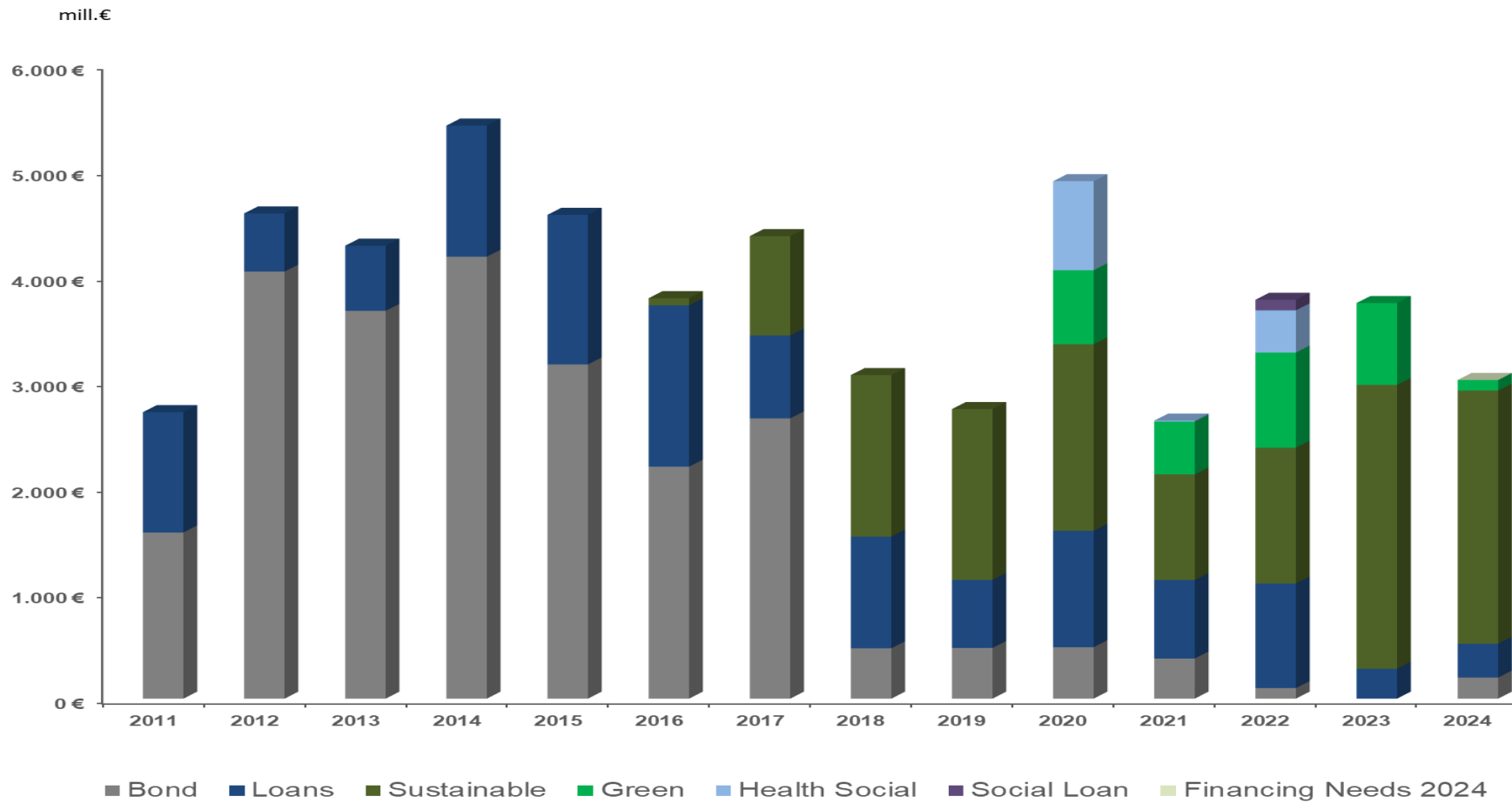
A commitment to fixed-rate issuances is a strength:

- Reducing risks.
- Reducing volatility when making payments.

Maturity Distribution



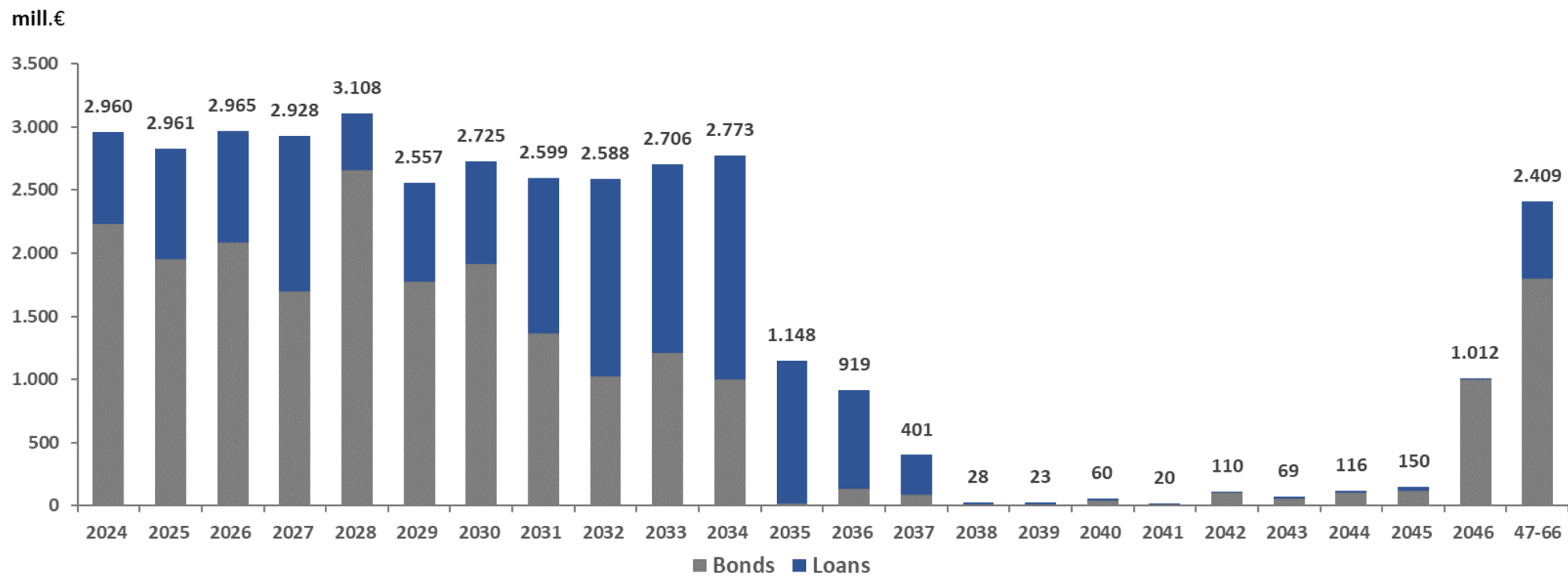
Funding Activity



Madrid, regular player in Capital Markets.

Source: Comunidad de Madrid

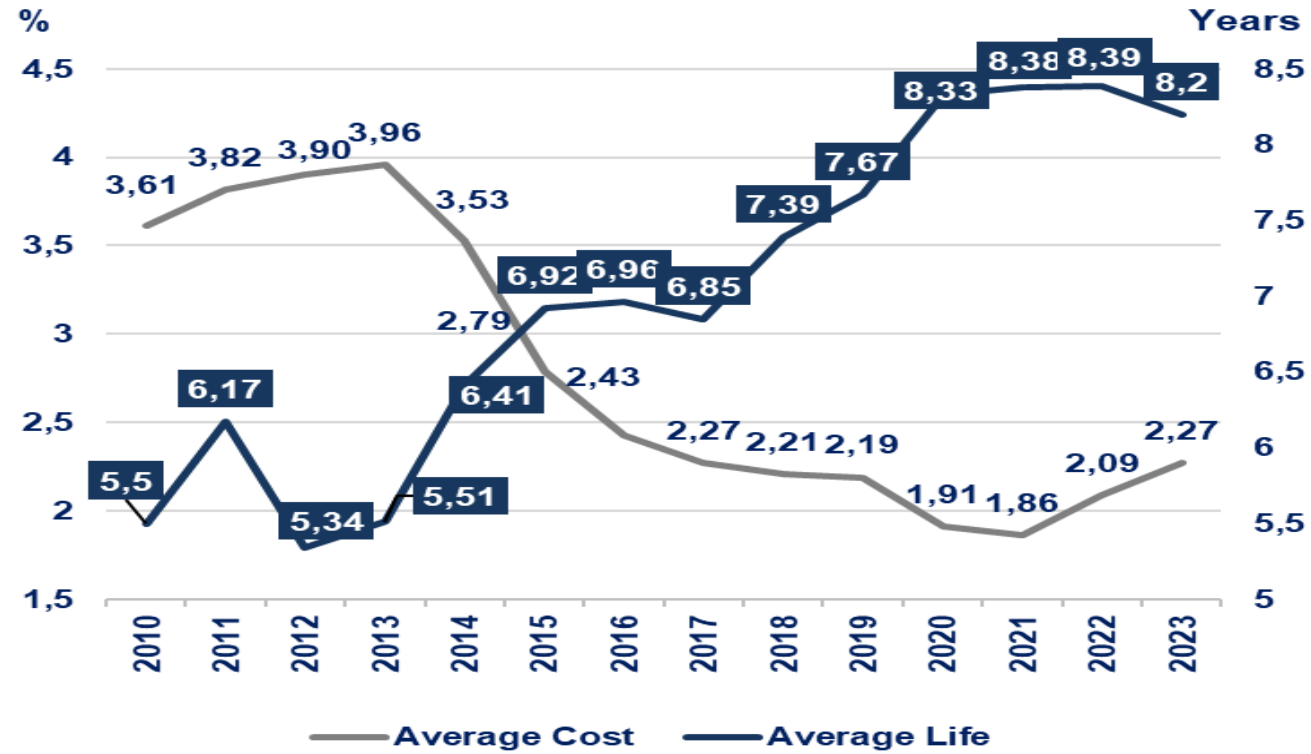
Maturities profile



Source: Comunidad de Madrid



Average cost and life

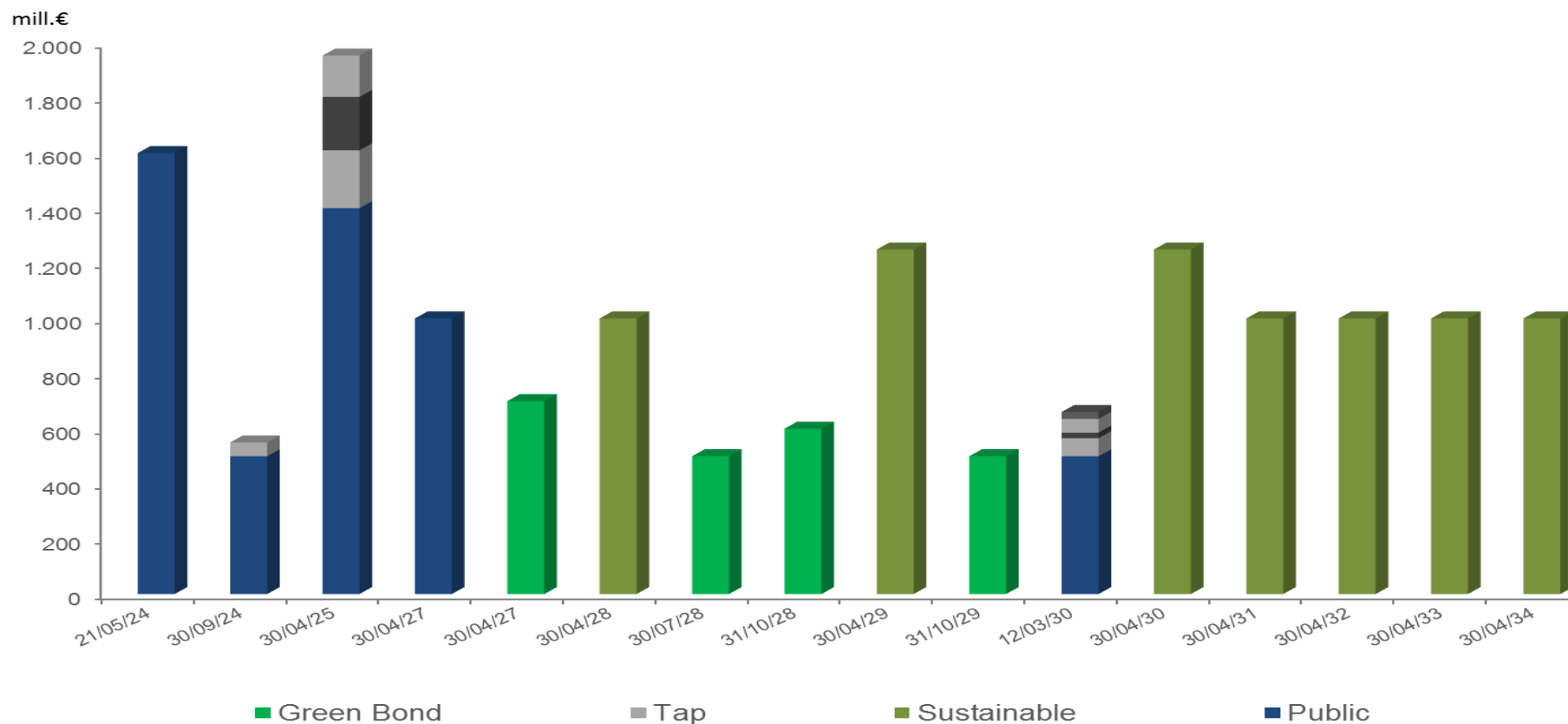


The average maturity of debt is 7.46 years (March 2024)

Source: Comunidad de Madrid



Comunidad de Madrid: Benchmark Transactions



Common features of these operations:

- Extraordinary investor's response.
- Outstanding quality of the orderbook: Demand driven by real money investors.
- High international support, very well diversified in geographical terms.

Deals Breakdown

	Amount	Tenors	Average Maturity
2024			
Loans	1,770,000,000	3-14	10.46
Public Benchmark (Sustainable)	1,000,000,000		10.16
Tap	200,000,000	22	22.06
Private Placements	45,000,000,00	8-11	9.57
	3,015,000,000	3-22	11.12
2023			
Loans	2,143,000,000	8-13	10.39
Public Benchmark (Sustainable)	1,000,000,000		10.18
Public Benchmark (Green)	600,000,000		5.34
	3,743,000,000	5-13	9.52
2022			
Loans	2,174,000,000	5-30	11.17
Private Placements	100,000,000	20	20.00
Public Benchmark (Sustainable)	1,000,000,000		10.05
Public Benchmark (Green)	500,000,000		7.05
	3,774,000,000	5-30	10.56
2021			
Loans	751,000,000	10-13	11.62
Private Placements	380,000,000	28-40	31.45
Public Benchmark (Sustainable)	1,000,000,000		10.10
Public Benchmark (Green)	500,000,000		6.67
	2,631,000,000	10-40	12.97

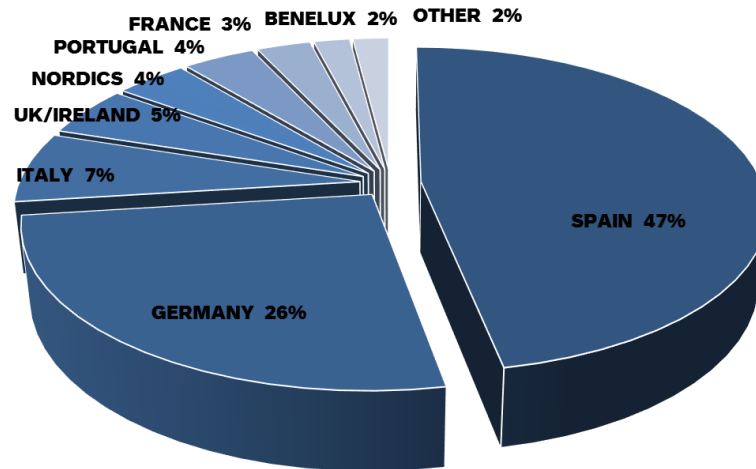
Source: Comunidad de Madrid



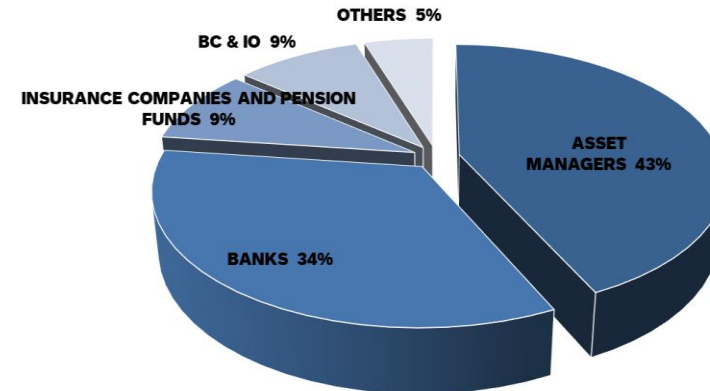
€1bn 3.462% due 30th April 2034

8^o Sustainable Public Deal

BY REGIONS



BY INVESTOR TYPE



TOTAL AMOUNT 1,000,000,000 €

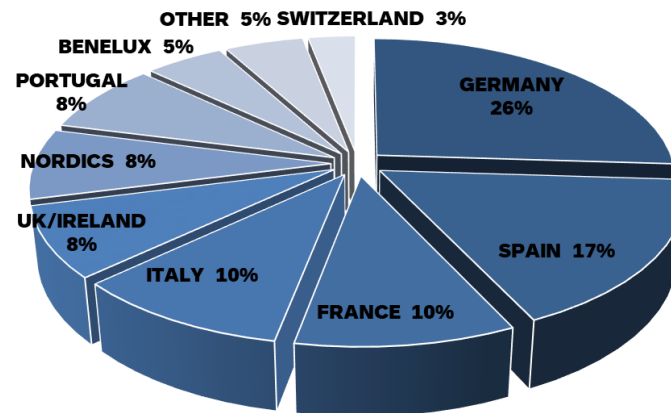
- First public benchmark issued by Comunidad de Madrid in 2024.
- 53% placed outside Spain.
- 4,2 oversubscribed book with over 125 investors involved



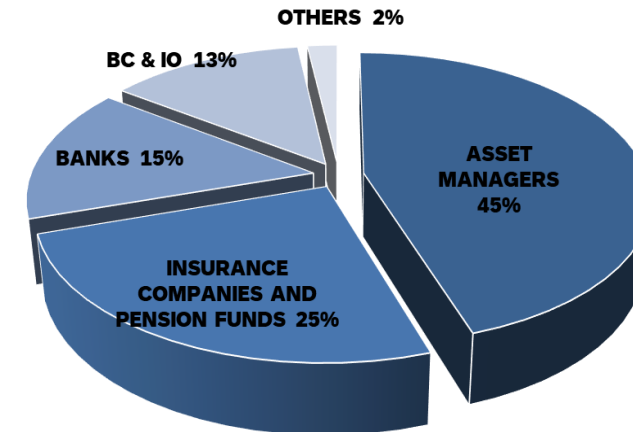
€1bn 3.596% due 30th April 2033

7^o Sustainable Public Deal

BY REGIONS



BY INVESTOR TYPE



TOTAL AMOUNT 1,000,000,000 €

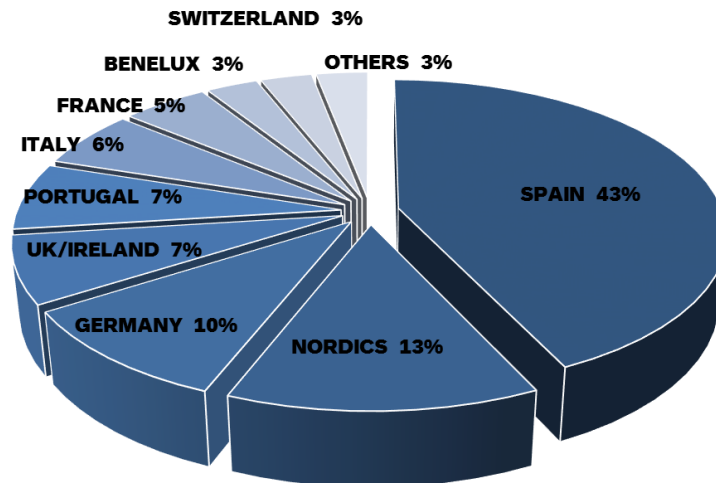
- First public benchmark issued by Comunidad de Madrid in 2023.
- 83% placed outside Spain.
- Order book 6.2 billion euros with more than 160 accounts.



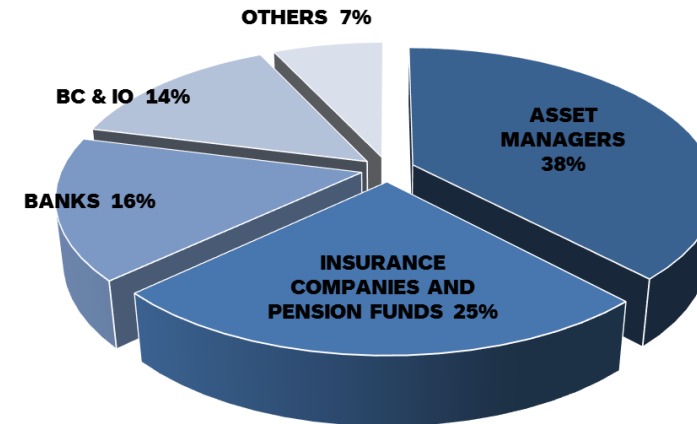
€600 bn 3.362% due 31 October 2028

4^o Green Public Deal

BY REGIONS



BY INVESTOR TYPE



TOTAL AMOUNT 600,000,000 €

- The transaction is the fourth green bond since 2020
- Strong interest from investors (final orderbook 2bn from 78 investors)
- International demand took around 57% of transaction
- This transaction is one of the few in Europe to be fully aligned with the EU Green Taxonomy, and consolidates Madrid's leading position as ESG bond issuer.

Source: Comunidad de Madrid



2024 Notes Issuance Program Operations

Operation	Amount € mill	Settlement Date	Maturity Date
Notes	21,300,000	11/13/2023	11/08/2024
Notes	15,000,000	01/22/2024	07/22/2024
Notes	20,000,000	04/02/2024	05/23/2024
Total	56,300,000		

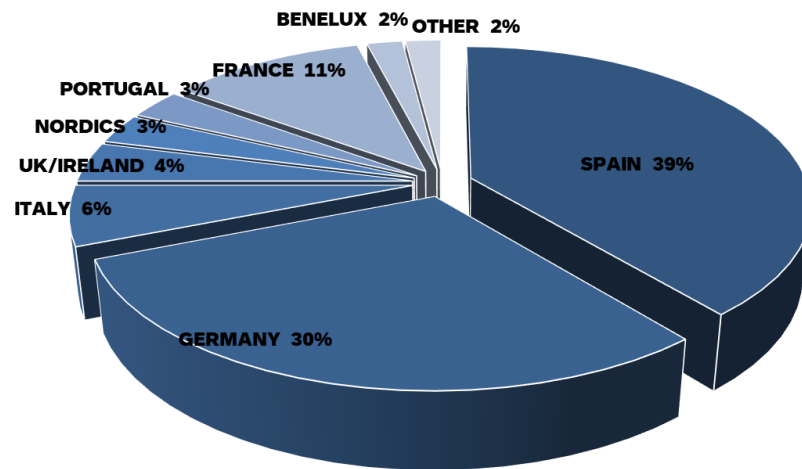
- The Note Issuance Program amounts to €1 bn.
- The nominal issue in 2024 is €90 million
- The outstanding amount of the Note Issuance Program is €943,7 million.



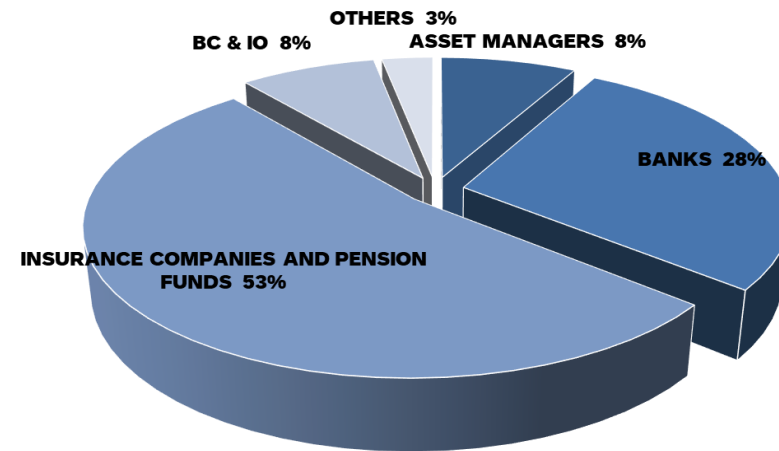
2024 Bond Profile

BOND TRANSACTIONS

BY REGIONS



BY INVESTOR TYPE



AMOUNT ISSUED 1,200,000,000 €

Source: Comunidad de Madrid





**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

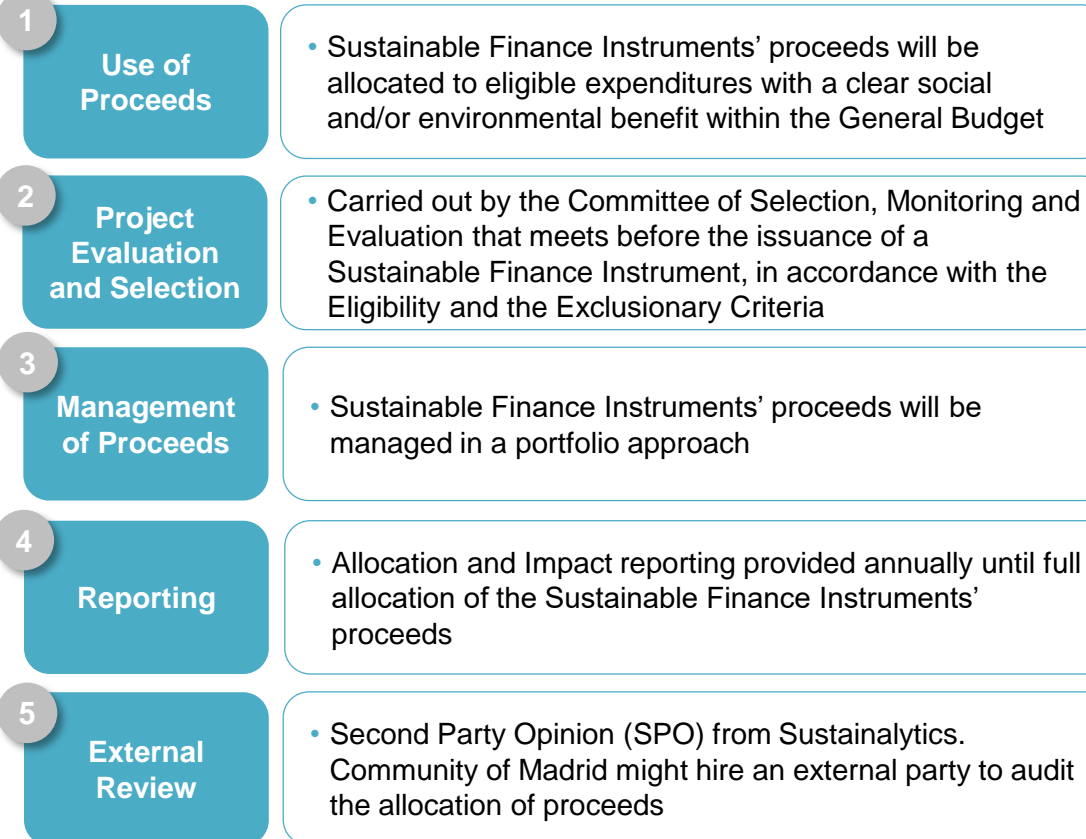
Alignment with the Standards

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



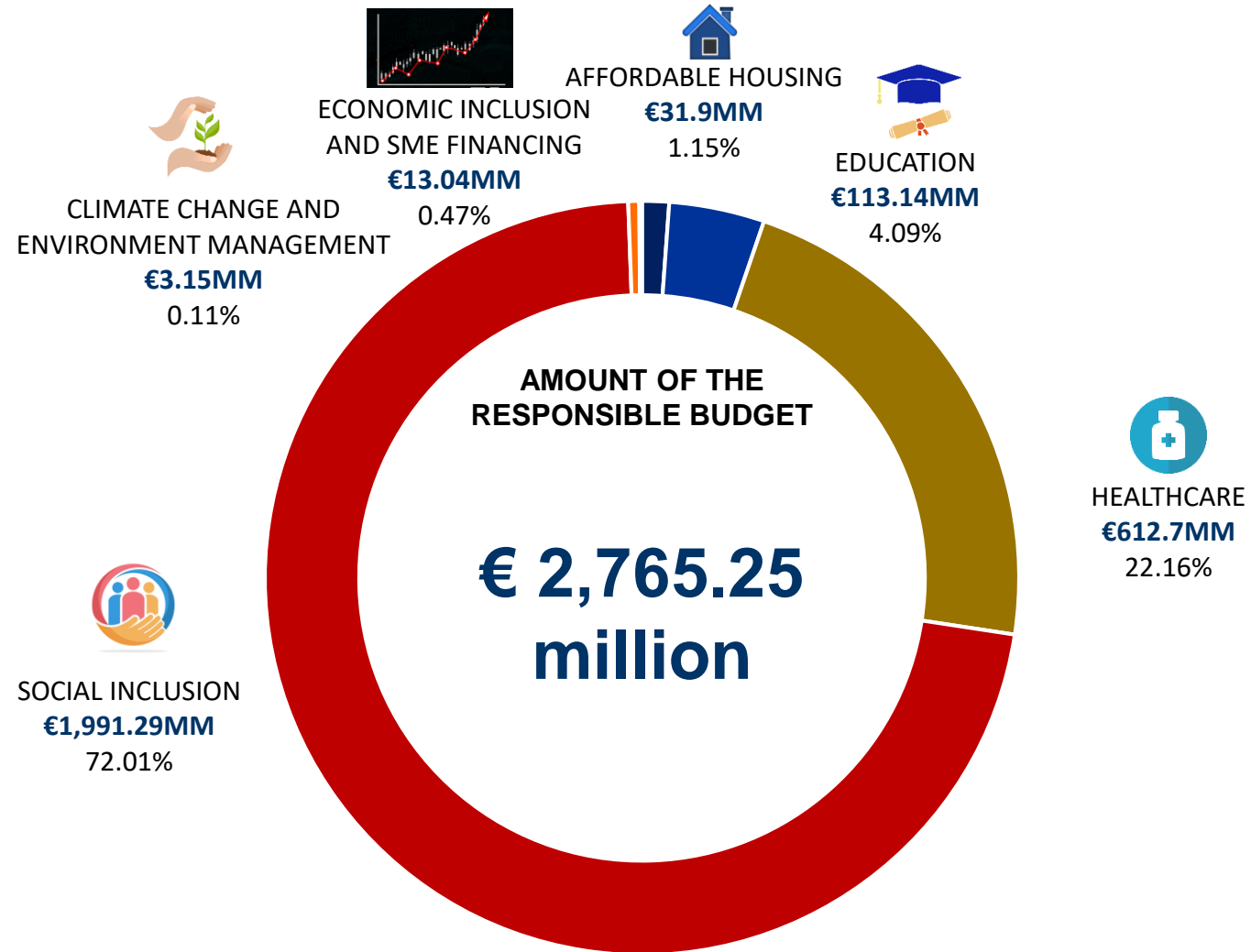
Sustainalytics is of the opinion that the Comunidad de Madrid Sustainable Finance Framework is credible and impactful, and aligns with the Green and Social Bond Principles and Green Loan Principles 2018

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



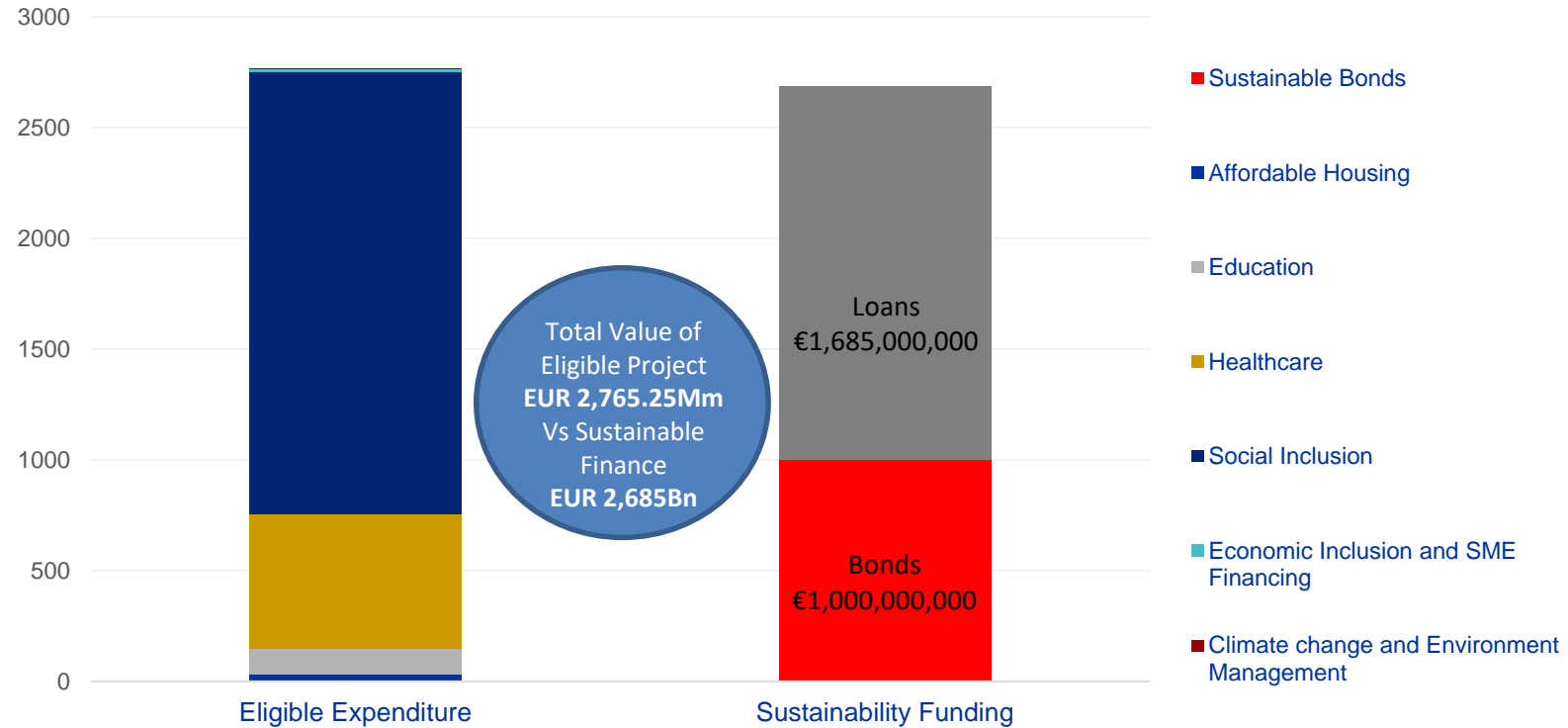
2023 Eligible Portfolio – Budgetary Programs

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
Collaboration with citizens' organisations.		500,000
Social Inclusion	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
Economic Inclusion and SME Financing	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
	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
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)

Source: Comunidad de Madrid



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

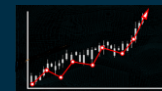


- Comunidad de Madrid provided home assistance to more than **24,243 dependent persons.**
- The care services aim to promote personal autonomy, as well as meeting the needs of people with difficulties in performing basic activities of daily living.

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





2023 GREEN FINANCE ALLOCATION & IMPACT REPORTING 2022



Sustainability Mandate of the Community of Madrid

Comunidad de Madrid has an important **environmental mandate**. Almost 50% of the region area of the region is protected due to its environmental protection and conservation value. The geo-economic situation in Madrid creates the need to implement policies for pollution management and waste treatment in densely populated urban areas.

Guided by this purpose, the region set out its **Strategy for Sustainable Waste Management** for the 2017-2024 period. In relation with climate change and air quality, the **Plan Azul+ 2013-2020** has been the backbone for eight years, particularly focusing in tackling pollution and promoting energy efficiency.

Among the measures set out in the Plan Azul+, which is expected to be followed by a new Plan, we find the following objectives by sector, which are representative of the regions' general sustainable strategy:

- **Transportation:** Metro de Madrid is Spain's largest and Europe's third largest (third to London and Moscow) metro system with 302 stations spread over 294 Km. Comunidad de Madrid aims to modernise taxi and bus fleets with greener vehicles, improvement of bicycle infrastructure, fiscal incentives for the transition towards greener technologies in private transportation
- **Industry:** reduction of emissions from industrial activities, like NOX produced by cogeneration plants
- **Residential/commercial/institutional:** use of clean fuels for domestic heating, improvements in energy efficiency, smart grids
- **Agriculture:** sustainable management of forests, promotion and development of biomass energy



2022
Emissions
Avoided by
Green Public
Transportation

600,825
tCO₂

Source: Comunidad de Madrid

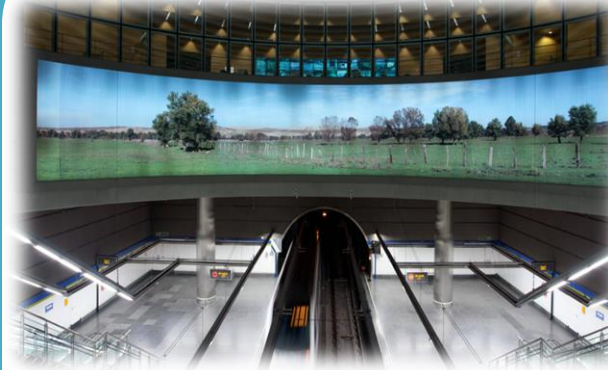


Green Expenditures for the 2022 Green Bond issuance

Clean Transportation



- Comunidad de Madrid supports the **decarbonization of the Region's public transport**
- In 2022, EMT Madrid has approved a **€35m investment** for the purchase of **50 new electric buses and 6 electric micro-buses**
- This is in line with the **company's strategy** of gradually reducing the fleet's carbon emissions



- Comunidad de Madrid supports the maintenance and development of the fully-electrified Madrid's metro
- Thanks to the Energy Saving Plan 2012-2017 and the current Energy Efficiency Plan, **Metro de Madrid** – the public enterprise of the Madrid underground – **has reduced electricity consumption in daily operations by 25%**

Comunidad de Madrid was the first Public Sector issuer in Spain to align its Green bonds with the EU taxonomy and standards

Other Environmental initiatives encouraged by CAM

Project and supply works and turnkey assembly for a plant of green hydrogen production or distribution network modernization among others

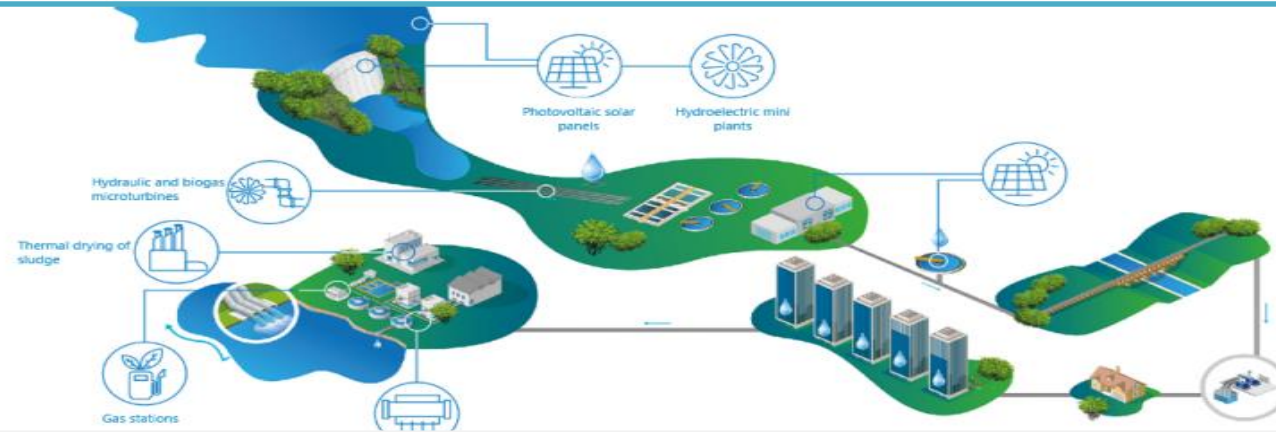


- Comunidad de Madrid is **supporting economically several projects outside their green bond offerings.**
- Through Canal de Isabel II (CYII), for instance, Comunidad de Madrid is carrying out the **assembly of a plant for green hydrogen production.** Including the operation of the facility for two years and the commercialization of H₂ produced.
- In 2022, a **1MW photovoltaic power plant has been built** in the same wastewater station, being the first phase of the project. With a **production capacity of 200Nm³/h green hydrogen.**

- Canal de Isabel II is a fully publicly managed water company, **the shareholding is made up of the Community of Madrid (82.4%)** and 111 municipalities of the Community (17.6%).
- Through CYII, **main competence is to supply and purify the water of most of the municipalities** in the region.
- For the next year **Comunidad de Madrid will support finance of over Eur 300M to CYII for RED Plan: Distribution Network Modernization** with the aim to improve resiliency and modernization actions in the water distribution network of Madrid region.
- **Canal de Isabel II** are managers of a natural resource and **is entrusted with the mission to protect the quality of bodies of water in the Madrid region.** The preservation of the environment and the sustainable management of all their activities are part of their DNA.
- Its main objective is to **promote the circular economy and sustainable development,** addressing the challenges associated with climate change through the corresponding adaptation and mitigation plans of Comunidad de Madrid.

Other Environmental initiatives encouraged by CAM

Biofactories: Obtaining raw material from wastewater treatment



Canal Isabel II annually produces more than 120 hm³ of reclaimed water, using it to irrigate green areas, wash streets and industrial uses. In addition, **They understand wastewater treatment plants as biofactories** in which Canal de Isabel II takes advantage of biogas to produce electricity and vehicle fuel, **they sanitize sludge for reuse as fertilizers and recover phosphorus from wastewater to produce 1,5 tons of struvite daily**. Facilities under Canal de Isabel II:

- 9 Hydroelectric power plants
- 13 Treatment plants equipped with motor generators that work from the biogas generated in the treatment
- 2 Cogeneration plants associated with thermal drying of sludge
- 3 Small wastewater jumps that take advantage of the difference in elevation at the discharge point
- 9 Microturbines installed at different points of the supply network
- 2 Purification stations that have several photovoltaic panels

Thanks to the joint performance of these facilities, last year **Canal de Isabel II broke their historical record for electricity generated. In total 420 million kilowatts hour, equivalent to 87 % of their total consumption**. Moreover they broke their historical record for the percentage of energy production over consumption (125 %).

Other Environmental initiatives encouraged by CAM

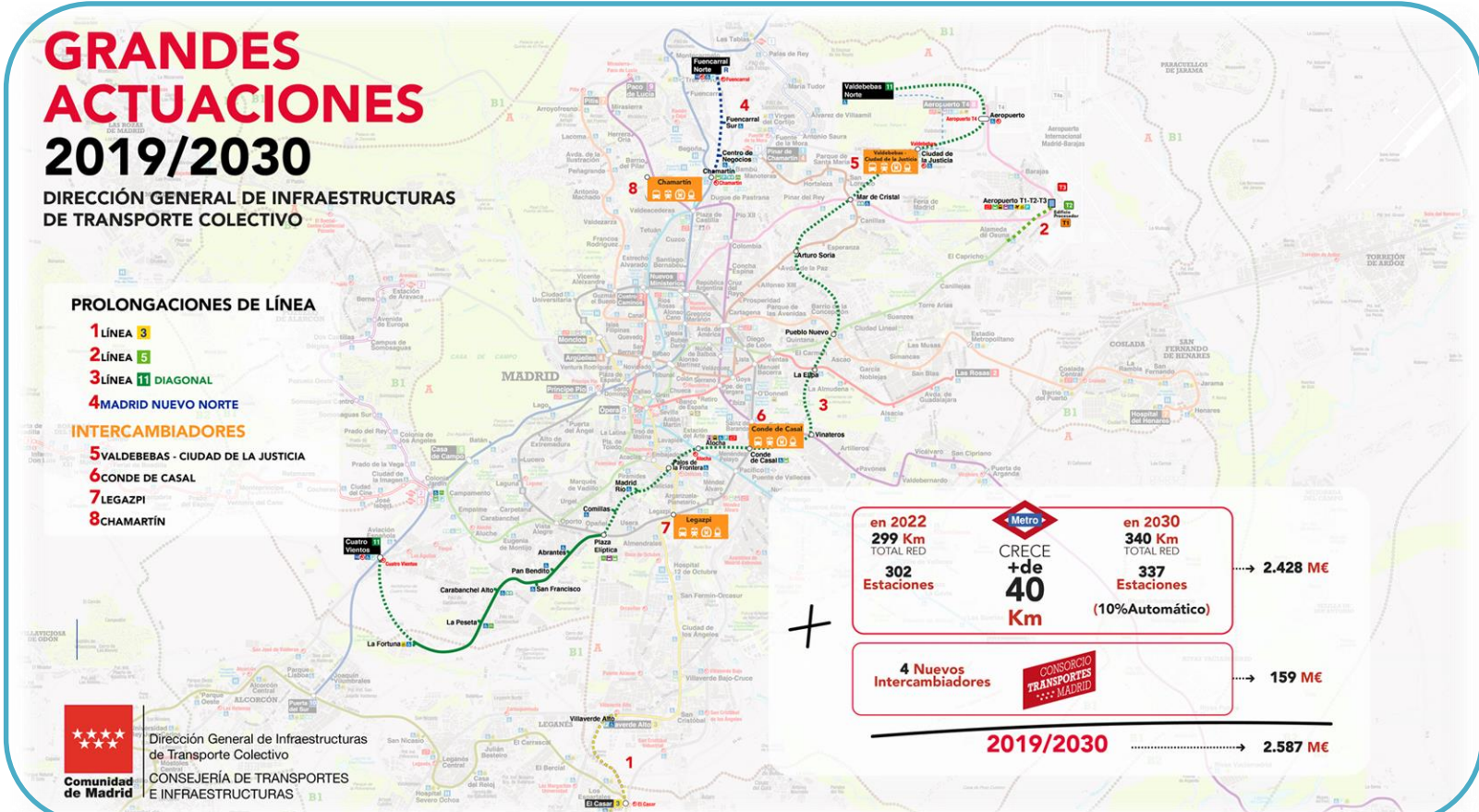
Ambitious investments in subway line extensions and bus interchanges & terminals

GRANDES ACTUACIONES 2019/2030

DIRECCIÓN GENERAL DE INFRAESTRUCTURAS DE TRANSPORTE COLECTIVO

PROLONGACIONES DE LÍNEA

- 1 LÍNEA 3
 - 2 LÍNEA 5
 - 3 LÍNEA 11 DIAGONAL
 - 4 MADRID NUEVO NORTE
- ### INTERCAMBIADORES
- 5 VALDEBEBAS - CIUDAD DE LA JUSTICIA
 - 6 CONDE DE CASAL
 - 7 LEGAZPI
 - 8 CHAMARTÍN



Comunidad de Madrid
 Dirección General de Infraestructuras de Transporte Colectivo
 CONSEJERÍA DE TRANSPORTES E INFRAESTRUCTURAS

4 new bus interchanges and more than 40 new Km in metro lines by 2030

Overview Green Bond Funding Strategy Comunidad de Madrid

3

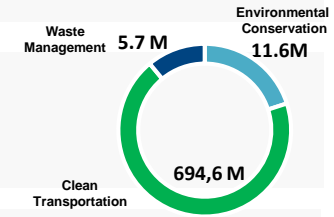
Green bonds issued up to date totaling a size of 1,700M EUR

2021 & 2022 Green Bonds allocated to clean transportation projects fully aligned with EU Taxonomy



Continued assessment towards implementing alignment on EU Taxonomy regarding other green categories, such as Waste Management and Environmental Conservation

Annual Green Bond eligible portfolio over 700M EUR



Annual impact report published on Comunidad de Madrid Website*

Committed to at least one Green Bond issuance per year



Comunidad de Madrid is a relevant Green Bond Issuer

Source: Comunidad de Madrid

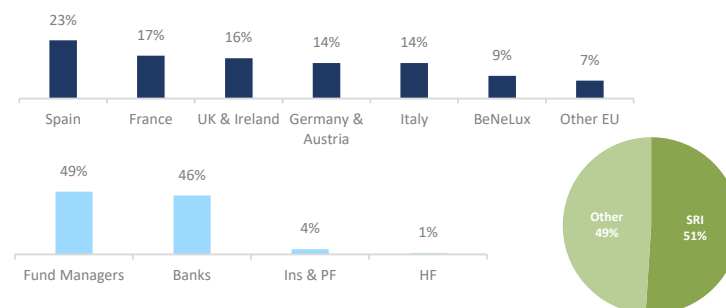
*<https://www.comunidad.madrid/en/inversion/relacion-inversores/deuda-sostenible>

Comunidad de Madrid 2022 Green Bond review

Final Terms and Conditions

Issuer	The Autonomus Community of Madrid
Issuer Ratings	A-/Baa1/A-/BBB (S&P/Moody's/DBRS/Fitch)
Format	RegS, Bearer Dematerialised
Ranking	Senior, Unsecured
Risk Weighting	0%
Size	EUR 500m
Maturity	31-October-2029
Settlement	14-October-2022 (T+8)
Coupon	2.822% Fixed, Annual, Act/Act - Long first
Reoffer Price	100% / 2.822% / SPGB + 23 bps
Benchmark	SPGB 0.6 10/31/29 @ 87.282% HR 107%
Listing	AIAF
Min Denoms	€1k + €1k
Bookrunners	BBVA, CaixaBank, Crédit Agricole CIB, ING and Santander
ISIN	ES00001010J0

Investor Type and Geographic Distribution



Transaction Highlights

- On Tuesday, October 4th, 2022, the Autonomous Community of Madrid successfully launched and priced its third Green bond deal and second public transaction in 2022.
- The bond issued under Autonomous Community of Madrid's existing Sustainable Finance Framework, becomes the first public sector issue in Spain – and one of the few in Europe – to be fully aligned with the EU Green Taxonomy.
- The transaction was preceded by a week-long marketing exercise with European investors:
 - On October 3rd, the Autonomous Community of Madrid formally mandated the banks for a new 7yr Green Bond with the objective to launch the transaction in the near future subject to market conditions.
 - On October 4th, the order book was officially open with a price guidance of SPGB+23 bps.
 - Books closed with a total demand of EUR 500M and final spread of SPGB+23bps allowing Comunidad de Madrid to print a successful deal in a very challenging and volatile market and consolidating its leading position as ESG bond issuer, being the first Spanish public sector issuer to launch 3 green bond deals.
- In terms of metrics the orderbook was well supported by international investors accounting for 77% of the total demand. The quality of the orders also allowed to allocate 53% of the notes to Real Money accounts.



Highlights of the 2022 Comunidad de Madrid's Third Green Bond



- **The 2022 Green bond issued in October 2022** represented the third Green bond offering of Comunidad de Madrid.
- **Comunidad de Madrid is the only region in Spain** issuing Green Bonds.



- **Comunidad de Madrid is committed to keep on promoting** the ESG bond market and sustainable investments with a Framework that allows the Region to issue Green, Social and Sustainable Bonds.



- **The proceeds of the bond** have been allocated to expenditures in Clean Transportation.
- 2022 Green Bond use of proceeds is fully aligned with the EU Taxonomy (100% of the use of proceeds allocated).
- **The projects will contribute to one environmental objective as defined the EU Taxonomy, Climate Mitigation.**



- **Avoided a total of 240,458 CO2eq** atmospheric emissions.



- Comunidad de Madrid engaged with a **third party to assess compliance with the EU Taxonomy***.







- **Strong demand** from dedicated ESG investors.

Source: Comunidad de Madrid

*https://www.comunidad.madrid/sites/default/files/img/profesiones/cam_eu_taxonomy_alignment_spo_-_dnv_eligibility_assesment-vfinal.pdf







Green Bons Eligible Expenditures portfolio for 2022

Overview of the Green Eligible Expenditures 2022					
Eligible Category	Main eligible expenditures	Budgetary Programme	Budget code	UN SDGs	EU Environmental Objectives
Climate change and environmental management	Waste Management: <ul style="list-style-type: none"> Measures to implement the Waste Strategy of Comunidad de Madrid 	16: Environment, Local administration and territorial planning	456N 456B		EU Objective 4: Circular economy
	Clean transportation: <ul style="list-style-type: none"> Promote the manufacture and use of the electric vehicles and points of recharge Promote public transport services and modal shift towards public transportation (e.g. railway, metro de Madrid, bus system) and soft mobility, support multimodal transport solutions and promote the use of bicycles 	14: Transport, Social Housing & Infrastructure	453N 456B	 	EU Objective 1: Climate Change Mitigation
	Environmental conservation: <ul style="list-style-type: none"> Management and restoration of Protected Natural Parks and other unique spaces with important conservation value 	16: Environment, Local administration and territorial planning	456A		EU Objective 6: protection and restoration of biodiversity and ecosystems

Source: Comunidad de Madrid







Green Bond Eligible Expenditures portfolio for 2022 (II)

Overview of the Green Eligible Expenditures Portfolio 2022				
Green categories	UN SDGs	Amount (EUR m)	Subcategories	Amount (EUR m)
Waste Management		5.7	Domestic Waste Management	4.7
			Maintenance of the Air Quality Network	1.1
Clean Transportation	 	694.6	EMT Bus	86
			Intercity Bus	85.2
			Metro	388.0
			Measures for the Promotion of Sustainable Mobility	2.0
			Light Train	133.3
Environmental Conservation		11.6	Environmental Education	1.6
			Conservation of Protected Natural Areas	5.3
			Connectivity through Green Infrastructure	2.6
			Protection of Wetlands	0.2
			Recovery and improvement of private forest areas	1.5
			Grants to NPOs with Environmental Purposes	0.5

Source: Comunidad de Madrid





Impact indicators Green Bond Eligible Expenditures portfolio for 2022 (I)

Overview of the Green Use of Proceeds					Impact Indicators						
Main Eligible expenditures	UN SDGs	Amount (EUR m)	Subcategories	Amount (EUR m)	Managed Waste (tn)	Data Samples Collected	Emissions Avoided (tCO2)	Vehicles Subsidized	Number of Programs	Intervened Surface (ha)	Projects Selected
Waste Management		5.7	Domestic Waste Management	4.7	73,560						
			Maintenance of the Air Quality Network	1.1		1,464,484					
Clean Transportation	 	694.6	EMT Bus	86.0			10,503	-			
			Intercity Bus	85.2			55,847	-			
			Metro	388.0			228,336	-			
			Measures for the Promotion of Sustainable Mobility	2.0			-	4,898			
			Light Train	133.3			8,299	-			
Environmental Conservation		9.0	Environmental Education	1.6					15		
			Conservation of Protected Natural Areas	5.3						118,527	
			Connectivity through Green Infrastructure	2.6						581	
			Protection of Wetlands	0.2						117	
			Recovery and improvement of private forest areas	1.5						339	
			Grants to NPOs with Environmental Purposes	0.5							
		711.9		711.9	73,559.9	1,464,484.0	302,985.8	4,898.0	15.0	119,564.0	13.0

Source: Comunidad de Madrid





Clean Transportation Eligible Expenditures portfolio for 2022

Overview of the allocation of bond proceeds				Impact Indicators	EU Taxonomy (6.3 Urban and suburban transport, road passenger transport)			
Green category	UN SDGs	Subcategories	Allocation Amount (EUR m)	Emissions Avoided (tCO2)	Primary EU Environmental Objective	EU Technical Screening Criteria	DNSH Criteria	Minimum Safeguards
Clean Transportation		EMT Bus	86	10,503	EU Objective 1: Climate Mitigation	✓	✓	✓
		Intercity Bus	85.2	55,847		✓	✓	✓
		Metro	388.0	228,336		✓	✓	✓
		Light Train	133.3	8,299		✓	✓	✓
			692.5	302,986				

Source: Comunidad de Madrid



2022 Green Bond: Allocation and Impact reporting

Overview of the allocation of bond proceeds				Impact Indicators	EU Taxonomy (6.3 Urban and suburban transport, road passenger transport)			
Green category	UN SDGs	Subcategories	Allocation Amount (EUR m)	Emissions Avoided (tCO2)	Primary EU Environmental Objective	EU Technical Screening Criteria	DNSH Criteria	Minimum Safeguards
Clean Transportation		EMT Bus	86	10,503	EU Objective 1: Climate Mitigation	✓	✓	✓
		Metro	388	228,336		✓	✓	✓
		Light Train	26	1,619		✓	✓	✓
			500	240,458				

Emissions avoided by Clean Transportation initiatives funded by the 2022 Green Bond proceeds are equivalent to in excess of those of 53,503 gasoline-powered passenger vehicles driven for one year

Source: Comunidad de Madrid



Comunidad de Madrid Green Bond 2022: Impacts in the Region's Public Transport



- **Metro:** the equivalent distance travelled by car would have caused 525,820.86 tCO₂ emissions



- **EMT bus:** the equivalent distance travelled by car would have caused 13,139.35 tCO₂ emissions.



- **Intercity bus:** the equivalent distance travelled by car would have caused 89,631.14 tCO₂ emissions.



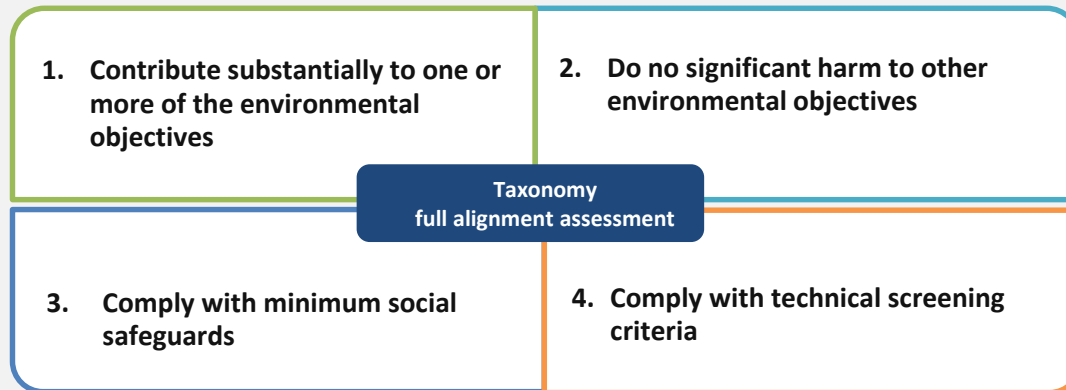
- **Light trains:** the equivalent distance travelled by car would have caused 11,824.63 tCO₂ emissions

**2022 Emissions Avoided by Green Public Transportation means in
the Region (tCO₂): 600,825**



EU Taxonomy alignment process 2022 Green Bond Comunidad de Madrid

- **In 2022, Comunidad de Madrid carried out an exercise to assess** which proportion of its Green bonds use of proceeds were aligned with **the EU taxonomy**.
- In this regard, **Comunidad de Madrid engaged with a third party, DNV** to assess Comunidad de Madrid's 2021 Green Bond Use of Proceeds (fully allocated into the Clean Transportation category) compliance with the EU Taxonomy **and has received a positive assessment**.
- **Comunidad de Madrid, based on that assessment has replicated the allocation process for its Green Bond** issued in October 2022 **and therefore confirms that the 2022 green bond is fully aligned with the taxonomy**.
- **Comunidad de Madrid has reviewed the Clean Transportation expenditures towards the EU Green Taxonomy**



Comunidad de Madrid Green Bond is fully aligned with the EU Taxonomy



DNV opinion on Taxonomy alignment assessment



WHEN TRUST MATTERS

GREEN BOND ALLOCATION AND IMPACT REPORTING EU Taxonomy Alignment

Comunidad Autónoma de Madrid



Report No.: 1, Rev. 1
Document No.: PRJN-446392
Date: 23/09/2022

“On the basis of the information provided by Comunidad de Madrid and the work undertaken, it is DNV’s opinion that proceeds have been used on Clean Transport projects that are aligned with the criteria established in the EU Taxonomy for Sustainable Activities– ANNEX 1 to Regulation (EU) 2021/2139 Section 6.3 (i). for DNV GL Business Assurance España S.L.U.”

Finding and DNV’s Opinion Alignment to EU Taxonomy dated September 2022

Table 1: Compliance with the technical screening criteria

EU Taxonomy Technical Screening Criteria	Project EU Taxonomy Alignment- Comunidad de Madrid
The activity provides urban or suburban passenger transport, and its direct (tailpipe) CO ₂ emissions are zero	Use of proceeds for Metro (EUR 387.8 million) and electric buses (EUR 105.375 million) are zero emissions and hence considered aligned with substantial contribution criteria set by the EU Taxonomy.
Until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as ‘CA’ (single-deck vehicle), ‘CB’ (double-deck vehicle), ‘CC’ (single-deck articulated vehicle) or ‘CD’ (double-deck articulated vehicle), and comply with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No 595/2009 and, from the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex 1 to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO ₂ emissions of the vehicles are zero.	Use of proceeds for Hybrid buses (EUR 11.125 million) fit in as a transitional activity as referred to in Article 10 of Regulation 2020/852 and are aligned with the technical screening criteria. Comunidad de Madrid has provided type approvals and technical specification of the buses showing compliance with EURO VI standard.
N.A.	Emissions avoided with this UoP have been calculated by Comunidad de Madrid as 137,895 tCO ₂ e for Metro, and 6,280 tCO ₂ e for buses (EMT).

Table 3: Compliance with the minimum social safeguards

Minimum social safeguards	Project EU Taxonomy Alignment – Comunidad de Madrid
As per article 18 of Regulation (EU) 2020/852: The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.	CSR Policy and Code of Conduct is in place for both Metro and EMT, aligned with the principles and rights set in the UN Guiding Principles on Business and Human Rights and the principles and rights set out in the fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. As part of public administration, procurement is regulated by the Public Sector Contracts Act and subject to principles and requirements of responsible procurement, including compliance with ethical standards and respect for the human rights, integrity, transparency and protection of the environment. DNV has reviewed the information provided and concludes that Comunidad de Madrid complies with the minimum social safeguards in Article 18 of Regulation (EU) 2020/852.

Table 2: Compliance with the “Do no significant harm” (“DNSH”) criteria.

DNSH Criteria	Project EU Taxonomy Alignment – Comunidad de Madrid
(2) Climate change adaptation The activity complies with the criteria set out in Appendix A to Annex 1 (EU) 2021/2139.	Following climate change vulnerability and risk analysis, Comunidad de Madrid issued Plan Azul + 2019-2020, a strategic program of measures for mitigation and adaptation to climate change, to be implemented in Comunidad de Madrid. Furthermore, a new strategy is under development that will set out the broad lines of action up to 2030 to make progress in terms of climate action (mitigation and adaptation) and improvement of air quality, in line with recent international and national guidelines and requirements. The UoP in Metro and Buses is deemed not to interfere with the adaptation measures contained in Plan Azul, measures for water resources, other vulnerable systems and industries, indicators for climate change adaptation, reforestation,

	increase of carbon sequestration in agricultural soils in the region. DNV considers this is in line with the criteria established for Climate Change Adaptation in Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.
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(3) Sustainable use and protection of water and marine resources N.A.	Not applicable as per Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport. However, Metro has provided evidence of extensive water use and management plans for each underground station showing plans and measures to mitigate effects on water resources.
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(4) Transition to a circular economy Measures are in place to manage waste, in accordance with the waste hierarchy, both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein).	Metro de Madrid and EMT operate under an Environmental Management Systems certified according to ISO 14001. Responding to a new organisational model in Metro, actions and initiatives are implemented based on integral sustainability, using and optimising stocks and flows of resources (water and energy), materials and waste. Among others recovery of more than 95% of the waste generated, including batteries and electronic products, through improved waste segregation and management. A strategic plan in place in EMT for circular economy includes projects like the design and construction of a Hydrogen Fueling Station and purchasing of biogas for the supply of CNG. DNV considers this is in line with the criteria established for circular economy in Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.
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(5) Pollution prevention and control For road vehicles of categories M, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the two highest populated classes as set out in Regulation (EU) 2020/740 of the European Parliament and of the Council and as can be verified from the European Product Registry for Energy Labelling (EPREL). Where applicable, vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type- approval set out in accordance with Regulation (EC) No 595/2009.	Comunidad de Madrid has provided type approvals and technical specification of the buses showing compliance with EURO VI standard and external noise requirements. DNV considers this is in line with the criteria established for pollution and prevention control in Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.
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(6) Protection and restoration of biodiversity and ecosystems N.A.	Not applicable as per Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.
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Clean Transportation Impact Calculation Methodology

1.- METHODOLOGICAL BASES

To quantify the emissions avoided by the use of regular public passenger transport in relation to hybrid or electric buses and rail modes (metro and rail concessions), it is assumed that if these trips had not been made by public transport, they would have been made by using private vehicles.

In this way:

Emissions Avoided = Emissions generated by the private vehicle - Emissions generated by public transport

To calculate the emissions that would have been produced by the travel of passengers in private vehicles, the number of passenger-km⁽¹⁾ that have used public transport in electric or hybrid modes will be multiplied by an emission factor based on the circulating fleet of passenger cars in the Community of Madrid, according to data from the DGT for 2020 (latest available). To calculate the emissions generated by trips made by public transport users in electric or hybrid modes, the energy consumed in these trips is multiplied by the emission factors mentioned in section 5.

2.- YEAR OF CALCULATION: 2022

3.- SCOPE:

Road modes:

- EMT of Madrid (hybrid and pure electric vehicles)
- Road concessions in the rest of the Community of Madrid (hybrid and pure electric vehicles)

Railway modes:

- Metro de Madrid (Subway)
- Railway concessions (TFM, MLM, MLO, Parla Tramway)

4.- ACTIVITY DATA

Road modes:

- Vehicle characteristics (Euro standard, fuel type)
- Fuel/electrical energy consumption of vehicle fleets or, alternatively, kilometers traveled per year

Railway modes:

- Electricity consumption

5.- EMISSION FACTORS

- CO2 emission factors for fossil fuels published by the Spanish Office of Climate Change (OECC), year 2022
 - Diesel fuel B7: 2.519 gr CO2eq/liter
 - CNG: 2.783 gr CO2eq/kg
- Electricity emission factors year 2022. (Published by the CNMC):
 - marketer without REC 2022: 273 gr CO2eq/kWh
 - marketer with REC: 0 gr CO2eq/kWh
- Average private vehicle emissions: Prepared by the authors based on the number of cars in circulation in the Community of Madrid, according to Dirección General de Trafico data for 2020 (latest available).
 - Average private vehicle (occupancy 1.2 passengers): 146 g CO2eq/km

⁽¹⁾ Travelers-km = No. of trips x Average trip length



Thanks you for your attention

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ANNEXES



Overview of outstanding Sustainable transactions

	Settlement	Maturity	Amount
BILATERAL LOANS			
Total Social Loan	2016		20.000.000
Total Sustainable Loan	2017		240.000.000
Total Sustainable Loan	2018		379.000.000
Total Sustainable Loan	2019		367.000.000
Total Sustainable Loan	2020		100.000.000
Total Sustainable Loan	2022		250.000.000
Total Green Loan	2022		400.000.000
Total Social Loan	2022		100.000.000
Total Sustainable Loan	2023		1.220.000.000
Total Green Loan	2023		175.000.000
Total Social Loan	2023		300.000.000
Sustainable Loan	2024	2036	150.000.000
Sustainable Loan	2024	2035	500.000.000
Sustainable Loan	2024	2037	150.000.000
Green Loan	2024	2034	100.000.000
Sustainable Loan	2024	2036	300.000.000
Sustainable Loan	2024	2036	250.000.000
TOTAL			5.001.000.000

	Settlement	Maturity	Amount
SUPRANATIONAL LOANS			
Sustainable Loan	2018	2027	70.000.000
Sustainable Loan	2020	2029	130.000.000
Health Social Loan	2020	2033	140.000.000
Health Social Loan	2020	2035	465.000.000
Health Social Loan	2020	2035	135.000.000
Health Social Loan	2020	2033	51.000.000
Health Social Loan	2021	2034	9.000.000
Sustainable Loan	2022	2035	10.000.000
Health Social Loan	2022	2041	200.000.000
Health Social Loan	2022	2037	200.000.000
Sustainable Loan	2022	2035	25.000.000
Sustainable Loan	2023	2036	165.000.000
TOTAL			1.600.000.000

	Settlement	Maturity	Amount
SUSTAINABLE PLACEMENT			
Private Placement (Social)	2016	2031	48.000.000
Private Placement (Sustainable)	2018	2058	238.000.000
Private Placement (Sustainable)	2020	2050	265.000.000
Public Benchmark (Sustainable)	2018	2028	1.000.000.000
Public Benchmark (Sustainable)	2019	2029	1.250.000.000
Public Benchmark (Sustainable)	2020	2030	1.250.000.000
Public Benchmark (Sustainable)	2021	2031	1.000.000.000
Public Benchmark (Sustainable)	2022	2032	1.000.000.000
Public Benchmark (Sustainable)	2023	2033	1.000.000.000
Public Benchmark (Sustainable)	2024	2034	1.000.000.000
Private Placement (Sustainable)	2024	2032	25.000.000
Private Placement (Sustainable)	2024	2035	20.000.000
GREEN BOND			
Public Benchmark (Green)	2020	2027	700.000.000
Public Benchmark (Green)	2021	2028	500.000.000
Public Benchmark (Green)	2022	2029	500.000.000
Public Benchmark (Green)	2023	2028	600.000.000
TOTAL			10.396.000.000

TOTAL SUSTAINABLE 16.997.000.000

Source: Comunidad de Madrid



Debt issuance Procedure: Public issue (I)

Authorizations

- Authorization from the Regional Government.
- Authorization from the Central Government.

Contact with Investors and Financial Institutions

- Continuous contact is maintained with investors and financial institutions, indicating deadlines, levels and amounts in which Comunidad de Madrid has more interest.
- Instructions to a group of institutions that are selected taking into account those which have realized higher amounts of private placements with Comunidad de Madrid, as well as those which have participated successfully in public issue of equivalent terms of the Treasury; FADE, ICO, FROB and even private companies. If market conditions are good the transaction will carry out.
- Range price formation. The syndicate, in communication with Comunidad de Madrid, sets a price range to trade the issue within the agreed timeframe with Comunidad de Madrid; the eventual commission to be received by the syndicate is discussed, and on the issue date, Comunidad de Madrid informs via email of the roles to be played by each one of the participants of the group and seeks the approval of the syndicate.
- On the scheduled issue date, the transaction is announced on the trading screens of Bloomberg and Reuters in order to capture the attention of investors.
- The order book is opened.
- The order book is closed.

Fixing of Issue Price

- Once the bonds have been allotted to the investors who have recorded orders in the book, a time is announced to fix the issue price; at the scheduled time, a joint call for fixing the price is made. Once Comunidad de Madrid and all banks are connected online with the screens of Bloomberg, the transaction is priced in accordance with the agreed terms in the Termsheet, based on the Treasury references. Fixing the issue price, coupon and IRR for the transaction. A first simulation of the relevant calculations is made.

Documentary Process

- Sending the final Termsheet, with the terms and conditions of the transaction that has just been established, to his approval. At this stage, a distribution by type of investor and nationality is requested. At this point, the institution that has been assigned this role, advises Bloomberg of the price, date, coupon, and ISIN code for the transaction.
- Preparation internal report to be signed by the Managing Director of Financial Policy, Treasury and Real Estate and then sent out to our Legal Services.
- Legal Service, in accordance with the terms of the report, applies for the corresponding ISIN code to the Bank of Spain and prepares the transaction authorization order to be signed by Regional Minister of Economy and Finance once it has been examined by the Intervención Delegada de Tesorería.
- The Orden is published in the BOCM at least two days before payment takes place, since during this period of time the Bank of Spain must be advised of the list of subscribers and the application for the credit of securities; this Orden becomes the Prospectus for the public issue. Letters are also sent to the rating agencies in order to request a specific rating for the transaction in question, that is submitted to the subscribing institution.
- At the same time, over this period, Legal Services, along with the Financial Institution, prepare the Contract which is signed the day before disbursement day and requires a preparatory report by Legal Services and by the Intervención Delegada de Tesorería. That Contract:
 - Is a subscription contract.
 - Is excluded from the scope of Law 30/2007, of 30 October, on Public Sector Contracts.

Disbursement: T+7

- Disbursement: T+7
- At this stage, the rating letters from the rating agencies are submitted to the subscribing institution.

Source: Comunidad de Madrid



Debt Issuance Procedure. Private placement or retap (II)

Authorizations

- Authorization from the Regional Government.
- Authorization from the Central Government.

Contact with Investors and Financial Institutions

- Continuous contact is maintained with investors and financial institutions, and the communications indicate that Comunidad de Madrid has the necessary authorizations to execute financial transactions, as well as the deadlines, levels and minimum amounts that interest us.
- A specific offer is submitted by an investor or financial institution which should have been assigned a code by the Bank of Spain (Banco de España); for this reason, sometimes the operation is carried out through a bank that has been assigned such code and functions as an intermediary.
- The offer submitted is then studied by means of an indicative termsheet, in which key elements that must be included are:
 - Amount
 - Pricing date
 - Date of disbursement
 - IRR all-in (including all commissions), indicating the Treasury reference levels.

Fixing of Issue Price

- Once the operation has been internally approved, taking into account the financial strategy of Comunidad de Madrid, the pricing time is fixing with the financial institution.
- On the day and agreed time for pricing, the financial institution contacts by telephone with Comunidad de Madrid in order to establish the price.
- Connected online with the screens of Bloomberg, and in accordance with the terms established in the indicative Termsheet, a first simulation of the relevant calculations is made, and if the parties agree, the transaction is established in a real way.

Documentary Process

- The final Termsheet, with the terms and conditions of the transaction that has just been established, is submitted to the issuer for his approval. At this stage, a distribution by type of investor and nationality is requested. At this point, the financial institution advises Bloomberg of the amount, coupon, maturity date and ISIN code for the transaction.
- Preparation Internal Report to be signed by the Managing Director of Financial Policy, Treasury and Real Estate.
- Legal Services, in accordance with the terms of the Report, applies for the corresponding ISIN code to the Bank of Spain (provided that the transaction is not a reopening) and prepares the authorization order to be signed by the Regional Minister of Economy and Finance, once it has been examined by the Intervención Delegada de Tesorería.
- The Order is published in the BOCM at least two days before payment takes place. Bank of Spain is advised of the list of subscribers and the application for the credit of securities. This Order becomes the Prospectus for the private placement. Letters are also sent to the rating agencies in order to request a specific rating for the transaction in question, that is submitted to the subscribing institution.
- At the same time, over this period, Legal Service, along with the Financial Institution, prepare the Contract which is signed the day before disbursement day and requires a preparatory report by Legal service and by the Intervención Delegada de Tesorería. Said Contract:
 - Is a subscription contract.
 - Is excluded from the scope of Law 30/2007, of 30 October, on Public Sector Contracts.

Disbursement (T+6)

- Disbursement: T+6
- At this stage, the rating letters from the rating agencies are submitted to the subscribing institution.

Source: Comunidad de Madrid



Affordable Housing

Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at **fighting against housing exclusion** by providing **affordable housing** and shelter to disadvantaged populations.

Eligible expenditures include:

- Development and **provision of social housing** in Comunidad de Madrid;
- Renovation, maintenance and **improvements of affordable housing projects**;
- Provide affordable housing with **adjusted rents to disadvantaged targeted populations**;
- Maintenance, adaptation and **modernization of shelters for at risk youth**, improving spaces for accommodation.



By financing affordable housing, Comunidad de Madrid directly supports Spain's State Housing Plan

Source: Comunidad de Madrid



Education

Use of proceeds : Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at providing **educational programs and vocational training to youth**, as well as allowing for a successful **integration of disadvantaged groups in the education system**, preparing them for future labor market opportunities.

Eligible expenditures include:

- Construction, rehabilitation and maintenance of **public education schools**;
- Construction, rehabilitation and maintenance of **public education centers**;
- **Acquisition of equipment** to ensure a quality education in public education schools;
- Financing expenses related to **home educational support service (SAED)**, **hospital classrooms (AAHH)** and **therapeutic educational centers (CET)**;
- Financing **educational programs and vocational training** for young people at **risk of exclusion or unemployed**;
- Collaboration to support the **integration of students with special educational needs**;
- Expenses related to **subsidized school transport services**;
- Financing the **development and maintenance of public universities**;
- Providing financial support to university students, based on **socioeconomic criteria such as income level and patrimony, or disabilities**.



Comunidad de Madrid finances public education for all, and devotes particular attention to allocate resources to guarantee access to education for disadvantaged students

Source: *Comunidad de Madrid*



Healthcare

Use of proceeds: Proceeds of the Sustainable Finance Instruments 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).

Eligible expenditures include:

- Development, maintenance and modernization facilities integrated in the **public healthcare service system** (hospitals, health-care centers, mental health facilities, etc.);
- Provision of health care or social services in **underdeveloped areas or vulnerable populations**;
- Acquisition of **medical equipment** or **provision of diagnostic services**;
- Financing programs for the **promotion of health**;
- Financing activities to **prevent and treat drug addiction**.

Expenditures related financing to healthcare aimed at fighting COVID-19 in the Madrid's Region can be used for the purpose of the issuance of thematic social bonds.



The financing of the healthcare programme will facilitate the ongoing provision of quality healthcare services to the local population, including, but not solely, to the disadvantaged groups

Source: Comunidad de Madrid



Social Inclusion

Use of proceeds : Proceeds of the Sustainable Finance Instruments will be allocated to projects aimed at supporting, integrating and **providing basic services to several vulnerable population groups** (victims of domestic violence, the elderly, risk population and minorities, physically and/or disabled people, etc.) and to **integrate, education and employment programs** as well as financial assistance to vulnerable groups at risk of social exclusion.

Eligible expenditures include:

- Fighting against domestic violence and promotion of **equal opportunities**;
- Support integration of **families and individuals at risk** (social action and education);
- Provision of **financial assistance** (i.e. minimum income) to people **at risk of social exclusion**;
- Ensure universal accessibility to the **public transportation system**;
- Support to **the elderly**;
- Support to **the mentally and/or physically disabled**.



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

Source: Comunidad de Madrid

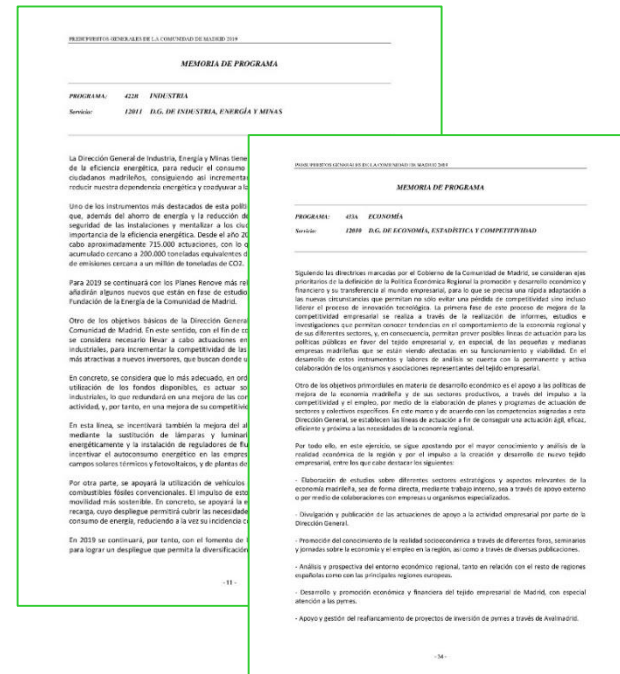


Economic Inclusion & SME Financing

Use of proceeds: Proceeds of the Sustainable Finance Instruments will be allocated to projects and programs aimed at promoting labor market entry opportunities for long-term unemployed or people with lower employment prospects, and financing SMEs in the Comunidad de Madrid. This activity will contribute to the growth and development of Madrid's economy, hence promoting employment creation and retention.

Eligible expenditures include:

- Supporting professional training directed at the **unemployed in the Comunidad of Madrid**;
- Conducting studies and labor market research to plan and **implement policies of employment**;
- Support in **orientation programs** for those distant to the labor market that allow for a direct contact with employment agencies and employers;
- Promote **integration in the labor market of persons with disabilities** and those who are in **risk of social exclusion**;
- Provide **finance to SMEs, including start-ups** in order to stimulate their competitiveness and job creation;
- Provide **training and advice to commercial SMEs** to help them improve their skills and business;
- Support SMEs in the **Handicraft and Artisan Market** to improve their competitiveness.



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

Source: Comunidad de Madrid



Climate Change and Environmental Management

Use of proceeds: Proceeds of the Sustainable Finance Instrument will be allocated to financing the measures to promote the sustainable mobility solutions, financing of activities related to the 'Waste Strategy of the Comunidad de Madrid' and to the management and restoration of Protected Natural Parks and other unique spaces with important conservation value ('Zonas de Especial Conservacion').

Eligible expenditures include:

Clean Transportation

- Development, extension, improvement, promotion and maintenance of **public transport** including metro, low-carbon buses (such as hybrid and electric buses), including **new stations for electric buses only, rail-related infrastructure**;
- **Renewal of the most polluting fleets** (replacing vehicles with lower emission vehicles);
- Funding the installation of **charging points for electric vehicles**;
- **Urban planning and development** that leads to a reduction in the use of passenger cars.



Waste Management

- Measures to **decrease the volume of waste generated**;
- Treatment of **electrical and electronic equipment waste**;
- Programmes for **new uses of recycled materials** such as rubber from tires;
- Development of **research studies on contaminated soils** and financing necessary measures to ensure **decontamination** of identified sites.



Environmental conservation and biodiversity

- **Conservation and restorative activities** such as: repair of damaged areas to reconstruct distorted natural habitats, ongoing maintenance in the form of tree, plant and wildlife care and management and fire protection;
- Educational activities and facilities to enhance awareness and knowledge of the importance of the **National Parks** and other environmental spaces in the Comunidad de Madrid, encouraging the environmental care by local residents and visitors;
- Monitoring and development of the **Forestry Plan of the Comunidad de Madrid**

Comunidad de Madrid is heavily financing low carbon transportation and subsequently contributing to the reduction of greenhouse gas emissions in the Region