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Second Party Opinion

Xunta de Galicia Sustainable Finance Framework

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Location: Spain

Sector: Sovereign

Alignment With Principles

Aligned = Conceptually aligned = Not aligned =

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Social Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023

See [Alignment Assessment](#) for more detail.

Strengths

The framework's eligible expenditure aligns well with Galicia's regional Strategic Plan 2022-2030. The issuer also commits to align its climate and other environmental goals with national and EU objectives. The framework provides great detail by mapping each category to its sectorial plan.

In our view, Galicia is meeting the EU's 2030 target and approaching Spain's proposed goal in the Integrated National Energy and Climate Plan. Its renewable energy consumption post-transformation is 43.5% as of 2021, double the European and Spanish averages.

Target populations for social projects are clearly defined and detailed. Positively, they follow national and, in some cases, European definitions.

Weaknesses

No weaknesses to report.

Areas to watch

The broad scope of the framework and project categories create uncertainty in terms of eligible projects. Several project categories including energy efficiency and terrestrial and aquatic biodiversity conservation, have broadly defined criteria and lack a specific energy efficiency threshold to determine eligibility.

Social projects can contribute to climate emissions risks and have other environmental impacts such as on biodiversity and pollution if not properly addressed. Social projects include projects supporting livestock, the construction of education and health centers, roads, and transportation stations.

Eligible Green Projects Assessment Summary

Eligible projects under the issuer's green finance framework are assessed based on their environmental benefits and risks, using Shades of Green methodology.

Renewable energy Dark to Medium green

Allotted funding associated with this framework will finance programs aimed at increasing the production and use of renewable energies in Galicia and promoting a low-carbon economy.

Energy efficiency Light green

Funding associated with this framework will finance programs aimed at promoting energy reduction and efficiency in companies and households, and those that pursue energy savings and efficiency in public infrastructure.

Pollution prevention and control Medium to Light green

Funding associated with this framework will finance programs aimed at promoting soil decontamination, preventing environmental damage, and promoting waste recycling.

Environmentally sustainable management of living natural resources and land use Medium green

Funding associated with this framework will finance programs aimed at ensuring nature's conservation, promoting its efficient management, and supporting its sustainable protection. These programs can include activities such as ecosystem conservation and restoration, biodiversity protection, sustainable management of natural resources, and sustainable agricultural and forestry practices.

Terrestrial and aquatic biodiversity conservation Medium to Light green

Funding associated with this framework will finance programs aimed at conserving biodiversity in terrestrial and aquatic ecosystems in Galicia.

Clean transportation Medium green

Funding associated with this framework will finance programs aimed at replacing fossil fuel vehicles with electric vehicles (EVs).

Sustainable water and wastewater management Medium to Light green

Funding associated with this framework will finance programs aimed at improving water quality.

Climate change adaptation

Dark green

Funding associated with this framework will finance programs to boost climate change adaptation in Galicia. These initiatives seek to reduce the region's vulnerability to climate change and strengthen the resilience of natural and socioeconomic systems.

See [Analysis Of Eligible Projects](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Entity Description

Xunta de Galicia is the regional government of the autonomous community of Galicia, in northwest Spain. Galicia's urban network is made up of seven main cities (the four provincial capitals of A Coruna, Pontevedra, Ourense, and Lugo; the political capital Santiago de Compostela; the industrial cities of Vigo and Ferrol; and other small towns). The fifth-largest autonomous region in Spain by area, it has a surface area of 29,574 square kilometers and a population of 2.7 million, or 5.7% of Spain's total, according to Eurostat. Galicia's GDP per capita of €25,906 in 2022, amounted to 92% of the national average in 2022, up from 77.6% in 2000.

Historically, animal husbandry and farming were the primary sources of income in Galicia. Until industrialization, the economy was based on fishing and farming. Today, the region is a producer and manufacturer of goods including textiles, automobiles, ships, timber and a provider of biotechnology and IT services. Agriculture and farming represent 3.7% of Galicia's GDP (compared with the national average of 2.3%).

Material Sustainability Factors

Social risks

Governments play a crucial role in ensuring the development of society and economy. Depending on national and local socioeconomic circumstances, governments can prioritize issues of economic advancement, poverty, hunger, or inequality reduction, access to essential services or infrastructure, access to clean water and sanitation, or other social goals. For Galicia, the key social risks encompass poverty, social exclusion, and gender inequality.

Spain is a high-income economy with a Human Development Index (HDI) of 0.905 (2021), ranking 27th of 191 countries. Galicia has significantly improved its prosperity in recent decades and is nearing the national average, though challenges remain. For instance, it still has a high rate of risk for poverty. On employment, Galicia performs slightly better than the national average, but is still behind the European average. Access to and affordability of essential services and housing can strongly influence local communities' livelihoods, especially for people in rural regions and low-income populations. Spain's rural areas (which covers 14.2% of Galicia's population) have worse accessibility to services than the European average. Finally, sites with high renewable potential are often in or near communities, which can prompt local opposition, as Galicia recently experienced.

Climate transition risk

Policymakers have a key role in bringing about the drastic cuts in greenhouse gas (GHG) emissions needed to address climate change. While the breadth of signatories to the 2015 Paris Agreement provides a basis for global action, current climate pledges fall significantly short of the reductions needed to reach net zero by 2050. A lack of policies to support climate pledges exacerbates the challenge, making it likely that warming could exceed 1.5°C compared with pre-industrial levels in the near

future. Indeed, current commitments are expected to result in a broadly constant level of global emissions of about 60 gigatons (Gt) of carbon dioxide-equivalent a year. As a result, warming is likely to exceed 3°C by the end of the century.

Spain is responsible for 9% of the EU's total GHG emissions. The economy's carbon intensity is slightly below the EU average. The country has significantly increased its energy transition ambition, moving from a 2020 target of a 20% share of renewable energy in the energy mix to a 2030 target of 42%, in line with the EU green deal. The country plans to focus primarily on deploying solar and wind power. In Galicia, the largest source of emissions stem from the production of electricity by conventional means, such as with fossil fuels, as well as from mobile and stationary combustion, and other direct energy-related activities, accounting for 71.1% of total emissions. Other sectors responsible for emissions include agriculture, forestry, and other land use, accounting for 18.9%, 7.4%, and 2.6% of the total, respectively.

Physical climate risk

Physical climate risks can affect many economic activities without adaptation measures. If GHG emissions increase unabated, this will drive more frequent and severe climate hazards. Although the physical impact of climate change and extreme weather events will continue to play out globally, climate hazards--including heat waves, flooding, and wildfires--typically have local impacts, and the indirect impact of these events could ripple through different channels (such as the volume and pricing of traded goods and services), extend beyond borders, and cascade through sectors. In Galicia, the length and frequency of droughts are expected to increase. Historically, in the region, most extreme weather event warnings included waves (34%), wind at sea (26%), and strong winds on land (15%). The weather events led predominantly to material damage (32%), communications problems (21%), and issues in maritime and port areas (18%).

Other environmental risks

Governments play a key role in protecting biodiversity and containing land, air, and water pollution. Economic development goals could exert considerable pressure on natural ecosystems, both locally and with trading partners. For Galicia, the other material environmental risks include water, waste, biodiversity, and resource use. In areas with great water stress, forest masses may suffer from degeneration and turn into scrubland or other smaller vegetation. The recycling rate of domestic and industrial waste is half the European average, and there are challenges associated with the waste treatment technology and sorting waste by type. Galicia has a diverse marine and terrestrial ecosystem, as well as a large number of endemic and rare species of flora and fauna.

Issuer And Context Analysis

Galicia aims to address its most material sustainability factors and support hitting the region's 2030 targets with the eligible projects categories. Investment in employment, affordable housing, and infrastructure, as well as access to essential services and socioeconomic advancement, will help minimize Galicia's social risks issuer. Renewable energy and energy efficiency projects will address climate transition risks, as they lead to GHG reductions, while the funds directed towards pollution prevention and control, biodiversity and resource use, clean transportation, and sustainable water and wastewater management will contribute to mitigating nonclimate environmental risks. In addition, we consider investments in the adaptation project highly important in boosting Galicia's resilience against climate change.

Xunta de Galicia's 2022-2030 strategic plan sets 10 major goals by 2030, five of which are social, helping the region continue its significant progress. The region's GDP per capita has converged towards the national average in the past 20 years, to 92% in 2022 from 77.6% in 2000. Its primary goal is to reach 98% of the national GDP per capita in 2030. Galicia's population at risk of poverty decreased slightly to 19.4% in 2022 from 20.9% in 2008, now affecting mainly 20 year olds-29 year olds. The issuer aims to reduce the level of people at risk of poverty or social exclusion to 14% by 2030. It intends to promote technical and social care and support, and the development of social inclusion itineraries to participants at risk or situation of poverty. Galicia's goal is also to lower unemployment to 8% by 2030 (versus 11% in 2022). Spain is one of the

lowest-ranked European countries in terms of employment, and although Galicia is slightly better than the national average, it is still far from the EU average. The region intends to address this through enhanced training and education programs, and improved public services to support labor market inclusion. Galicia further seeks to achieve gender equality by 2030 by fighting stereotypes, increasing the proportion of women in the labor market, eliminating the gender wage and pension gaps, and achieve gender balance in leadership positions.

Xunta de Galicia's ambitions will help it continue its GHG reduction efforts. The region aims to absolute GHG emissions 64% by 2030 from a 2005 baseline and becoming climate neutral by 2050. In 2021, the year for which the latest data are available, emissions in Galicia were only 39.4% of 1990 levels and were well below the Spanish and EU rates. The region's decarbonization strategy is primarily based on carbon reduction and removal within the region, as opposed to offsetting solutions through international projects. It will reduce its GHG emissions through increasing the share of on-site renewable energy sources, promoting energy efficiency, and prioritizing reductions in energy, industry, mobility, and agriculture, where most emissions come from. With regards to carbon removals, the regional government seeks to enhance carbon absorption capacity in managing forests, land use, and ecosystem conservation activities.

The issuer has conducted physical climate risk and vulnerability assessment at a sectoral level based on commonly used climate scenarios, which we view positively. Furthermore, it conducted the climate-related scenario analysis to determine how the most relevant sectors would be affected by the physical climate risks based on the Intergovernmental Panel on Climate Change's Representative Concentration Pathway through to 2100.

Xunta de Galicia will prioritize circular economy principles and the protection of natural heritage. Specifically, the issuer seeks to increase the recycling rate of urban waste under the municipal jurisdiction 60% by 2030, almost tripling the rate compared to 2019. However, the proportion of municipal rate recycled in Galicia is lower than in Spain overall. In response, Galicia has established the Galician Circular Economy Strategy 2019-2030 to promote the use of recycled or reused materials, increase visibility of repairing activities, and promote specialized training for product refurbishment. The Natura 2000 Network participation is one of the region's strategic priorities to promote the management and conservation of biodiversity. The regional government seeks to implement recovery and conservation plans for threatened species and protected areas, promote scientific research, monitor the conservation status, and finance the protection of valuable ecosystems, such as marshes and wetlands.

Alignment Assessment

This section provides an analysis of the framework's alignment to the Social and Green Bond principles.

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
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✓ Use of proceeds

All of the framework's environmental project categories are shaded in green, and the issuer commits to allocate the net proceeds of bonds issued under the framework exclusively to eligible green and social projects. The framework has eight environmental and six social categories, through which Xunta De Galicia aims to achieve its sustainability goals. See the Analysis of Eligible Projects section for more information on our view of the environmental benefits of the expected use of proceeds. Positively, the issuer does not plan to use proceeds for refinancing--100% of proceeds will be allocated to eligible projects, which will be undertaken in the year in which the debt is formalized.

✓ Process for project evaluation and selection

The framework outlines the process to select and approve eligible projects and assets. Initially, the Planning and Budgeting department will collect data regarding eligible projects. Then, the Sustainable Finance Committee, after consulting with relevant departments, will decide on project eligibility. Eligible projects will be subject to the company's due diligence, and environmental and social risks will be assessed. To support this, Xunta de Galicia has outlined an exclusion list, ensuring that no activities related to fossil fuels, nuclear energy, and large hydro, among others, can be financed under the framework. Moreover, the issuer identifies relevant objectives for all eligible green and social projects and defines target populations based on governmental references from the applicable jurisdiction of the eligible social projects.

✓ Management of proceeds

The issuer is committed to tracking net proceeds. Although no separate account is used to manage proceeds, net proceeds will be administered within Xunta de Galicia's normal treasury current account and supervised by the directorate general of Financial Policy and Treasury. The total expenditure required for eligible programs will equal or will exceed net total proceeds. In case the financed project becomes ineligible or cancelled, Xunta de Galicia will use the proceeds to finance other eligible programs. The issuer will temporarily keep the funds not allocated in the treasury account, which is managed following Galicia's financial and budgetary regulation. Therefore, unallocated funds could temporarily be liquidity positions or interim deposits in banks.

✓ Reporting

The issuer commits to publish an allocation report within one year of issuing the sustainable bonds and annually thereafter until the proceeds are fully allocated. The reporting will include the total amount of investments and expenditure in the portfolio of eligible Green/Social Projects, the year of investment/disbursement (where possible), and the balance of unallocated proceeds. Xunta de Galicia will report on the social and environmental impacts of projects financed through the monitoring framework of the Strategic Plan of Galicia. The allocation report will be available on the issuer's website. Positively, we expect the issuer will refer to and adopt the guidance and reporting templates provided in the Harmonized Framework for Impact Reporting.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

Xunta de Galicia expects to allocate 90% of the proceeds under the framework to the social project categories.

For social projects, the issuer expects to allocate 96% of proceeds to finance access to essential services and 1% to each of the remaining social categories: affordable basic infrastructure, affordable housing, employment generation, and programs designed to prevent or alleviate unemployment stemming from socioeconomic crises and food security and sustainable food issues.

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For green project categories, Xunta de Galicia expects to allocate 45% of proceeds to environmentally sustainable management of living natural resources and land use project category, 21% to clean transportation, 13% to climate change adaptation, 10% to energy efficiency, 7% to terrestrial and aquatic biodiversity conservation, 3% to renewable energy, and 0.2% to pollution prevention and control.

Proceeds will finance eligible green and social projects.

Social project categories

Access to essential services

Budgeted funds will finance programs aimed at improving education, health, and social services for families and children. Programs include:

- Subsidies for early childhood, primary and secondary education, special education, and vocational training.
- Subsidies for transportation, lunchrooms, and textbook and school supply purchases.
- Projects related to training practices in companies and institutions for vocational training students.
- Construction, repair, expansion, and improvement of preschool, primary and secondary education centers.
- A dependency care program.
- Projects for people with disabilities.
- The Galician vaccination program.
- Construction, repair, extension, and improvements in hospitals and health centers.
- Supply of blood derivatives for the Galician Agency of Blood, Organs and Tissues.
- Drug addiction prevention programs.
- Health and social-health programs and hospital care.

Analytical considerations

- Galicia's Strategy Plan for 2022-2030 includes the promotion of an inclusive and quality education and strengthening accessible and quality health care. We expect most funding under this category to be for hospital care, followed by projects with educational purposes.
- For health care, the municipality's strategic objectives include promoting comprehensive care to cover the population's different needs, and modernizing and improving infrastructure, making health centers more energy efficient. It also aims to implement high-tech equipment and innovative technologies to improve the work of prevention, diagnosis, treatment, control in health care. About 67% of Galicians aged 15 and over have a chronic or long-term health problem. We also understand that about 7,000 Galicians receive health care at home, with many being almost two hours away from the nearest hospital. The government aims to strengthen the educational system of early childhood, primary, and secondary education through the reform and modernization of systems, and development of capacities for the digital economy. It also aims to increase participation in professional training and specialization courses in close connection with companies. Galicia's school dropout rate was 12% in 2020, lower than the national average of 15% but higher than the EU average of 10%.
- For dependency care, in 2021, 2.86% of Galicia's population benefited from this program, mostly for home assistance, followed by financial benefits for family care. In its strategic plan, Xunta de Galicia aims to increase residential care services, daytime care, and help at home, focusing on people with issues based on age, illness, or disability and linked to a loss of autonomy.

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- The framework does not specify the target population for this category given that it covers a wide range of projects, mostly for the general population. Eligible projects will be available for the entire population, such as free daycare or health care, or the issuer will ensure they are accessible to vulnerable groups as subsidized services.
- Although not influencing the social impact, we note the potential environmental risks of the construction, repair, expansion and improvement of education and health centers, notably the potential use of high-embodied emissions materials like steel and cement and the impacts on biodiversity. In its strategic plan, the issuer states it aims to make health centers more energy efficient and promote the circular economy.

Affordable basic infrastructure

Expenditure will finance programs aimed at improving essential infrastructure. Programs include:

- Service infrastructures to the rural population.
- Improvement of rural roads.
- Actions to improve and maintain bus stops and stations.
- Construction of multimodal stations.

Analytical considerations

- Eligible projects are linked to Galicia's strategic plan 2022-2030 goal of improving accessibility in rural areas through improved infrastructure, improved access to basic services and job creation, and the goal of promoting sustainable mobility. Eligible projects will cover the creation or rehabilitation of transportation infrastructure, specifically for rural areas, with the aim of addressing rural abandonment in Galicia and encourage the use of public transportation. The issuer refers to rehabilitation works on bridges as a flagship project under this category, favoring transit between villages and supporting connectivity.
- Supporting connectivity is key, particularly in Galicia's rural areas, where 14.2% of the region's population live. There are more than 30,000 population centers in Galicia. A report by the Bank of Spain notes that the country's rural areas have worse accessibility to services than the European average. In Galicia, rural areas have an average distance to essential services of 14.68 kilometers (km) in 2011, although lower than the national rural average of 22.69 km. For urban areas, this is 2.42 km (in line with the national urban average of 2.16 km).
- Service infrastructures and rural roads will not be charged to the end user neither will transportation routes for students, therefore ensuring the affordability of these eligible projects. Overall, we view connectivity to rural areas as necessary to improve rural populations' access to essential services.
- In the financing framework, rural areas are defined as those not densely populated (areas with more than 500 inhabitants per square km [1/km²] or the total population is at least 50,000) nor intermediate zones (density greater than 100 inhabitants/km² and, or the total population of the area is greater than 50,000 inhabitants). We view positively that the definition follows Galicia's Statistics Institute and Eurostat's definition.
- Although not influencing the social impact analysis, there are emissions risks from fossil fuel vehicles on road infrastructure projects, as well as impacts on pollution levels. In addition, the construction of roads and stations might require the use of high embodied emissions materials like cement and can contribute to land use and biodiversity risks.

Affordable housing

Expenditure will finance programs aimed at facilitating access to housing, whether owned or rented, especially for the most disadvantaged groups. This expenditure includes:

- Housing construction and renovation projects.
- Initiatives that support the regeneration and rehabilitation of housing, especially older units.

- Rental or housing purchase subsidies for vulnerable groups (although not all potential beneficiaries will be considered).

Analytical considerations

- Eligible projects are linked to Galicia's Strategic Plan 2022-2030 goal of improving access of housing and its living conditions. These projects include programs to support the acquisition of publicly promoted housing (homes sold at a discount), housing rental assistance programs, social rental voucher programs, and housing purchase subsidies.
- Housing affordability affects mostly the poor and young in Galicia. In 2022, 24.5% of those in poverty spent more than 40% of their disposable income on housing-related expense. Simultaneously, 64.3% of people from 18-34 years old lived with their parents in 2022, despite 52.4% of them working. Galicia's Strategy Plan 2022-2030 aims to promote social rent so that people in "vulnerable situations" allocate a maximum of 30% of their available income to house-related expense.
- The target population defined in the framework, "the most disadvantaged groups", follows the definition laid out by the Galician Institute of Consumption and Competition, and will be complemented by Spanish legislation to consumers and users against situations of social and economic vulnerability, although we think this needs more specificity. Positively, home and rent assistance programs have detailed criteria and are linked to household income, using Spain's Multiple Effects Public Income Indicator (IPREM) as its reference point.
- Galicia's publicly promoted homes both new and acquired, are targeted to incomes below 3.5x IPREM for new or 5.5x for older units. For publicly promoted homes, the house's price is based on household income, with discounts that reach up to 50% of the sale rental price.
- The housing rental assistance program provides aid to tenants with IPREM below 5x, with of up to 50% of the rental price (for those whose income is within 0.5x-1.5x IPREM). In addition, the social rental voucher program facilitates access to rental housing, specifically for victims of gender-based violence, people subject to eviction, homeless people, and other vulnerable people with an income below 1.5x IPREM. In this case, aid can reach up to 100% of rent for 12 months.
- For housing purchase subsidies, the issuer will facilitate the mortgage loans to people up to age 36, guaranteeing 20% of the mortgage loan, if houses are in municipalities with a population of 10,000 or less.
- Although not influencing the social impact analysis, the construction of publicly promoted homes has environmental requirements concerning energy performance, management, the prevention of waste, and the inclusion of circular principles.

Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of small and midsize enterprise (SME) financing and microfinancing

Financing associated with this framework will finance programs aimed at creating stable and quality employment while promoting the hiring of the unemployed. Actions in this field seek to benefit mainly the most vulnerable groups. Related expenditure include:

- Promotion of self-employment and entrepreneurship.
- Guidance, coaching, and training to accelerate entrepreneurial initiatives.
- Programs to promote young people's entry into the labor market.
- Training plans aimed at improving job prospects for the long-term unemployed and young people.
- Subsidies and support for employment in rural areas.
- Subsidies and support for artistic and cultural productions.
- Subsidized hiring and other recruitment support programs.
- Support programs for SMEs.

Analytical considerations

- Within Galicia's Strategy Plan for 2022-2030, the region aims to reduce unemployment to 8% in 2030, youth unemployment to 18%, and temporary employment to 18%. Eligible programs aim to support employment by giving companies incentives to hire from specific groups, promoting entrepreneurship, and other support programs with an indirect effect of preventing unemployment.
- Galicia's unemployment was 11% in 2022. Although this is two percentage points below Spain's national unemployment rate, it is almost 2x higher than the EU's 6.2%. Specifically, youth unemployment remains high, at 32.5%, slightly above the country's rate (29.8%) and almost twice the level of the EU (14.5%). Temporary employment was 19.4% of all employment, which is marginally lower than the national level of 21.5% but higher than the EU (12.1%).
- The target population defined in the framework, "the most disadvantaged groups", follows the definition laid out by the Galician Institute of Consumption and Competition, and will be complemented by Spanish legislation to consumers and users against situations of social and economic vulnerability, although we think this needs more specificity .
- Incentive programs for employment and training aims to support those with difficulties in labor market insertion, such as people younger than 30 and older than 52, returned emigrants or foreigners, women, long-term unemployed, disabled people, or those at risk of social exclusion. Support goes to companies that provide permanent contracts, and the amount varies depending on the group that is hired from (for instance, companies get the maximum amount of support if a disabled person or one at risk of exclusion is hired). The program requires that a company keeps the subsidized worker at least 36 months.
- We view positively that eligible projects include the promotion of entrepreneurship. Besides promoting self-employment, it could create jobs.
- Support programs for SMEs relate to Galicia's loan for strategic investments, aiming to support investment projects, production expansion, and facility improvement. This is aimed at SMEs without access to finance. Although these programs do not have an employment precondition, they indirectly support job creation and protection because their aim is to ensure the SME's survival.

Food security and sustainable food systems

Funding under this framework will finance programs aimed at promoting quality and sustainability in Galicia's food systems, focusing on the rural economy and local production. These initiatives aim to promote and protect the differential quality of Galician food products, promote research and technological development in the sector, and promote research and development activities in agriculture and forestry. Some spending areas in this category include:

- Actions aimed at promoting and protecting products covered by quality designations and indicators. In this vein, we highlight the role of designations of origin (DOP), protected geographical indications, food craftsmanship, and (most notably) organic production. This covers not only environmental, but social and economic factors, as they are drivers rural economic development.
- Activities related to quality control of agricultural and livestock products, including prevention of diseases.

Analytical considerations

- Eligible projects relate to Galicia's goal of increasing the profitability and competitiveness of agriculture and livestock, with the aim of supporting rural economies and local production and incentivizing residents to stay in rural areas.
- For quality control of agricultural products, Galicia aims to increase the number of producers with the designation of origin and protected geographical indications certifications, which are granted to products that meet requirements related to their geographical origin, production methods, and organoleptic characteristics. The region's update on food quality law in February 2024 reinforces this goal by establishing the official compliance control for the marketing of food products.
- Some proceeds will fund farms' required sanitary programs and control of animal diseases and supporting voluntary livestock health defense groups. Mandatory programs to eradicate, monitor and control of animal diseases allowed for

incidents to decrease close to eradication levels in the region. In addition, in its strategic plan the issuer identified that it has few voluntary health program groups, but they are important in addressing other animal diseases, which is the trend in other European markets.

- Galicia aims to ensure sustainable food production systems and to apply resilient agricultural practices that increase productivity, contribute to ecosystems and strengthen the capacity to adapt to climate change by 2030. Positively, the strategic plan includes the goal of reducing the impact of agriculture and animal husbandry on the environment by reducing pollution into water and soil, and soil erosion. There are climate emission risks from projects supporting livestock, although these environmental considerations do not influence our social analysis.

Socioeconomic advancement and empowerment

Proceeds from issuances under this framework will finance programs that promote gender equality or antidiscrimination, devise a social integration strategy to improve the welfare of citizens, and especially help the most disadvantaged. This expense includes:

- Conciliation and demographic dynamism measures.
- Promotion of volunteering.
- Equality and welfare services.
- Resources and programs to promote work-life balance and shared responsibility.
- Subsidies and support for female victims of gender-based violence.
- Actions fighting poverty and social exclusion.
- Programs to support children.
- Resources to support dependent persons or those with special needs.
- Subsidies and specific actions to support social integration.

Analytical considerations

- Eligible projects are targeted to support Galicia's social integration strategy and contribute to full gender equality by 2030.
- Galicia's Strategic Plan seeks to promote female involvement in all social and professional areas and decision-making processes. Eligible projects provide services for children and people with special needs, and alleviate the stresses of related caregiving on women, given that woman caregivers (about 63% in 2017) outnumber male ones (37%).
- The poverty and social exclusion rate in Galicia was 19.2% in 2021, about 7 percentage points below Spain's rate. Within the Strategic Plan, the region aims to reduce this rate to 14% by 2030. Eligible projects are integrated into Galicia's social inclusion income program.

Green project categories

Renewable energy

Assessment

 **Dark to Medium green**

Description

Programs here are aimed at increasing renewable energy in Galicia and promoting a low-carbon economy. Related expenditure includes:

- Subsidies and other types of support for renewable production (solar and wind energy) and technological development with the aim of increasing individual demand by households and businesses.

- Actions that contribute to energy diversification through the generation of renewable energy and the substitution of fossil fuels and petroleum-based products.

Analytical considerations

- The energy system in Galicia predominately relies on imported fossil-fuel powered energy and is responsible for the majority of greenhouse gas emissions in the region. We assign this project category an interval shade, Dark-to-Medium green, given that renewable energy production from the solar and wind power plants directly contributes to achieving Galicia's climate objectives and the low-carbon future. However, including projects related to biogas and biomethane production carry more climate risks and, therefore, introduces a Medium green element to the shading.
- The majority of proceeds in this project category will support the production of renewable energy from solar and wind power plants. This directly supports the strategic plan, under which the regional government set a target to increase the share of renewable energy in energy consumption by 58% and in electric power generation 84.8% by 2030 compared with 2019 levels. The current share of renewable energy in final energy consumption in Galicia (43.5%) is higher than the European (21.8%) and Spanish (20.7%) averages. Positively, Galicia's primary energy, which includes only locally produced energy, is mostly renewables-based, with wind power accounting for 31.5%, followed by biomass and biogas at 30.8% and hydropower at 26.1%. However, the issuer imports 75% of the total energy consumed from the rest of the state and other countries to meet its energy demand. The bulk (53.4%) of imported energy is crude oil, followed by natural gas (26.2%). For this reason, financing will support to increase the share of self-generated renewables and, therefore, decrease the dependency on outside sources and associated GHG emissions.
- Some proceeds will be allocated towards diversifying energy and replacing fossil fuels and petroleum-based products. We understand from the issuer that the energy diversification includes production of biogas and biomethane, as well as exploring renewable energy from marine energy and green hydrogen. While biogas can contribute to climate change mitigation and has circular economy benefits, its climate risks and impacts depend on factors such as feedstock, unintentional emissions from leakages or discharges of gases, and transportation distances and mode. As a result, biogas in general is exposed to transition risks, particularly via tightened restrictions on feedstocks and control of methane emissions. It is unclear how the issuer will address the risks associated with methane leakage. While green hydrogen is part of the 2050 solution due to its low emissions, energy storage potential, and capacity to decarbonize sectors that cannot be powered by renewable electricity, there are risks associated with the leakage of hydrogen, such as increase in atmospheric lifetime of methane. The leakage of stored hydrogen is difficult to avoid, given the molecule's small size and density.
- The energy sector is highly exposed to physical climate risks. Extreme weather events, such as heat waves, flooding, and wildfires are becoming more frequent and severe and can result in power outages for large populations of users. Positively, the issuer has already conducted the physical climate risk and vulnerability assessment, including an impact analysis on Galicia's energy sector.
- Renewable energies like solar and wind are vital, but their infrastructure can affect local biodiversity if not managed properly. In response, the issuer commits to comply with the EU taxonomy's do no significant harm criteria, including conducting environmental impact assessment and take associated mitigating actions.

Energy efficiency

Assessment

 Light green

Description

Programs here are aimed at promoting energy savings and efficiency in companies, households, and public infrastructure. This expense includes:

- Subsidies, grants, or support for the rehabilitation or retrofitting of residential buildings.
- Rehabilitation, energy saving, or efficiency measures in public buildings and facilities: schools, hospitals, health centers and other administrative facilities.
- Bonuses or other forms of aid for companies that implement measures and projects that contribute to energy efficiency.

Analytical considerations

- Energy efficiency is key to limiting warming to below 2°C. According to the Intergovernmental Panel on Climate Change, energy efficiency requires the most significant investment. We assign a Light green shade to this category, given its contribution to decreasing the dependency on imported fossil energy. However, a lack of quantified performance improvement thresholds, along with the uncertainty concerning the ambition level, limits visibility on expected energy efficiency benefits.
- Proceeds in this project category will support the rehabilitation and retrofitting of residential and commercial buildings. This is important, given that more than 90% of real estate properties in Galicia obtained a very low energy performance rating, corresponding to Energy Performance Certificate (EPC) D or lower. This is because 65% of buildings in Galicia were built in the 1970s and 25% since 2002. There is no threshold in the eligibility criteria in terms of the energy performance requirements in selecting buildings under financing, such as eligibility criteria for existing buildings (built before Dec. 31, 2020) that either have or will receive EPC A or EPC B designations; or within the top 15% of the national building stock, expressed as operational PED. However, to incentivize energy efficiency, the regional government offers tax deductions to those taxpayers who aim at improving the energy performance certificate level by at least one letter, with the focus on carbon dioxide emissions reduction and improvement in nonrenewable primary energy consumption scale. Positively, financing will not apply to buildings that include direct heating from fossil-fuel sources.
- Proceeds will also support companies that implement measures and projects that contribute to energy efficiency. In total, Galicia aims to achieve 48.8% improvement in energy efficiency by 2030. We understand that the minimum energy savings requirements through energy efficiency measures will depend on the scope of the business, the sector, and other characteristics. For example, the Energy Institute of Galicia requires SMEs and large companies in industrial sectors a minimum energy savings corresponding to €14,501 annually, while the requirements for household appliances depends on a specific product. The Light green shading reflects that while some energy efficient white goods and equipment are important in the perspective of 2050 goals, the issuer's eligible energy classes are widely used or below the average energy classes for certain white goods and products, so there is uncertainty as to the criteria's ambition level. Furthermore, the criteria do not take into account issues, such as refrigerant threshold, embodied emissions, or global warming potential (GWP), representing a significant shortcoming.
- Positively, under its physical climate risk and vulnerability assessment, the issuer analyzed the potential impact of changing climate on buildings in Galicia. The assessment considers their location, design, or operation in terms of their susceptibility to climate change. Most importantly, special attention was paid to existing buildings and the objective is to increase their resilience against extreme weather events.

Pollution prevention and control

Assessment

 **Medium to Light green**

Description

Programs here are aimed at promoting soil decontamination and preventing other environmental damage, as well as promoting waste recycling. These include:

- Actions to monitor, control, and reduce environmental damage that could affect the health of the Galician population.
- Support and subsidies for recycling and waste management in households and the industrial network.

Analytical considerations

- The recycling rate of municipal waste in the EU stood at 48.7% in 2021, according to the European Environment Agency. Under the European Commission's Waste Framework Directive, member states are legally bound to recycle or prepare for reuse 60% of municipal waste by 2030. In 2021, the recycling rate of municipal waste in Spain stood at 36.7%, while in Galicia it is below the national and the EU average, accounting for 22.5% of total municipal waste.
- We assign the investments directed towards waste management and recycling, as well as promoting soil decontamination, a Medium to light green shade, given that they follow the waste hierarchy, promote circular economy principles, and

support the issuer's and national waste targets. However, the risks associated with decoupling economic growth from waste generation, and the links to fossil-fuels adds a Light green shade to this project category.

- Proceeds will mostly support waste management and recycling in households and industry. To meet the waste recycling target set under the Strategic Plan, the issuer has to triple the current level (22.5%). To address this challenge, some initiatives under financing include following the waste hierarchy outlined in the European Commission's Waste Framework Directive, therefore, prioritizing prevention of waste generation and preparation for reuse, recycling, recovery, and disposal. Other initiatives include enhancing the waste collection and sorting activities, extending the life span of products, increasing the availability of secondary raw materials, awareness campaigns, and reducing the consumption of virgin raw materials, to mention a view. While these initiatives support the transition towards the circular economy and meeting waste objectives, there are persistent difficulties with decoupling economic growth from waste generation, as well as lack of thresholds for emissions associated with fossil fuel use in waste transport and processing. Furthermore, while energy recovery (incineration) is a more climate-friendly solution than landfilling, it is not fully in line with a low carbon future given the associated emission and pollution risks.
- Eligible projects include soil decontamination, which refers to restoring soil quality or mitigating contaminants in soil. The issuer will finance monitoring and controlling measures against environmental damage, which we view positively, given the potential negative impact on the Galician population's health.

Environmentally sustainable management of living natural resources and land use

Assessment

 **Medium green**

Description

Programs here are aimed at ensuring nature preservation, promoting its efficient management, and supporting its sustainable protection. These programs can include activities such as ecosystem conservation and restoration, biodiversity protection, sustainable management of natural resources, and the promotion of sustainable agricultural and forestry practices. Specifically, these include:

- Subsidies and support for sustainable forestry activities, particularly those related to maintenance.
- Actions aimed at forest conservation, including activities for the prevention and control of forest fires.
- Initiatives for reforestation of areas affected by fires and other natural disasters.
- Sustainable development in fishing areas (excluding activities related to tourism).

Analytical considerations


- Galicia is characterized by a relatively high share of forested area, which represents over 60% of its territory and accounts for 11% of the total forest area in Spain. However, Galicia is the Spanish region with the smallest area of forest under legal protection (approximately 12% of Galician territory, compared with the national average of 24%), even as it is one of the regions most affected by forest fires. Maintaining and preserving the health and vitality of forests is crucial for mitigating climate change, given their role as carbon sinks.
- We assign programs supporting sustainable forest management practices a Medium green shade, because they are a key component of the issuer's decarbonization strategy and contribute to preserving valuable terrestrial and marine resources. On the other hand, the limited amount of certified forest area, and the persistence of structural issues associated with forest land distribution and ownership in the region, could impede conservation programs in private forests.
- The majority of proceeds will finance forest maintenance and conservation activities, such as reforestation, afforestation, monitoring the conservation status, and scientific research. In our view, these activities are key to halting the degradation of forest ecosystems and enabling the absorption of carbon dioxide, which is essential to meet the issuer's climate goals. In 2021, the year for which the latest data are available, over 9 million tons of carbon dioxide equivalent were absorbed in Galicia through forests. Positively, the issuer commits to align its forest conservation and management activities with the Pan-European Guidelines for Afforestation and Reforestation with a focus on the provisions of the U.N. Framework

Convention on Climate Change, which ensures implementing economically viable, environmentally sound, and socially equitable afforestation and reforestation practices. Proceeds will also support activities to prevent and control forest fires. This is important, given that fires are the main reason behind deforestation in Galicia. Forest degradation and deforestation, in turn, can become the largest source of GHG emissions without mitigation activities.

- Of forested area in Galicia, 97% is privately owned. While private forest owners are the main forest ownership group within Europe, structural challenges and societal heterogeneity (gender, age, education level, and economic forest management factors) could hinder programs' implementation. To address this, the regional government intends to encourage the consolidation of forest owners with joint forest management systems to achieve both sustainable and profitable use of forests, as well as conducting awareness campaigns.
- The number of environmentally certified forest areas in Galicia is very limited. The issuer established 200,000 hectares of environmentally certified forest area threshold from 2020-2025, or about 10% of Galicia's total forest area. According to the issuer's forest management strategy, the sustainable forest certifications, including the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification, are voluntary.
- Some proceeds will be allocated to promote sustainable development in fishing areas. Initiatives include training programs, research on pathologies of marine organisms subject to commercial exploitation, monitoring seafood quality and security, and prevention and control of activities that could impair the sustainability of marine resources. Positively, activities related to tourism will not be financed. In our view, this project will contribute to protection of marine biodiversity, minimize impacts of climate change, support the sustainable growth of the blue economy, and promote the quality and food safety of sea products.

Terrestrial and aquatic biodiversity conservation

Assessment

 **Medium to Light green**

Description

Resources associated with this element will finance programs aimed at ensuring the conservation of biodiversity in terrestrial and aquatic ecosystems in Galicia, including the protection of coastal, marine, and watershed environments. Spending includes:

- Compensation for damages.
- Assistance for the conservation of certain species. Biodiversity protection and conservation.

Analytical considerations

- The protection and restoration of terrestrial and aquatic ecosystems can generate benefits such as conservation of biodiversity and ecosystem services critical to 2050 goals.
- Proceeds under this category will finance compensation for damage caused to livestock and agricultural holdings by wildlife subject to a special protection regime (specifically the Iberian wolf and brown bear). We view positively that the project manages human-wildlife conflict risks from a conservation perspective, although financing will be for livestock replacement and agricultural measures, which have their own climate and environmental risks and add a Light green shade to this project category.
- The issuer plans to develop ecotourism infrastructure, such as paths, routes, building conditioning, and sustainable energy systems, to enhance public use of nature. We view positively projects that are climate resilient and avoid significant emissions, local pollution, and biodiversity impacts. However, recognized ecotourism standards and principles are not defined, making the environmental benefits and risks uncertain and limiting our shade on this project to Light green.
- This category includes studies of ecosystems, habitats, and species, mapping of habitats and digitization of environmental information on wild flora and fauna. Additionally, it will entail actions for the restoration, conditioning, and conservation of habitats and ecosystems, as well as those of protected species. We have a positive view of these dedicated conservation activities, which are consistent with a low-carbon climate resilient future.
- Projects include actions to reduce fragmentation and loss of ecological connectivity and elimination of invasive species, which have negative ecological, economic, and health consequences. According to the 2011 report of Ministry of Agriculture and Fisheries, Food and Environment, 192 invasive foreign species were found in Galicia, including 112 plants, 25

birds, 23 invertebrates, 11 fish, five reptiles and amphibians, and four mammals. Its expansion is a particular concern in this region. While invasive species removal is positive to support ecosystem health, if chemical control measures are implemented, local pollution and ecosystem impacts from pesticide could result.

Clean transportation

Assessment

 **Medium green**

Description

Associated resources will finance programs aimed at promoting the replacement of fossil fuel vehicles with EVs. These expenditures include, among others:

- Acquisition of electric taxis or other types of vehicles.
- Renewal of vehicles belonging to the fleet of the Xunta, aiming to make them more sustainable.
- Promotion of public transport and sustainable mobility (for instance, funding for acquiring pedal-assisted bicycles).

Analytical considerations

- EVs and other low-emission transport products, and the related charging infrastructure, are important for decarbonizing the transportation sector. The issuer stated that it will comply with EU taxonomy standards, so funding vehicles that meet an emissions limit of 50 grams of carbon dioxide per kilometer until the end of 2025, and zero-emission vehicles acquired only as of the beginning of 2026 will be considered eligible for this category.
- The Ministry of Infrastructure and Mobility (Galicia), through this project category, intends to promote the purchase of electric taxis and eco-vehicles (or hybrids), renew Xunta de Galicia's fleet with the goal of allocating the majority of funds to EV, and encourage the use of public transport, including pedal-assisted bicycles. Projects such as electric taxis and the promotion of public transport and sustainable mobility have some Dark green characteristics; however, the overall shade is Medium green due to eco-vehicles' dependency on fossil fuels and a lack of consideration for EV supply chain and end-of-life risk.
- EVs provide significant lifecycle emissions savings compared to internal combustion engine vehicles, especially when manufacturing and charging processes are powered by renewable electricity. This project category also aims at promoting electric mobility and includes the implementation of charging points for EVs. There are considerable risks in the EV value chain, related to the sourcing of batteries and their materials, as well as life-cycle emissions. Meanwhile, it is unclear if the negative impacts from local pollution in the battery value chain will be addressed.
- Eco-vehicles (hybrid) have relatively immediate benefits. However, the dependency on fossil fuels is a possible lock-in risk. The issuer will also use proceeds for renewal of vehicle contracts for EVs and eco-vehicles. Given that the issuer informed us that it will follow EU taxonomy provisions, it will limit its ability to renew eco-vehicles contracts beyond 2025.
- The ministry supports the acquiring and promotion of pedal-assisted bicycles and hybrid or electric handcycles for wheelchairs, which foster inclusiveness and contribute to the long-term 2050 climate goals.

Sustainable water and wastewater management

Assessment

 **Medium to Light green**

Description

The resources associated with this framework will finance programs aimed at improving water quality. Expenditure includes:

- Works on water supply.
- Implementation of an irrigation infrastructure plan in rural areas.

Analytical considerations

- Improving water efficiency and developing sustainable water sources will be a key step toward improving water resilience while reducing related risk and scarcity in drought-prone areas.
- According to the issuer, climate change forecasts in Galicia show a decline in annual water contributions of 5%-15%, peaking at 35% in the summer, and a rise in the frequency of droughts. Most issuance proceeds will go towards investments in irrigation, specifically the construction of boreholes and installation of pumping and electrification equipment required for its operations, which will contribute to stabilizing the region's water resources. Additional initiatives include sanitizing, and purifying water systems.
- The issuer states that it will have environmentally sustainable use of machinery, equipment, transport vehicles, and other means used in works, to maximize energy savings and efficiency and reduce emissions. However, using fossil fuel-based equipment is not excluded, so the project on sanitation and drinking water supply has a Medium green shade characteristic. Additionally, using well irrigation for traditional agriculture can have negative impact on environment and ground water levels, and therefore falls under the Light green category. As a result, our overall shade for this category is Medium-to-Light green.
- We think emissions during the construction phase will be minimized, with proper management of waste and emissions related to water management operations.

Climate change adaptation

Assessment

 **Dark green**

Description







Proceeds associated with this framework will finance programs for climate change adaptation. These initiatives intend to reduce the region's vulnerability to climate change and strengthen the resilience of natural and socioeconomic systems. Some areas of expenditure include:

- Prevention of damage caused by natural disasters.
- Prevention and defense against forest fires.

Analytical considerations

- Climate scientists have been clear that some level of climate change is taking place even in the most optimistic scenarios. It is therefore crucial to plan and mitigate potential risks to reduce the potential financial and environmental impact of such events. Implementing adaptation solutions can also reduce resources and emissions linked to rebuilding damaged assets.
- Investments in physical assets to improve their resiliency and forest fire mitigation are important in limiting climate-related damage. The issuer states it will select adaptation projects by considering the effect of climate change on economic activity in a given location and context. It has used different climate scenarios to assess the physical climate risks such as precipitation and extreme weather events.
- Projects aim to integrate climate change and green infrastructure into urban planning and management, implement natural solutions to prevent the effects of climate change, increase biodiversity, and improve habitats. Therefore, we think the shading for this category is Dark green. In our view, construction measures should take into account emission intensity and material resilience, as should how the initiatives might affect the local ecosystem. As required by local regulations, all significant projects must undergo an environmental impact assessment that will factor in some of these elements. Also, the issuer adheres to green procurement guidelines for sourcing of materials; however, we think some additional risk should be addressed.
- In tree biomass alone, about 270 million tons of carbon dioxide are stored in Galicia, not including that in the soil. Forest protection and management of this stored carbon is essential since its loss would otherwise imply that the sector had become a net emitter, which would make achieving the 2030 objective extremely difficult.

S&P Global Ratings' Shades of Green

Assessments					
Dark green	Medium green	Light green	Yellow	Orange	Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration


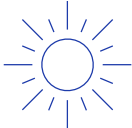
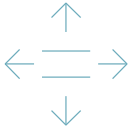





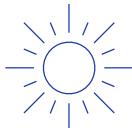
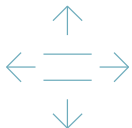
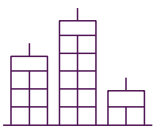



Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Mapping To The U.N.'s Sustainable Development Goals

Where the Financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the Financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not impact our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs				
Renewable energy	 4. Quality education	 7. Affordable and clean energy*	 10. Reduced inequalities		
Energy efficiency	 1. No poverty	 3. Good health and well-being	 4. Quality education	 5. Gender equality	 6. Clean water and sanitation
	 7. Affordable and clean energy*	 10. Reduced inequalities	 11. Sustainable cities and communities	 12. Responsible consumption and production	 13. Climate action
	 15. Life on land				

Pollution prevention and control



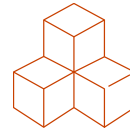
3. Good health and well-being*



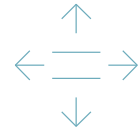
6. Clean water and sanitation



8. Decent work and economic growth



9. Industry, innovation and infrastructure



10. Reduced inequalities



12. Responsible consumption and production*



13. Climate action



15. Life on land

Environmentally sustainable management of living natural resources and land use



2. Zero hunger



3. Good health and well-being



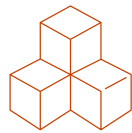
4. Quality education



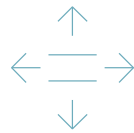
6. Clean water and sanitation



8. Decent work and economic growth



9. Industry, innovation and infrastructure



10. Reduced inequalities



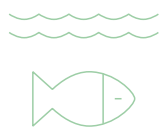
11. Sustainable cities and communities*



12. Responsible consumption and production*



13. Climate action



14. Life below water



15. Life on land*

Sustainable water and wastewater management



2. Zero hunger



3. Good health and well-being



4. Quality education



6. Clean water and sanitation*



8. Decent work and economic growth



12. Responsible consumption and production*



13. Climate action



14. Life below water



15. Life on land

Terrestrial and aquatic biodiversity conservation



2. Zero hunger



4. Quality education



6. Clean water and sanitation



8. Decent work and economic growth



11. Sustainable cities and communities



12. Responsible consumption and production

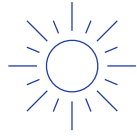


14. Life below water

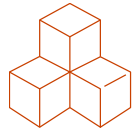


15. Life on land*

Clean transportation



7. Affordable and clean energy



9. Industry, innovation and infrastructure



11. Sustainable cities and communities*

Climate change adaptation



3. Good health and well-being



11. Sustainable cities and communities



13. Climate action*

Affordable basic infrastructure



2. Zero hunger*



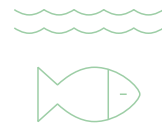
4. Quality education*



8. Decent work and economic growth*



11. Sustainable cities and communities*



14. Life below water



15. Life on land

Access to essential services



1. No poverty*



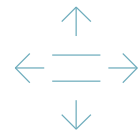
3. Good health and well-being*



4. Quality education*



5. Gender equality

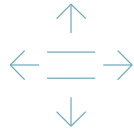


10. Reduced inequalities*



11. Sustainable cities and communities

Affordable housing



10. Reduced inequalities



11. Sustainable cities and communities*

Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socio-economic crisis



2. Zero hunger



3. Good health and well-being



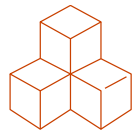
4. Quality education



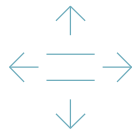
5. Gender equality



8. Decent work and economic growth*



9. Industry, innovation and infrastructure*



10. Reduced inequalities



11. Sustainable cities and communities



14. Life below water



15. Life on land



16. Peace, justice and strong institutions

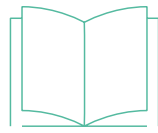
Food security and sustainable food systems



2. Zero hunger*



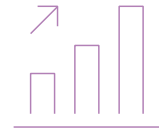
3. Good health and well-being



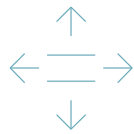
4. Quality education



6. Clean water and sanitation



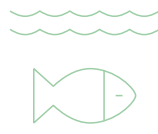
8. Decent work and economic growth



10. Reduced inequalities



12. Responsible consumption and production*



14. Life below water



15. Life on land

Socioeconomic advancement and empowerment



1. No poverty*



2. Zero hunger*



3. Good health and well-being



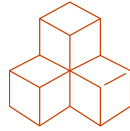
4. Quality education*



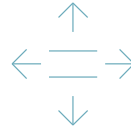
5. Gender equality*



8. Decent work and economic growth*



9. Industry, innovation and infrastructure



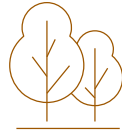
10. Reduced inequalities*



11. Sustainable cities and communities*



14. Life below water*



15. Life on land*



16. Peace, justice and strong institutions

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use of Proceeds, July 27, 2023](#)
- [FAQ: Applying Our Integrated Analytical Approach for Use-of-Proceeds Second Party Opinions, July 27, 2023](#)
- [Analytical Approach: Shades of Green Assessments, July 27, 2023](#)
- [S&P Global Ratings ESG Materiality Maps, July 20, 2022](#)

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