



SUSTAINABLE FINANCE 2022 IMPACT REPORT



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

Comunidad de Madrid 2022 - Sustainability Strategy Highlights



€ 1,26 Bn

Social Inclusion
Projects



172
families

Affordable Housing



€ 531 Mm
63.000+ patients

High impact medicines
for rare diseases

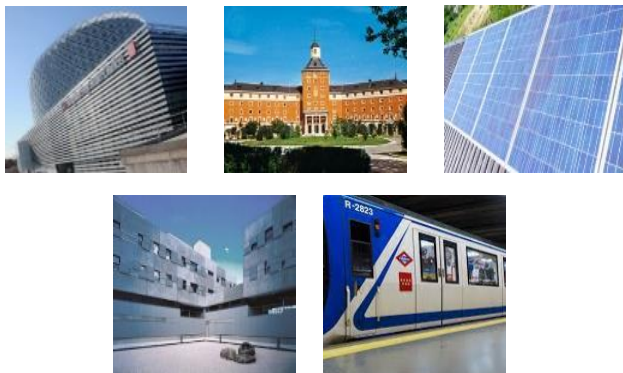
Sustainability Mandate of the Community of Madrid

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 from 2021, 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



2021 -
Emissions
Avoided by
Green Public
Transportation

370,024
tCO₂

Source: Comunidad de Madrid



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



- Affordable Housing (Target 1.4)
- Social Inclusion (Target 1.1 and 1.B)



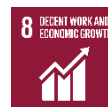
- Healthcare (Target 3.8)



- Education (Target 4.1, 4.2, 4.4, 4.A)



- Social Inclusion - Fight against gender violence and promotion of equal opportunities (Target 5.1 & 5.2)



- Social Inclusion (8.6)
- SMEs financing (8.3, 8.6)



- Affordable Housing (11.1)
- Clean and Sustainable Transportation (11.2)



- Climate Change Policies (13.2, 13.3)



- Environmental conservation and biodiversity (15.1, 15.2)

Source: Comunidad de Madrid

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

1

Use of Proceeds

- Sustainable Finance Instruments' proceeds will be allocated to eligible expenditures with a clear social and/or environmental benefit within the General Budget

2

Project Evaluation and Selection

- Carried out by the Committee of Selection, Monitoring and Evaluation that meets before the issuance of a Sustainable Finance Instrument, in accordance with the Eligibility and the Exclusionary Criteria

3

Management of Proceeds

- Sustainable Finance Instruments' proceeds will be managed in a portfolio approach

4

Reporting

- Allocation and Impact reporting provided annually until full allocation of the Sustainable Finance Instruments' proceeds

5

External Review

- Second Party Opinion (SPO) from Sustainalytics. Community of Madrid might hire an external party to audit the allocation of proceeds

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

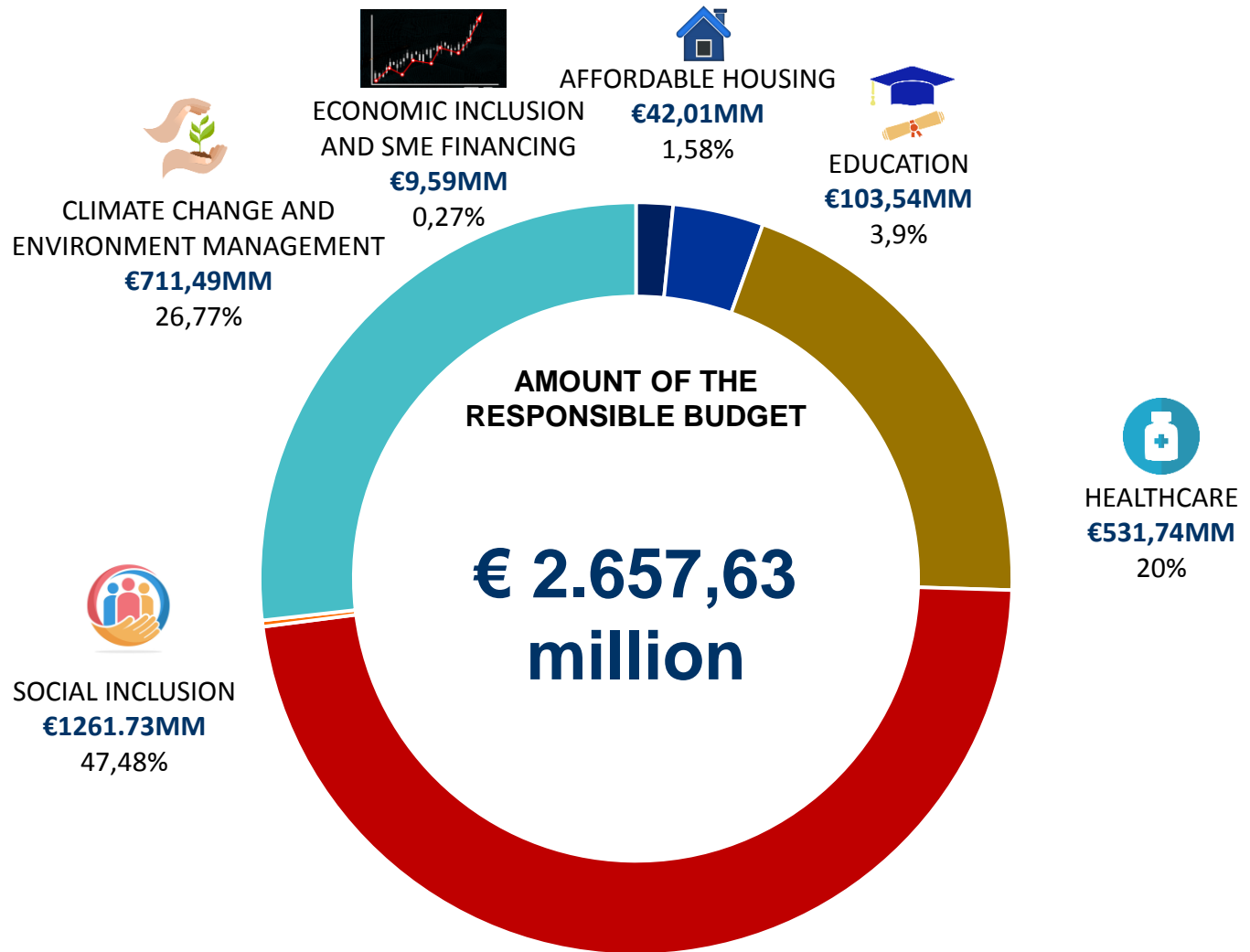


Sustainalytics is of the opinion that the Comunidad de Madrid Sustainable Finance Framework is credible and impactful, and aligns with the Green and Social Bond Principles and Green Loan Principles 2018










Source Comunidad de Madrid

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

2022 Eligible Portfolio – Budgetary Programs



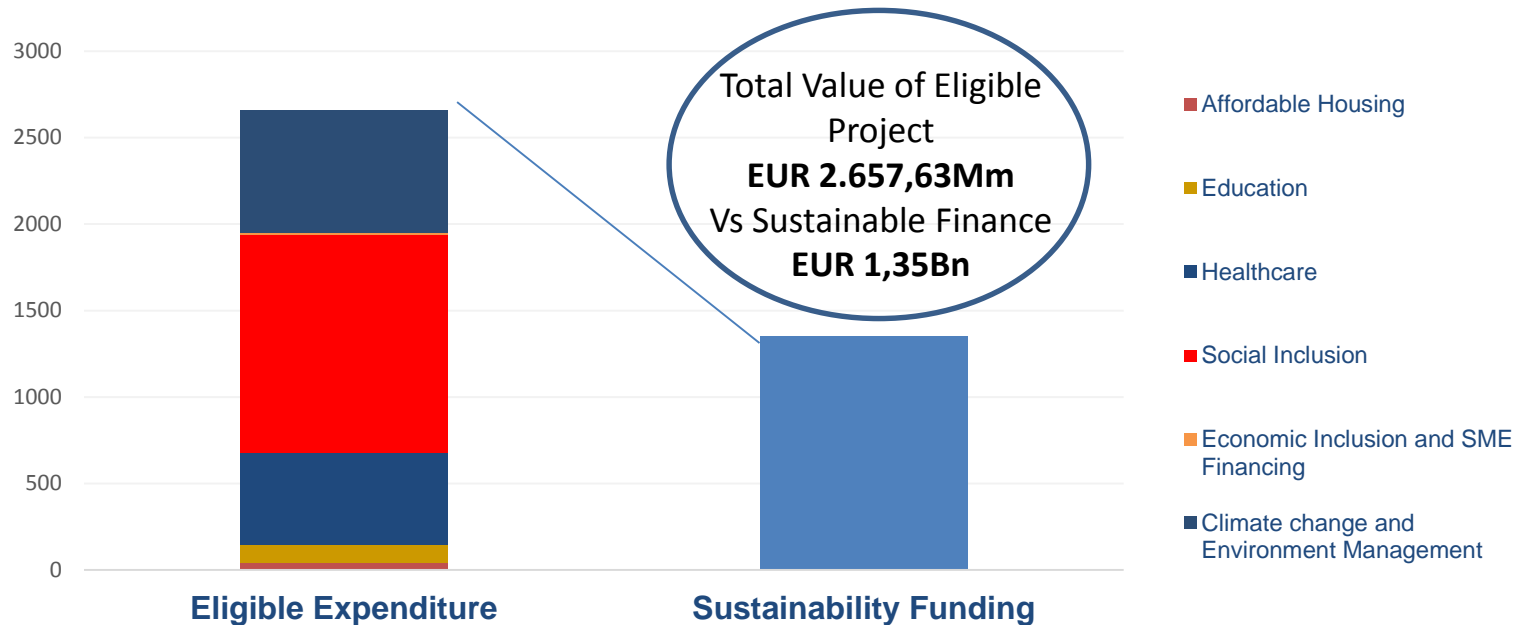
2022 Eligible Portfolio – Budgetary Programs

Eligible categories	Program Description	Program in the General Budget	Amount in € million (2022)	UN SDGs
Affordable Housing	<ul style="list-style-type: none"> Provision of affordable housing and shelter to disadvantaged populations 	261B	42,01	 
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	103,54	
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	531,74	
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 /	1261,73	 
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	7,12	 
Climate Change and Environmental Management	<ul style="list-style-type: none"> Environmental conservation and biodiversity 	422B / 453N / 456A,N	711,49	

Source: Comunidad de Madrid



Reporting Framework example: Sustainability Bond Allocation Reporting 2022



% of Eligible Sustainable Project Portfolio allocated: 50.8%

% Sustainable net proceeds allocated: 100%

Source: Comunidad de Madrid



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	<i>Disadvantaged and underserved groups</i>	42.010.166,28	42.010.166,28	3,1%	172	Families with social housing	Number of families assisted by ASIVECAM	21.445
								Number of families reallocated	76
								Number of social housing units acquired	35
Education	Goal 4: Quality education	<i>Youth, disadvantaged groups</i>	103.540.691,36	103.540.691,36	7,7%	479.692	Number of vulnerable students	Number of students with academic reinforcement	27.045
								Number of scholarships professional training higher degree	8.686
								Number of public schools (0-18 years)	1.450
Healthcare	Goal 3: Good Health and Well-being	<i>Citizens (including disadvantaged and underserved groups)</i>	531.740.684,35	529.690.684,69	39,2%	431	Number of people with a rare disease being provided access to services and adequate medication	Number of people treatment medication high impact	62.495
Social inclusion	Goal 1: No Poverty SDG 5: Gender equality	<i>Disadvantaged and underserved groups</i>	1.261.728.454,33	666.567.129,21	49,4%	1.912.385	Number of individuals or families benefiting from social benefits	Number of individuals or families benefiting of social minimum income	6.694 families
								Number of victims of gender violence supported	19.992
								Number of subsidized trips	117
Economic inclusion	Goal 4: Quality education Goal 8: Decent work and economic growth	<i>SMEs and long-term unemployed</i>	7.121.473,41	7.121.473,41	0,5%	112	Number of SMEs that received support		
Environmental management	Goal 13: Climate Action		711.491.790,05	1.069.855,05	0,1%			Number of annual data for air quality parameters	1.392.801
								Number of annual data meteorological parameters	1.464.484
Total			2.657.633.259,78	1.350.000.000,00	100,0%	2.392.792			



Selected Projects for the 2022 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. Acquisition of housing.	737.000,00
	Maintenance and conservation of inhabited social housing.	3.670.347,45
	Development of land for the construction of social housing.	6.489.476,74
	Construction of new social housing developments.	28.283.346,70
	Repair of uninhabited social housing for their second allocation.	1.167.938,29
Education	Neighbourhood Assistance Service of the Community of Madrid. ASIVECAM.	1.662.057,10
	Attention to students with specific educational support needs.	2.551.809,50
	Book lending programme. ACCEDE Programme.	53.444.283,48
	Maintenance of Secondary Education Centres.	22.536.731,00
	Refuerza Programme (academic support and reinforcement activity).	2.343.000,00
	Training and awareness-raising for women in situations of social exclusion.	0,00
	Scholarships for advanced vocational training.	18.958.248,70
	Educational compensation classrooms.	706.618,68
	Scholarships for public universities	3.000.000,00
	High-impact medicines and orphan drugs.	529.000.000,00
Healthcare	Collaboration with Local sector	87.244,86
	Collaboration with professional bodies.	103.440,00
	Collaboration with citizens' organisations.	499.999,83
	Mobile Support Service for Drug Dependency	2.049.999,66
Social Inclusion	Grants for School meals	29.229.333,97
	Economic benefits in situations of dependency.	268.654.720,00
	Domiciliary care in situations of dependency.	89.300.931,77
	Care services for seniors in specific centres	333.643.202,56
	Subsidies for public transport users.	467.987.407,00
	Care for the elderly in centres.	13.359.295,00
	Care services in residential centres for women victims of gender violence.	599.189,90
	Social canteens services	3.021.344,00
	Care services in non-residential centres for women victims of gender violence.	4.531.869,56
	Economic assistance for the social integration of women victims of gender violence.	63.800,00
	Free school transport service for pupils in special education centres.	6.587.229,43
	Free transport service for students with physical disabilities.	7.364.565,94
	Free school meals for pupils in special education centres.	2.835.095,16
	Free school transport service for pupils in shantytowns.	976.577,06
	Participation and integration centres (CEPI).	2.371.418,40
	Volunteer school.	119.452,00
	Housing First Programme.	527.727,40
	Care centre for people in situations of social exclusion.	1.690.680,00
	Network of volunteer information points (PIV).	75.612,90
	Madrid LGTBI Information and Care Programme.	216.357,77
Minimum Insertion Income (RMI).	19.344.249,10	
Subsidies for integration projects linked to the Minimum Insertion Income (RMI).	4.500.555,41	
Grants for LGBT NGOs.	550.000,00	
Development Cooperation Subsidies.	4.177.840,00	
Economic Inclusion and SME Financing	Aid for the promotion of technological sectors Consortia.	2.497.497,97
	Subsidies for the promotion of technological sectors. Start-ups	730.252,04
	Aid for the use of innovation services in SMEs Innovation vouchers.	746.416,00
	Aid for industrial SMEs Industry 4.0 projects.	2.471.761,59
	Aid to Innovation Intermediary Entities.	675.545,81
Climate Change and Environment Management	Natural Protected Areas.	4.187.972,00
	Measures to protect and improve the environment. Environmental education.	1.614.179,00
	Conservation and maintenance of peri-urban parks.	3.214.000,00
	Subsidies for non-profit entities with environmental purposes.	500.000,00
	Subsidy for the user of public transport (Clean Transport).	700.000.000,00
	Action Plan on Listed Wetlands.	151.434,00
	Recovery and improvement of forest lands.	754.350,00
TOTAL	Maintenance and support for the management of the air quality network.	1.069.855,05

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 529mm** for rare diseases treatments, close to **63,000 patients** were treated:
 - 431 patients which annual costs is over EUR100,000
 - 852 patients with Chronic Hepatitis C
 - 31 CAR-T therapy treatments.
 - 8,585 multiple sclerosis
 - 25,930 immune-mediated inflammatory diseases patients
 - 25,892 HIV patients
 - 763 Pulmonary hypertension

Mobile Support Service for Drug Dependency



- **Comunidad de Madrid provides healthcare** to about **3300 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 **480,000 students** from nearly **1,500 schools** benefited from this program
- Comunidad de Madrid has allocated **EUR53,4Mm** 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 2022 more than **370 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 **15,000 students** benefited from this program.
- **72% of students** saw their **grades and performance improve**

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

Source: Comunidad de Madrid



CASE STUDY for AFFORDABLE HOUSING



Uninhabited Social Houses Refurbishment



- **Comunidad de Madrid** dedicated close to **EUR 1,200Mm** to Social Housing projects.
- Among others those dedicated to the maintenance and conservation of uninhabited social housing to **improve the safety** and the **accessibility** and enhance its **energy efficiency**
- **314 vacant** social homes were **refurbish**

Cañada Real & La Sabinas - Rehousing



- Comunidad de Madrid repaired **54 homes** and rehoused **76 families** from the dismantling of the **Cañada Real and Las Sabinas shanty towns**, investing **737.000€**
- Social housing plays a vital role in meeting the housing needs of people across Comunidad de Madrid
- **This project is part of a global plan aiming eliminate the last shanty towns in the region** by providing safe, secured and long term accommodation to disadvantaged population.
- Comunidad de Madrid is **also committed to cleaning and restoring the riverbanks improving the environment**

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.

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 2022, **5.355 persons received the RMI in the Comunidad de Madrid.**
- Comunidad de Madrid earmarked EUR152,5Mm 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 2022, **436 women and 279 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 **2,000 women and 89 children**

Domiciliary Care for Seniors



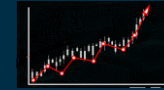
- Comunidad de Madrid provided home assistance to more than **60,500 dependent persons.**
- The care services aim to promote personal autonomy, as well as meeting the needs of people with difficulties in performing basic activities of daily living.

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

Source: Comunidad de Madrid



CASE STUDY for SME FINANCING



Industry 4.0 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 **Industry 4.0 program**, Comunidad de Madrid provided in 2022 assistance and funding to **59 Industrial SMEs** for the development and implementation of innovative projects

APRIM Case Study



aprim
alta precisión industrial. eficiencia



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

- APRIM was established in 1965 with a basic activity focused on the manufacture and mechanization of parts and assemblies destined for the Automotive and Transport Industry. APRIM has evolved to offer a wide diversification of services including the manufacture of kits and assembly of sets with components not only mechanical, but also pneumatic, electrical, electronic, etc
- On May 19, 2022, the Ministry of Economy, Finance and Employment of Comunidad de Madrid provided **the industrial company APRIM with EUR131,981.20** grant to implement innovative solutions for the automation of its production lines and digitization of the company.
- These projects and investments are link to:
 - Open/Linked/Big data and Data analytics
 - Installation of turning lathe
 - Installation of double head lathe
 - 3 Robots



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

Source: Comunidad de Madrid



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.
- 5 Sustainable benchmark public bond issued since 2017.
- 38% of Sustainable Bonds in Comunidad de Madrid's annual issuance in 2021.
- Largest amount outstanding in Sustainable Bonds (5,803 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

Source: Comunidad de Madrid





CONSEJERÍA DE HACIENDA Y FUNCIÓN PÚBLICA

Comunidad de Madrid

