Institut Catala de Finances

Second-Party Opinion — ESG Financing Framework

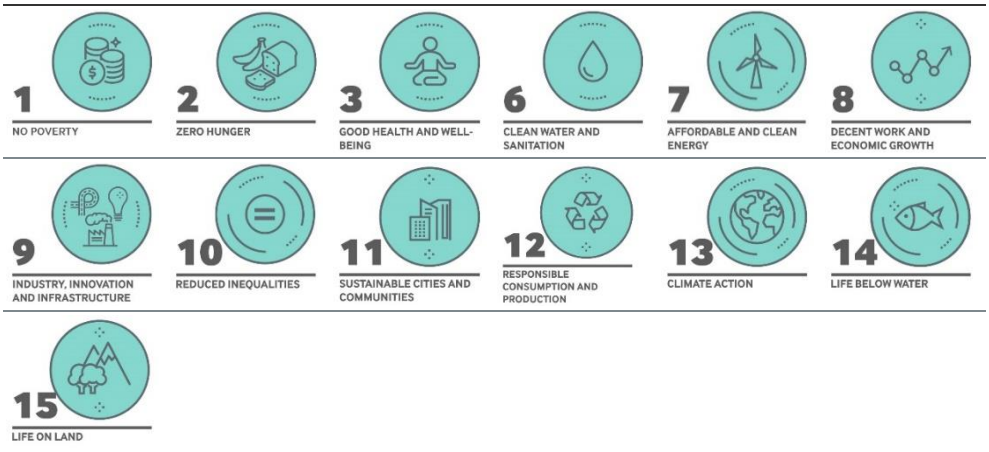
Excellent | Good ✓ | Aligned | Not Aligned

Framework Type	Sustainability
Alignment	✓ Green Bond Principles 2021 (ICMA) ✓ Social Bond Principles 2023 (ICMA) ✓ Sustainability Bond Guidelines 2021 (ICMA)
Date assigned	3 April 2025

See Appendix B for definitions.

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	• Sustainable Fitch views Institut Catala de Finances' (ICF group) ESG financing framework to be aligned with the relevant ICMA principles. • The framework covers 14 use of proceeds (UoP) categories that contribute to the ICF group's environmental and social objectives. We positively assess the green UoP categories, especially those with stricter eligibility criteria such as renewable energy, clean transportation and energy efficiency. We also positively assess the social UoP categories' target populations, though some are broad.
Use of Proceeds – Other Information	Excellent	• The framework lists exclusions to ensure proceeds do not fund projects causing environmental or social harm. • The group states that its lookback period for projects will not exceed two years, aligning with standard market practice.
Evaluation and Selection	Good	• It has established a project selection process involving an ESG promissory notes committee (PNC) with a range of expertise, including staff with relevant ESG knowledge. • The framework indicates it has separate proposal and approval processes, ensuring adequate checks and balances.
Management of Proceeds	Good	• We consider the issuer's proceeds management through earmarked segregation as suitable, holding unallocated proceeds in line with its liquidity management policy and striving to allocate proceeds within two years.
Reporting and Transparency	Excellent	• It will provide annual allocation and impact reporting for each issuance, with a project-by-project breakdown, until maturity. • Allocation reporting will be verified annually by an independent external auditor, meeting market best practice.

Relevant UN Sustainable Development Goals



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Use of Proceeds Summary – ICMA Categories

Green	Renewable energy Energy efficiency Pollution prevention and control Environmentally sustainable management of living natural resources and land use Terrestrial and aquatic biodiversity Clean transportation Sustainable water and wastewater management Climate change adaptation Circular economy adapted products, production technologies and processes, and certified eco-efficient products Green buildings
Social	Affordable housing Access to essential services Affordable basic infrastructure Employment generation

Source: ICF group ESG financing framework

Framework Highlights

We consider the ICF group's ESG financing framework to be aligned with the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). Our opinion is that the framework's alignment with these principles is 'Good'.

The ICF group established its ESG financing framework to issue ESG promissory notes to finance projects with positive environmental and social impact, and that align with its strategic priorities in sustainable development and financing plans.

Its ESG financing framework indicates that the proceeds from green, social and sustainability instruments issued by the group, including group companies, will be used exclusively to finance or refinance eligible projects with environmental and social benefits.

The green UoP categories include renewable energy, energy efficiency, clean transportation, manufacturing of low-carbon technologies and green buildings. Most of these categories almost fully align with the EU taxonomy substantial contribution criteria (SCC) for climate change mitigation, though some subcategories do not meet the requirements.

Other green UoP categories, such as afforestation and reforestation; circular economy-adapted products, production technologies and processes; pollution prevention and control; and sustainable water and wastewater management, are eligible under the EU taxonomy but lack full confirmation of SCC compliance. The climate resilience and terrestrial biodiversity categories aim to reduce resource impact, but stricter criteria are needed to confirm alignment with market standards.

The social UoP categories include affordable housing, health and social care, affordable basic infrastructure, and SME financing. These categories support job creation in Catalonia, to address socioeconomic issues and support projects that enhance the quality of life and infrastructure for its general population. Financing affordable housing also targets more vulnerable groups such as young people.

Achieving the goals of the Paris Agreement and UN Agenda 2030 requires a substantial increase in global investments; the ICF group can support this necessary financing through the green and social UoP categories.

The ICMA GBP, SBP and SBG, recommend that eligible projects are clearly described in the legal documentation for transactions. We have only reviewed the ESG financing framework for this Second-Party Opinion and have not reviewed any transaction legal documents or marketing materials; however, the framework provides the description of projects.

Source: Sustainable Fitch, ICF group ESG financing framework, other group material

Entity Highlights

The ICF group is a Spanish public financial institution founded in 1985, with total assets of EUR2.63 billion as of December 2023. Its sole shareholder is the government of Catalonia.

The ICF group consists of the parent company ICF and two subsidiaries, Instruments Financers per a Empreses Innovadores (IFEM) and Societat Gestora d'Entitats d'Inversió Collectiva de Tipus Tancat (ICF Capital, SGEIC, S.A.U.).

The ICF group offers companies a variety of products and services related to financing businesses and entities through loans, guarantees and venture capital investments. These mean the group contributes to the growth, innovation and sustainability of the Catalan economy.

IFEM manages support for the creation and development of innovative start-ups through participatory loans, such as the EU's European Regional Development Fund, complementing private investment.

ICF Capital, SGEIC, S.A.U. manages and advises venture capital funds that provide capital to Catalan businesses. It currently manages funds in both investment and divestment stages. In the investment stage, it focuses on medium-sized companies' growth and internationalisation, as well as targeting technology projects with high growth potential. In the divestment stage, it focuses on technological and innovative companies.

The ICF group views ESG promissory notes as a key tool for channelling liquidity into projects that have a positive environmental and social impact.

The issuance of ESG promissory notes enables investors to participate in the ICF group's efforts to transform its business model and balance sheet in a more sustainable direction. The group has developed an ESG financing framework that outlines the conditions for issuing ESG promissory notes, ensuring that the funds are used exclusively to finance or refinance eligible green and social projects, within the ICF group and the group companies balance sheets, as defined in the "Use of Proceeds" section of the framework.

As of December 2023, 98% of the companies financed by the ICF group were micro-enterprises, self-employed individuals and SMEs, which received 63% of the amount granted in the form of loans. Large companies accounted for the remaining 37% of the financing.

The SME sector is vital for achieving the country's "2030 strategic framework for SME policy", which aims to promote financing for SMEs to adapt to technological challenges, increase their productivity, develop new products, and open up to international markets while generating growth and employment. Catalonia has also established a strategic framework for energy and climate as well as a national integrated energy and climate plan, with the aim to transform its economy by reducing dependence on fossil fuels, attracting sustainable financing and improving the overall quality of life for its citizens.

The ICF group is actively contributing to Catalonia's sustainable objectives. It aims to reduce the impact of its economic activities on the environment by expanding its financing and by investing in projects that reduce climate change; this encourages its beneficiaries to be aware of their own impact. The ICF group's strategy aligns with the UN Sustainable Development Goals (SDGs) by supporting growth, inclusive industrialisation, inclusive and safe cities, and peace.

The ICF group's director of products, brand and sustainability, who has been part of the group's management committee since July 2023, provides day-to-day sustainability oversight. Having representation of sustainability in the group's top-management body helps promote it at the strategic level.

Source: Sustainable Fitch, ICF group ESG financing framework, other group material

Use of Proceeds – Eligible Projects	Alignment: Good
Company Material	**Sustainable Fitch's View**
Renewable energy	
• This UoP covers financing for projects related to electricity generation from solar and wind power; production of heat or cool from bioenergy; cogeneration of heat or cool from bioenergy; electricity generation from bioenergy; production of biogas and biofuels for transport; production of bioliquids; and renewable heat production. It also covers manufacturing of renewable energy equipment and low-carbon technologies. • Electricity generation from solar and wind power, as well as the production of heat and cooling from waste heat and the manufacture of renewable energy technologies, are not required to meet specific criteria to be eligible for financing. • For cogeneration of heat and cool and the production of heat and cool exclusively from bioenergy to be eligible, projects must meet the following three requirements. – The agricultural biomass used in the activity must meet the criteria set out in article 29, paragraphs 2 to 5 of directive (EU) 2018/2001. If forestry biomass is used in the activity, it should meet the criteria set out in article 29, paragraphs 6 and 7 of Directive (EU) 2021/2139. – The reduction in GHG emissions from the use of bioenergy in the described projects must be at least 80%, in line with the GHG reduction methodology and the reference fossil fuel established in annexes V and VI of Directive (EU) 2018/2001. – When facilities are based on the anaerobic digestion of organic matter, the production of digestate must comply with the criteria set out in section 5.6 and criteria 1 and 2 of section 5.7 of Directive (EU) 2021/2139. • The first two requirements do not apply to electricity generation installations with a total rated thermal input below 2MW and that use gaseous biomass fuels. • Electricity generation from bioenergy must fully meet the previous points, as well as the following requirements. – For electricity generation installations with a total rated thermal input between 50MW and 100MW, the activity uses high-efficiency cogeneration technology. In the case of electricity-only facilities, the activity complies with the energy efficiency levels associated with the latest relevant best available techniques conclusions, particularly those for large combustion plants. – For electricity generation facilities with a total rated thermal input exceeding 100MW, the activity must meet one or more of the following criteria. ♦ It must achieve an electrical efficiency of at least 36%. ♦ It must implement high-efficiency combined heat and electricity generation technology, as mentioned in Directive 2012/27/EU of the European Parliament and of the Council. ♦ It must use carbon capture and storage technology. When CO_2 is captured that would otherwise have been emitted during the electricity generation process for underground storage, the CO_2 must be transported and stored underground in accordance with the technical selection criteria set out in sections 5.11 and 5.12 of directive (EU) 2021/2139. • Projects for the manufacture of biogas and biofuels for use in transport and of bioliquids must fully meet the requirements for cogeneration of heat and cool, as well as	• We expect the renewable energy projects to be aligned with the renewable energy category of the ICMA GBP. • We view this UoP to have an excellent environmental impact, as renewable energy contributes to the transition to a low-carbon economy. • The category covers renewable energy generation from zero-carbon energy sources, specifically solar and wind, as well as from low-carbon energy sources, such as bioenergy. • Financing renewable energy contributes to SDG 7 (affordable and clean energy), and is particularly important for Catalonia, where the country's energy mix was 53.9% nuclear power and 23.4% fossil fuels at end-2023, according to the International Energy Agency. • This UoP supports the ICF group's aim of increasing production of renewable energy and avoiding GHG emissions by using a wide range of renewable energy sources that align with the EU taxonomy SCC. • Electricity generation from solar and wind power; production of heat and cool using waste heat; and manufacture of renewable energy technologies all substantially contribute to the EU taxonomy environmental objective of climate change mitigation without having to meet additional thresholds. • We positively assess the framework's requirements for bioenergy as a source, which directly quote the criteria in EU directive 2018/2001 for agricultural biomass and forest biomass. The framework also differentiates between installations with a total rated thermal input below 2MW and that use gaseous biomass fuels; installations with an input between 50MW and 100MW; and installations above 100MW. This provides adequate transparency to ensure alignment with the EU taxonomy SCC. • We positively view that the framework indicates that the manufacture of biogas and biofuels for use in transport and the manufacture of bioliquids both align with the SCC, as it means food and feed crops are not used for producing biofuels and bioliquids. The framework also indicates that the CO_2 that otherwise would be emitted from the manufacturing process is captured for underground storage, and is transported and stored in line with the EU taxonomy. • However, financing of this activity may limit the impact, as the energy-intensive processes and transportation emissions could negate some of the environmental benefits associated with biofuels and bioliquids. • The framework requires all bioenergy-based activities to achieve GHG emission savings of at least 80% compared to the fossil fuel comparator, which aligns with the EU taxonomy SCC for climate change mitigation. • The framework's GHG emissions threshold for manufacturing of biogas and biofuels for use in transport and of bioliquids is more stringent than the EU taxonomy, requiring 80% GHG emissions savings instead of 65%, which we view positively. • For the installation and operation of electric heat pumps, we view positively that the group's framework confirms compliance with both thresholds in the SCC, by ensuring that the refrigerant global warming potential does not exceed 675 and that the energy-efficiency requirements in the implementing regulations under Directive 2009/125/EC are met.

implement carbon capture and storage technology in line with the requirements for electricity generation from biogas. Food and feed crops must not be used for the manufacture of biofuels for use in transport and for the manufacture of bioliquids. • This category also covers financing for installation and operation of heat pumps as long as these comply with the EU taxonomy's refrigerant threshold of having a global warming potential below 675 and comply with the energy-efficiency requirements set out in the regulations governing the application of the Ecodesign Framework Directive. • The financing of the manufacture of other low-carbon technologies requires projects to: – produce low-carbon technologies and their key components that result in substantial reductions in GHG emissions in other sectors of the economy (including private households), demonstrating that these net GHG emission reductions are significantly higher than those achieved by the most efficient alternative technologies, products, or solutions available on the market; – base this assessment on a recognised or standardised cradle-to-cradle carbon footprint evaluation, such as ISO 14067, ISO 14040, Environmental Product Declaration or Product Environmental Footprint; and – ensure the GHG assessment is validated by a third party.	• Financing the manufacturing of renewable energy components and equipment enables the expansion of clean energy technology and increases the share of renewable energy in Catalonia. It also contributes to climate change mitigation by reducing GHG emissions. • For the manufacture of other low-carbon technologies, both the framework and the EU taxonomy SCC for the climate change mitigation objective require that the technologies are aimed at, and demonstrate, substantial life-cycle GHG emission savings compared to the best-performing alternative technology, product or solution available on the market. • Both also require these life-cycle GHG emission savings to be calculated in line with Commission Recommendation 2013/179/EU or alternative best practices, and to be verified by an independent third party, which we view positively.
Energy efficiency	
• This UoP covers projects that reduce energy consumption, including storage of electricity and thermal energy; district heating and cooling distribution; and the manufacturing of low-carbon technologies for buildings. • Storage of electricity includes pumped hydropower storage. If this storage is not connected to a river body, it must comply with the criteria set out in appendix B of Directive (EU) 2021/2139. If it is connected to a river body, then it must comply with the criteria to do no significant harm to the sustainable use and protection of water and marine resources specified in section 4.5 of the same appendix. • Additionally, the activity must align with the criteria set out in appendix D of Directive (EU) 2021/2139. • For the financing of aquifer thermal energy storage, the activity must comply with the criteria set out in appendix B of Directive (EU) 2021/2139. • Both electricity and thermal energy storage must have a waste management plan in place, to ensure maximal reuse or recycling at the end of life, in line with the waste hierarchy. This includes contractual agreements with waste management partners, reflected in financial projections or official project documentation. • The category can also cover the construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating; provided the system complies with the definition of efficient district heating and cooling systems within the EU Energy Efficiency Directive. • The following activities are always eligible: modification to lower temperature regimes and advanced pilot systems (control and energy management systems, and Internet of Things). • This UoP also covers financing of the manufacturing of low-carbon technologies for buildings. • Eligible low-carbon technology manufacturing for buildings includes: – building management systems; – high-efficiency windows and doors with low U-values;	• We expect this UoP to align with the energy-efficiency category of the ICMA GBP. • This category covers measures that save energy, such as storage of electricity; district heating and cooling distribution; and the manufacturing of low-carbon technologies for buildings. • We view financing these projects to have an excellent environmental impact and to contribute to SDGs 7, 8 (decent work and economic growth) and 9 (industry, innovation and infrastructure) by improving energy efficiency and global resource efficiency, which in turn can support GHG emissions reduction. • This UoP also supports Catalonia's strategic framework for adapting to climate change 2021–2030, which aims to achieve an energy-efficiency improvement of 39.5% by 2030 from 2005 levels. This strategy includes measures to improve energy efficiency and reduce fossil fuel dependency. • We view positively that the framework includes construction and operation of hydropower storage, pumped hydropower storage and aquifer thermal energy storage. The ICF group has confirmed this UoP will not include the storage of chemical energy or the use of hydrogen for electricity storage. • Additionally, the framework requires the storage of electricity to comply with the requirements to do no significant harm to the protection and sustainable use of water and marine resources for the project to be eligible for financing. It also requires thermal energy storage to do no significant harm to the protection and restoration of biodiversity and ecosystems. • We positively assess district heating and cooling distribution networks, which are a well-established form of efficient energy distribution. These networks reduce the negative environmental impacts of building operations, by reducing GHG emissions, decreasing waste heat and improving air quality.

– insulation with low thermal conductivity; – top-rated hot water fixtures per the European Water Label; – appliances with the highest EU Energy Label ratings; – high-efficiency lighting and control systems; – efficient heating, cooling and ventilation systems; – heat pumps that meet the EU taxonomy criteria; – façades and roofing with solar control; – energy-efficient automation and control systems; – zoned thermostats and smart monitoring devices; and – heat metering and thermostatic controls for district and central heating systems.	• The group's framework indicates that the transmission networks align with the SCC for the climate change mitigation objective, which require the system to meet the definition of efficient district heating and cooling systems in Directive 2012/27/EU. • Financing manufacturing of low-carbon, energy-efficient equipment for Catalonia's buildings plays a pivotal role in advancing environmental sustainability, economic resilience and social well-being. • Financing the production of equipment that meets the EU's stringent energy-efficiency regulations ensures compliance with international standards, supporting the transition to a low-carbon economy. • The framework includes several projects that are fully aligned with the EU taxonomy SCC for climate change mitigation under the activity "manufacture of energy efficiency equipment for buildings". • Other projects have requirements that are more stringent than the standards set in the EU taxonomy, as they feature lower U-values for windows and thermal conductivity values for insulation, which we view positively as it ensures they significantly contribute to reducing GHG emissions.
Afforestation and reforestation	
• This UoP covers financing of projects related to reforestation and plantations on non-forest lands, reforestation on previously afforested land, rehabilitation and restoration of degraded forests, and sustainable forest management activities. • All eligible projects must comply with international or European forest certification standards, specifically the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification. • Compliance must be demonstrated through a copy of the certificate or an audit report issued by a recognised auditing firm that confirms adherence to these standards; this certificate or report will be maintained in the loan file. • Examples of eligible measures include: – establishment of agroforestry conversion systems, projects in nurseries; – forest area preparation for sowing (reforestation); – pruning and maintenance; – wildfire prevention and control measures; – green infrastructure to protect against soil erosion or flood prevention and mitigation measures; – forest tracks and firebreaks; and – projects involving forest equipment (cable yarders, skidding and felling technology) for reforestation. • Reforestation activities, and sustainable forest management and forestry activities must increase carbon stocks or reduce the impact of forestry operations.	• We expect this UoP to be aligned with the environmentally sustainable management of living natural resources and land use category of the ICMA GBP. • We view this UoP to have a good environmental impact, as it helps maintain ecosystems, promote biodiversity and ultimately mitigate climate change. • Sustainable forestry directly contributes to climate change mitigation, which is eligible under the EU taxonomy, and supports SDG 15 (life on land). • This UoP can contribute to Catalonia's forest strategy by 2050, which aims to achieve well-managed forests and forest ecosystems in Catalonia. This strategy is based on increasing the forested area by at least 600,000 hectares (20,000 hectares a year) through afforestation; as well as substantially increasing the amount of managed forest in private forests, so that at least half of them have a forest management plan, and increasing the carbon-sink capacity of forest areas. • Forest raw materials are renewable, recyclable and biodegradable; they can be used in various products and to replace fossil alternatives. The group supports Catalonia's CO_2 emissions reduction, mitigates climate change and helps preserve biodiversity through sustainable forestry. • We consider certifications from the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification as important components of sustainable forestry, and as promoting measures for forest protection, restoration and ecosystem rehabilitation. However, they may vary in the robustness of their criteria and offer less transparency than the EU taxonomy SCC. • These certifications only fulfil two of the five EU taxonomy SCC, by requiring an appropriate management plan and audit verification. However, there is insufficient evidence of compliance with the three remaining criteria, which require having a climate benefit analysis, guarantee of permanence and substantial contribution assessment. Compliance with all five is necessary for compliance with the latest version of the EU taxonomy.

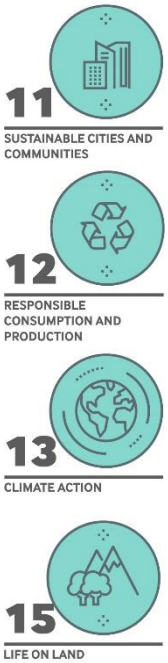
Circular economy adapted products, production technologies and processes

- This UoP category can finance the production and processing of sustainable construction, packaging and plastic materials, where these must demonstrate that GHG emissions have been substantially avoided through a life-cycle assessment and reviewed by experts in accordance with ISO 14044.
- The production of food and feed crops is not eligible for financing under the multi-beneficiary loan. However, this restriction does not apply to food and feed crop residues, such as sugarcane bagasse. The sustainability of production must be demonstrated through an EU-recognised certification system for biofuels or applicable to forestry.
- This UoP can also finance circular economy models with a "product-as-a-service" reuse and sharing approach that enables circular economy strategies. These models may be based, among other things, on leasing systems, or pay-per-use, subscription or deposit-return schemes.
- This UoP can also finance the repair, refurbishment, renewal, reuse and remanufacture of products, assets or components that have become redundant or have reached the end of their useful life and that would otherwise be discarded, to enable their reuse.
- Such products, assets or components must not be used in activities that are harmful to climate action or environmental sustainability, and must retain their ability to be recovered and recycled at the end of their life cycle.
- This UoP can also finance processes that enable the transition to circular models and strategies in existing manufacturing and industrial production facilities, as well as in agriculture. In the field of the circular economy, various types of interventions may be eligible, either individually or in groups, including:
  - projects that enable net overall resource savings through activities such as reuse, repair, refurbishment, remanufacturing, repurposing or recycling compared to the current situation or standard practice;
  - projects that contribute to shifting production to greater use of secondary raw materials compared to current practices, demonstrating a favourable environmental footprint over the project's life cycle compared to the existing situation or standard activity;
  - projects that demonstrate the preservation of the value of waste streams, which were previously or typically discarded as waste, and so prevent waste generation; this covers waste recovery for reuse and recycling, and other circular economy strategies;
  - activities involving reuse, repair, refurbishment, remanufacturing, repurposing or recycling within the production process;
  - projects related to reducing the use of primary raw materials in a company's operations, including replacing virgin materials with secondary or recycled alternatives, production waste or by-products; and
  - projects that replace or significantly reduce potentially hazardous substances in materials, products and goods.

- We expect this UoP to align with the circular economy-adapted products, production technologies and processes category of the ICMA GBP.
- We view this UoP as having an excellent environmental impact, as biological packaging and plastic have less environmental impact than single-use virgin plastic does. We view their use and production positively.
- The manufacture of organic basic chemicals can contribute to climate change mitigation, which is eligible under the EU taxonomy, and supports SDGs 8, 9 and 12 (responsible consumption and production).
- Biological packaging and biological plastic release significantly less CO_2 than virgin plastic. Plastic bottles can be recycled a limited number of times using mechanical methods before the quality degrades. After this, they can either be turned into non-food-grade products, such as synthetic fabrics, plumbing pipes and toys, or they can go directly to landfill or be incinerated after consumption.
- The framework highlights that projects within this activity must demonstrate that CO_2 emissions have been substantially avoided through a life-cycle assessment, using the ISO 14044 standard, which focuses on assessing the environmental impacts of products and services throughout their life cycle, from raw material extraction to disposal.
- It also indicates that this can be demonstrated through an EU-recognised certification system for biofuels or be related to forestry, which implies less environmental impact.
- The framework positively indicates that the GHG emissions from the production processes for organic basic chemicals should be lower than the life-cycle GHG emissions for production of the equivalent plastic in primary form from fossil fuel feedstock, as required by the EU taxonomy, which we view positively in our assessment. Therefore, we consider the financing to be aligned with the EU taxonomy SCC for climate change mitigation under the activity of "manufacture of organic basic chemicals".
- This UoP can also include the repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer, and promote product-as-a-service and other circular-use and result-oriented service models.
- Global consumption of raw materials is steadily increasing, with each European consuming 14.9 tonnes of raw materials annually, according to Eurostat.
- Raw material trade is often related to opaque supply chains, price volatility and import dependency. Recycling existing raw materials can mitigate these negative side effects, as well as reducing GHG emissions, use of natural resources and biodiversity loss. Therefore, we positively assess these activities.
- However, these processes can be energy intensive and lead to transport-related emissions for raw materials, potentially offsetting some of the environmental benefits.
- We consider the criteria applied within this activity to be aligned to the EU taxonomy SCC for the transition to a circular economy objective, as the framework includes specific requirements to ensure the activity extends product life and minimises pollution risks associated with repair and end-of-life processes, and includes leased, shared, rented or pooled result-oriented service models.

Clean transportation

- This UoP encompasses the financing of water and road transportation, and infrastructure related to clean transportation.
- Water transportation includes inland waterway vessels as long as these have zero direct emissions.
- The financing of hybrid transport of goods by inland waterways can be eligible if the direct emissions, measured in gCO_2e per tonne-kilometre or gCO_2e per tonne-nautical mile, are 50% below the average reference value defined for heavy-duty vehicles in Regulation (EU) 2019/1242.
- Other maritime freight or passenger transport projects must demonstrate a transition from higher-carbon operation to a lower-carbon emissions model.
- For infrastructure for low-carbon waterborne transport, only infrastructure that is essential for the operation of the transport service is eligible. These exclude vessels dedicated to the transport of fossil fuels or fossil fuel blends with alternative fuels. Some examples of construction and operation of transport infrastructure include:
  - infrastructure necessary for zero direct-emissions waterborne transport (eg batteries or hydrogen refuelling facilities);
  - infrastructure designed to support the renewable energy sector; and
  - infrastructure predominantly used for low-carbon transport, provided that the vehicle fleet using the infrastructure meets the direct emissions thresholds defined for the relevant activity.
- The UoP can also finance road transportation, including vehicles with zero direct emissions such as fuel cell and electric vehicles.
- Additionally, it can cover the acquisition of:
  - heavy-duty vehicles with zero direct emissions or emissions below $1gCO_2/kWh$; and
  - low-emissions heavy-duty vehicles with specific direct CO_2 emissions below 50% of the reference CO_2 emissions for all vehicles in the same sub-group.
- This UoP includes charging stations for electric vehicles and corresponding infrastructure, as well as hydrogen vehicle refuelling stations, covering all types of vehicles, including cars, vans, trucks and buses. Infrastructure dedicated to the transport of fossil fuels or fossil fuel blends is not eligible.
- This UoP can finance the manufacture, repair, maintenance, retrofitting, repurposing and upgrade of low-carbon vehicles, their key components, vehicle fleets and vessels as long as they meet appropriate criteria.
- Passenger cars and light commercial vehicles (as per Regulation (EU) 2019/631 on CO_2 emissions from passenger cars and vans) must be:
  - "category L" zero exhaust-pipe emissions vehicles (including hydrogen, fuel cell and electric vehicles);
  - zero exhaust-pipe emissions vehicles (eg electric or hydrogen-powered vehicles); or
  - vehicles with a maximum exhaust pipe emissions intensity of $50gCO_2/km$ until 2025, or an emissions intensity of $0gCO_2/km$ after 2025, both measured using the Worldwide Harmonised Light Vehicle Test Procedure.
- Heavy-duty vehicles, classified as N2 and N3, as defined in Regulation (EU) 2019/1242 on CO_2 emissions from heavy-duty vehicles, must be:
- We expect this UoP to align with the clean transport category of the ICMA GBP.
- We consider financing clean transportation projects related to zero- or low-emissions water transportation to have an excellent environmental impact. Financing technologies that support climate change mitigation is crucial for the decarbonisation of the maritime industry, especially as this sector lacks commercially viable, large-scale technological solutions.
- We view the financing under this UoP to contribute to SDG 11 (sustainable cities and communities) by decarbonising the transport sector and reducing air pollution.
- This category includes a range of activities, from inland passenger water transport and inland freight water transport to construction and operation of infrastructure enabling low-carbon water transport.
- The maritime industry is a significant contributor to environmental pollution, primarily through GHG emissions and air pollutants. Transitioning to low- and zero-carbon solutions significantly reduces these emissions, contributing to improved air quality and a healthier environment around the port.
- For inland passenger transport, the activity partially aligns with the SCC, which usually require zero direct (tailpipe) CO_2 emissions.
- For inland freight water transport, the framework requires the activity to either have zero direct (tailpipe) CO_2 emissions or for the GHG emissions of the vessel to be 50% lower than the average reference value for CO_2 emissions defined for heavy-duty vehicles in accordance with Regulation 2019/1242, which we view positively. The framework and the SCC both exclude vessels dedicated to the transport of fossil fuels.
- Clean road transportation and mobility is vital for sustainable development; this improves the resilience of Catalonia's economy and reduces fossil fuel dependence.
- Financing zero-emissions transportation helps decarbonise the transport sector and improves air quality.
- The country's ministry of mobility and sustainable transport reports the road transportation sector was the largest consumer of final energy within the transportation sector as of end-2022. Consequently, decarbonising this sector in Catalonia will be essential to achieving net-zero GHG emissions targets.
- We consider the framework's eligibility criteria for transport by passenger cars and light commercial vehicles, and for freight transport services by road, to be in line with the requirements defined in the EU taxonomy SCC for the climate change mitigation objective. The freight transport services also exclude fossil fuel transport.
- For freight transport services by road, we view positively that the framework includes low-emissions heavy-duty vehicles with GHG emissions 50% lower than the average reference value for CO_2 emissions defined for heavy-duty vehicles in line with Regulation 2019/1242.
- We also view positively the financing of low-carbon water and road transport infrastructure, which can reduce maritime emissions, improve energy efficiency and support compliance with tightening environmental regulations.
- Low-carbon water transport infrastructure supports innovation and modernisation, leading to more sustainable

– heavy-duty vehicles with zero direct emissions, emitting less than 1gCO_2/kWh (or 1gCO_2/km for certain N2 vehicles); or – low-emissions heavy-duty vehicles with specific direct CO_2 emissions that are less than 50% of the reference CO_2 emissions for all vehicles in the same sub-group. • Railway fleets include: – trains with zero direct emissions; – urban, suburban and interurban passenger land transport fleets; and – zero direct-emissions land-transport fleets, such as light rail, metro, trams, trolley buses, buses and railways. • For waterborne transport, it can include ships with zero direct emissions.	operations and improved resilience for the water transport industry in the long term. • Electric vehicle charging infrastructure and hydrogen fuelling stations align with the taxonomy without needing to meet additional criteria, supporting the transition to low-carbon transport. This activity's focus on low-carbon infrastructure across the transport sector means it directly supports the transition to a low-carbon economy. • The activities of "infrastructure enabling low carbon water transport" and "infrastructure enabling low carbon road transport and public transport "are fully aligned with the EU taxonomy SCC for climate change mitigation. • The ICF group's framework indicates both low-carbon infrastructure activities cover infrastructure dedicated to operation of vessels and vehicles with zero direct (tailpipe) CO_2 emissions and excludes any infrastructure dedicated to the transport or storage of fossil fuels, further demonstrating positive environmental impact. • The group's project descriptions for "manufacture of low carbon technologies for transport" fully align with the EU taxonomy SCC for climate change mitigation. • Manufacturing and retrofitting existing transportation models, including land and water transport, offers significant environmental benefits and is crucial for decarbonising the sector. • This strategy addresses the urgent need for climate change mitigation by upgrading current fleets with advanced technologies, rather than relying solely on acquiring new green vessels, trains or vehicles. • Some sectors, such as the water transportation sector, still face unique decarbonisation challenges due to the lack of commercially viable, large-scale technological solutions. Focusing on retrofitting enables the maritime industry to substantially reduce its carbon footprint without the extended timelines and higher costs associated with deploying new vessels, which we view as positive.	
Pollution prevention and control		
• This UoP encompasses activities related to the prevention and control of pollution, including the following. – Projects related to end-of-pipe mitigation measures or technologies that reduce pollutant emissions to the atmosphere, water and soil from economic activities (eg primary crop production, forestry, fishing and land use; manufacturing and production facilities; and logistics and retail). ♦ These projects must lead to a substantial reduction in emissions, beyond the current industry standard; for example, by raising the level of best available techniques or legal requirements, as appropriate. – Projects leading to significant reduction and gradual elimination of artificial pesticides, fertilisers and antibiotics. – Projects in systems designed to improve air quality. – Projects for reducing noise in or near residential areas (beyond legal requirements). – Projects in machinery to reduce pollution. – Manufacture of products for prevention and control of pollution, as well as key components and new technologies that enable substantial reductions in pollutant emissions in other sectors of the economy. • The equipment or technologies must prevent or reduce emissions from other activities beyond the limit set by law (including noise reduction) or demonstrate better pollution	• We expect this UoP to align with the pollution prevention and control category of the ICMA GBP. • We view the financing of this UoP to contribute to SDGs 11, 12, 13 (climate action) and 15 by improving the design of waste management systems, which reduces environmental pollution and conserves land; and by promoting initiatives that support climate change mitigation, adaptation and resilience. • We view this UoP to have a good environmental impact, as it supports the Catalan waste management framework plan to improve waste management, reduce waste generation and promote waste treatment. The plan aims for at least 55% of municipal waste, from households and businesses, to be recycled by 2025. This target will rise to 60% by 2030 and 65% by 2035. • The financing aligns with the EU taxonomy activity of "collection and transport of non-hazardous waste in source segregated fractions", as the framework criteria indicate that all separately collected and transported waste is intended for preparation for reuse or recycling. • The SCC for climate change mitigation for this activity state that the separately collected non-hazardous waste fractions are intended for preparation for reuse or recycling operations. This ensures that the waste collection and transport activities contribute to the circular economy and reduce GHG emissions associated with waste disposal.	

control than the most effective alternative technologies, products or solutions available on the market, based on a recognised or third-party validated standard.

- This UoP also covers financing of waste collection and transport, including projects supporting the separation, collection and transport of non-hazardous waste, as long as the source-separated waste (in single or mixed fractions) is collected separately with the aim of preparing it for reuse or recycling; and the different separately collected waste fractions are not mixed during collection or transport.
- In all cases, only infrastructure essential for the operation of waste collection and transport services is eligible. Infrastructure related to the transport or supply of fossil fuels or fossil fuel blends is excluded, and the collection and transport of hazardous waste are also not eligible.
- This UoP also finances biowaste management projects, specifically those involving biowaste composting facilities.
- The biowaste must be source-separated and collected separately, and the resulting compost must be used as a fertiliser or soil improver, meeting the applicable requirements for fertilising materials as outlined in the component material category of annex II of Regulation (EU) 2019/1009, or respective national standards for fertilisers or soil improvers for agricultural use.
- Eligible activities include entirely new projects such as the construction of new composting plants, along with auxiliary equipment, facilities and infrastructure. Additionally, projects in old industrial areas are eligible, including the total or partial replacement or enhancement of existing equipment and facilities, with the aim of increasing resource efficiency and material recovery and/or reducing GHG emissions.
- For waste processing and recycling financing, coverage is applicable where:
  - raw materials consist of waste that is source-separated and collected selectively;
  - the activity results in the production of secondary raw materials that can replace virgin materials in production processes; and
  - at least 50% by weight of the separately collected non-hazardous waste processed is converted into secondary raw materials.
- Eligible activities include the construction of new material recovery facilities that use mechanical processes to recycle waste. Additionally, funding can support the total or partial replacement or enhancement of existing facilities, with the goal of increasing resource efficiency.
- For financing sustainable landfill gas capture projects, compliance is required under the following conditions:
  - the landfill must not have been opened after 8 July 2020;
  - the landfill (or landfill cell) where the new, expanded or renovated landfill gas collection and utilisation equipment will be installed must be permanently closed and rehabilitated to achieve environmentally acceptable conditions, meaning no further waste is accepted;
  - the captured landfill gases must be used directly for power and/or heat generation, converted into biomethane for injection into the natural gas network, used as vehicle fuel (eg compressed natural biogas and bio compressed natural gas), or as a raw material in the chemical industry (eg for producing hydrogen or ammonia); and

- The framework criteria also indicate this UoP can finance infrastructure for waste collection and transport vehicle fleets, including refuelling and charging stations, where vehicles meet at least the Euro V standard.
- We view positively that it excludes infrastructure dedicated to transport or supply of fossil fuels or fossil fuel mixtures, which meets the EU taxonomy SCC for climate change mitigation under the activity "infrastructure enabling low carbon road transport and public transport".
- The European Environment Agency (EEA) reports that biowaste represents the largest single waste fraction in municipal waste, and that establishing adequate treatment capacity remains challenging in the country and region.
- The EEA estimates the current capture rate for biowaste, including food and garden waste, is only about 11% in Catalonia, with a collection rate of 19kg per person per year in 2018. For food waste alone, the capture rate was estimated at 3%. These figures suggest that extending separate collection could lead to significant additional volumes of biowaste being collected.
- Activities financed under this UoP will also contribute to the EU taxonomy activity of "composting of biowaste", by reducing the consumption of finite resources and minimising waste by keeping products and materials in use for as long as possible, thus leading to significant energy savings and a reduction in GHG emissions.
- This systemic approach to economic development also helps preserve biodiversity and natural ecosystems by decreasing the need for extraction of raw materials and reducing environmental impact.
- We consider the criteria applied within the EU to be fully aligned with the EU taxonomy SCC for the climate change mitigation objective, as the biowaste must be source segregated and collected separately, and meet Regulation (EU) 2019/1009 or national rules.
- The framework directly quotes the SCC for the EU taxonomy activity of "material recovery from non-hazardous waste", which we view positively. The framework and SCC require the activity to convert at least 50%, in terms of weight, of the processed, separately collected, non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes.
- This requirement aims to promote the use of recycled materials, thereby reducing demand for virgin resources and the associated emissions from their extraction and processing, enabling high-quality recycling and material recovery, in line with the EU taxonomy objective of making a substantial contribution to climate change mitigation in the waste management sector.
- The EEA reports that Catalonia continues to rely heavily on landfilling, with the total amount of landfilled waste remaining between 11.2 million tonnes and 11.9 million tonnes from 2016 to 2020, highlighting Catalonia's need to rehabilitate existing landfills.
- The framework's criteria are covered under the EU taxonomy activity of "landfill gas capture and utilisation", and demonstrate full alignment with the SCC for climate change mitigation.
- The framework and EU taxonomy both require the landfill to not have been opened after 8 July 2020; the landfill or landfill cell where the gas capture system is newly installed, extended or retrofitted to be permanently closed and not taking in further biodegradable waste; and the produced landfill gas to be used for the generation of electricity or

– methane emissions from the landfill and leaks from the landfill gas collection and utilisation facilities must be monitored through an established monitoring plan. • Examples of eligible activities include landfill gas collection, treatment and utilisation systems (eg extraction wells and piping systems, blowers used as reserve systems, facilities for energy production or conversion into biomethane, compression for use as vehicle fuel, or injection into a natural gas network). • Projects in landfills that have not yet been closed or renovated are not eligible.	heat as biogas, upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or feedstock in the chemical industry. • We also view positively that the methane emissions from the landfill and leakages from the landfill gas collection and utilisation facilities are expected to be subject to the control and monitoring procedures set out in the Council Directive 1999/31/EC. • The group can also finance other pollution prevention and control activities under this UoP, including air, water, noise and soil quality control activities, which support improvements in public health and environmental protection. • We consider some of the examples shared by the group to be eligible under the EU taxonomy, as well as to be consistent with Barcelona's roadmap for climate neutrality by 2030 and other national and regional adaptation plans and strategies. • Some of the examples shared include wide descriptions; we expect these will help reduce pollution and have a positive impact; however, we could not determine if they align to any specific EU taxonomy criteria.
Sustainable water and wastewater treatment	
• This UoP encompasses projects aimed at enhancing water efficiency and conservation. Projects should achieve either a reduction in required inputs or a significant reduction in losses through new processes or technologies. For equipment-related projects, the initiative must involve replacing or upgrading equipment that remains within its technical useful life. • Examples include projects in new irrigation systems that have enhanced irrigation efficiencies, where: – the system efficiency should be at least 60% for furrow irrigation, 75% for sprinkler irrigation or 90% for drip irrigation; or – the systems are moving away from flood systems and investing in drip or point source irrigation systems that deliver water directly to the base of perennial crops. • It also includes improved conveyance systems, such as lining of canals, covering canals and installing pipes. • It also covers the financing of projects related to improvements in the current state of drainage, rainwater infiltration and runoff management in agriculture, forestry, and manufacturing and production facilities, as well as in relation to land use. • Additionally, it can finance manufacturing activities in the production of technologies related to smart water management and increasing water savings, to conservation and efficiency, or to improve water quality. These enable significant benefits in other sectors of the economy in efficiency, conservation and maintenance of water resource quality. • The applicable equipment or technologies must demonstrate greater efficiency in water use, savings and quality conservation compared to alternative technologies, products and solutions available on the market, based on a recognised or third-party validated standard. • For the financing of complete water supply systems, the projects must demonstrate the energy efficiency of the complete water supply system is substantially increased by: – reducing the average energy consumption of the system by at least 20% (including intake, treatment and distribution; measured in kWh per cubic metre (m^3) of	• We expect this UoP to align with the sustainable water and wastewater management category of the ICMA GBP. • We view this UoP to have a good environmental impact by conserving water resources and protecting aquatic ecosystems. It also enhances the resilience of the water supply, reduces water losses from leakage, and strengthens the resilience of wastewater and surface water networks. • We expect the projects related to this UoP to support SDG 6 (clean water and sanitation); the provision of water and wastewater services and the management of water resources are also important for improving public health, protecting ecosystems and maintaining the security of water supply. These are essential environmental and social services for societies. • Catalonia's recent droughts and rapidly expanding population mean we positively view that this UoP can finance efficiency and water-saving measures that significantly reduce losses through new processes and technologies. These measures also aim to improve drainage, rainwater infiltration and runoff management within agriculture, forestry and manufacturing facilities, as well as in relation to land use. • The framework's eligibility criteria include other general water-related examples, where we cannot confirm alignment with EU taxonomy activities. These include "production of alternative water resources for purposes other than human consumption," "provision of IT/OT data-driven solutions for leakage reduction" and "sustainable urban drainage systems." • The ICF group also intends for this UoP to meet the hydrological planning regulations of the country's ministry for the ecological transition and the demographic challenge. These regulations prevent further deterioration, and promote the improved status, of aquatic ecosystems, and also promote the sustainable use of water. • We consider the criteria applied within the framework for the rehabilitation of existing water supply systems to be fully aligned with the EU taxonomy SCC for climate change mitigation for the activity of "renewal of water collection, treatment and supply systems", which we view positively.

billed water or non-billed water supplied with authorisation); or
  - reducing the gap, by at least 20%, between the actual leakage value of the water supply network and a determined target value for low leakage levels.
- For the financing of the rehabilitation of the components of the water supply system, such as intake (eg surface outlets and groundwater wells), treatment (water treatment plants) and distribution (water pipes, distribution networks), these must demonstrate:
  - a reduction in the average energy consumption of the system by at least 30% (including intake, treatment and distribution; measured in kWh/m^3 of billed water or non-billed water supplied with authorisation); or
  - a reduction in the gap, by at least 30%, between the actual leakage value of the water supply network and a determined target value for low leakage levels.
- Along with wastewater management financing, this UoP can also finance the rehabilitation of sewerage networks and/or wastewater treatment plants, provided that the renovation is carried out before the asset reaches the end of its useful lifespan; and the rehabilitation achieves at least a 20% reduction in the energy consumption of the sewerage network (or the component of the sewerage network, eg the wastewater treatment plant).
- The net energy consumption of the wastewater management system should be calculated in kWh per population equivalent per year for the wastewater collected or effluent treated, taking into account measures to decrease the energy consumption relating to source control (reduction of storm water or pollutant load inputs) and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy).
- The wastewater management system should demonstrate that there are no material changes relating to external conditions, including modifications to discharge authorisation(s) or changes in load to the urban area that would lead to a reduction of energy consumption, independent of efficiency measures taken.
- Additionally, it should implement physical and non-physical solutions (adaptation solutions) that substantially reduce the most important physical climate risks that are material to that activity.
- Wastewater management also includes the financing of new or expanded sewerage networks, provided that the collection system replaces a more GHG-intensive wastewater treatment (eg septic tanks or anaerobic lagoons).
- The issuer intends to mostly finance the following:
  - construction of a new sewerage network in areas without service; and
  - expansion of an existing sewerage network to cover areas without service, where the population in these areas currently dumps or would dump untreated wastewater or wastewater treated with GHG-intensive wastewater treatment systems.
- For the financing of the new construction or expansion of centralised wastewater systems, including collection (sewerage network) and treatment. The issuer intends to mostly finance the following:
  - construction of new wastewater treatment plants with aerobic treatment serving an urban area; and

- Both the framework and the EU taxonomy require the renewal to achieve at least a 20% reduction in the water supply system's energy consumption. We also view positively that the activity requires renewal of plants to reduce leaks.
- We view the framework's criteria for financing the rehabilitation of existing water supply systems to align with the EU taxonomy activity of "construction, extension, and operation of water collection, treatment, and supply systems".
- The Water Information System for Europe reports households and certain sectors in Spain generate 64.5 million population equivalents of wastewater overall every day. This urban wastewater must be properly treated before discharge, to prevent environmental pollution.
- Therefore, we positively assess that the framework covers the EU taxonomy activity of "renewal of wastewater collection and treatment".
- The framework fully guarantees that the entire cycle complies with the EU taxonomy for the activity, as it requires the activity to show that there are no material changes in external conditions; that the annual net energy consumption will be measured in kWh per population equivalent a year of the wastewater collected or effluent treated; and that this activity will consider measures that decrease energy consumption related to source control, and, where appropriate, energy generation within the system.
- For new or expanded wastewater plants and sewerage networks, we also view positively that the financing is eligible under the EU taxonomy activity of "construction, extension and operation of wastewater collection and treatment", which ensures the projects lead to a significant reduction in pollution of water bodies. This improves ambient water quality, protects ecosystem health and human health, and allows safe reuse of water.
- Construction, extension and operation of wastewater collection and treatment services are aligned to the EU taxonomy if they meet thresholds such as on the level of energy consumption, which depends on the capacity of the treatment plant, and if they assess and disclose the direct GHG emissions.
- However, the framework does not appear to disclose enough information for us to confirm the alignment of these activities with the EU taxonomy.

– expansion of an existing wastewater treatment plant to cover areas without service within an urban area. • The population in these areas currently dumps or would dump untreated wastewater or wastewater treated with GHG-intensive wastewater treatment systems. • Financing is available for the rehabilitation of existing water collection, treatment and supply systems, provided they demonstrate high performance in energy consumption. The system must achieve an average energy usage below 0.5kWh/m^3 of authorised billed and non-billed water supplied, covering collection, treatment and distribution processes. • The most common eligible activities include the following: – installation of new systems or expansion of existing water supply systems that maintain the overall system consumption below 0.5kWh/m^3; and – in the case of projects that only affect the intake, treatment or distribution systems, the overall consumption of the project must remain below 0.5kWh/m^3 to be considered eligible.	
Climate resilience	
• Proceeds used under this UoP can finance climate resilience projects in agriculture, including: – drought-resistant crops and new crop varieties; – crop storage; – aeroponic plant production; – digital or other applications for monitoring and forecasting in the meteorological and hydrological fields; – pressurised irrigation technologies using sprinklers, drip irrigation or other high-efficiency drip systems; and – agricultural land levelling using high-precision laser techniques, and digital or other applications related to this activity. • It can also finance climate resilience projects that increase the resilience of water resources and water availability, including: – water storage and collection; – water-saving technologies, such as smart water meters and pressure control technologies; – control of water levels; and – hydrological modelling and forecasting, and digital or other applications related to this activity. • It also includes the financing of climate resilience projects that increase the resilience of coastal infrastructure, including: – geosynthetic products for ground stabilisation; – improvement of storm tide and hurricane, typhoon and cyclone prediction; – early warning systems to reduce the risk of flooding; – intelligence and analysis activities in the field of climate adaptation; – research for the collection and supply of raw marine data; and – mapping of climate risks, and digital or other applications related to the previous activity. • Additionally, it can cover climate resilience projects in the information and communication technology (ICT) sector, including for disseminating information in the climate-meteorological field.	• We expect this UoP to align with the climate change adaptation category of the ICMA GBP. • We view this UoP to have a good environmental impact across multiple eligible project types. We view this type of project financing as positive from an environmental perspective, as it supports SDG 13 by improving natural systems while reducing vulnerability at the socioeconomic and territorial levels. • This UoP also supports the Catalan "strategic reference framework for adaptation to climate change for the horizon 2030", which aims to improve adaptation to climate change in Catalonia and reduce the region's vulnerability. • This UoP can cover climate change adaptation measures to improve resilience in agriculture, coastal infrastructure and the ICT sector. The framework can also finance improvements in the resilience of water resources and in water availability. • Financing climate resilience projects in Catalonia is crucial given the region's vulnerability to climate change impacts. • In agriculture, the investments in drought-resistant crops, innovative storage, aeroponic plant production and advanced irrigation technologies can also ensure the security of food supply and mitigate extreme weather risks. • Similarly, projects that enhance the resilience of water resources, such as water storage and smart water-saving technologies, are crucial for sustainable water availability during Catalan's periodic droughts. • Strengthening coastal infrastructure with prediction systems and early warning technologies is imperative to protect the region's extensive coastline from rising sea levels and extreme weather. In the ICT sector, deploying communication technologies to share climate-meteorological information can enable timely and effective responses to climate impacts. • Financing measures related to monitoring and forecasting in the meteorological and hydrological fields, as well as hydrological modelling and forecasting, early warning systems to reduce the risk of flooding, and mapping of climate risks, are eligible under the EU taxonomy activity of "software enabling physical climate risk management and adaptation".

	• However, further information in the framework would be needed for us to confirm there is full alignment to the taxonomy's climate change mitigation or adaptation objectives.	
Terrestrial biodiversity		
• This UoP encompasses projects focused on biodiversity related to the production of sustainable and organic primary crops, provided they meet the following criteria: – projects must involve existing activities for producing sustainable and/or organic primary crops by certified operators, or help businesses transition to certified organic and/or sustainable production, where certifications can include international and EU certifications for organic or biological agriculture as well as sustainable agriculture certifications (eg Rainforest Alliance), REDcert[2], and others as applicable; and – activities must not result in the conversion, fragmentation or intensification of natural habitats, particularly in areas with high biodiversity value. • The UoP may also support biodiversity projects aimed at protecting, developing and promoting natural heritage and ecosystem-based tourism. This includes promoting ecotourism activities in modified or degraded ecosystems and natural habitats that are part of a conservation or restoration programme or plan. • Additionally, it can fund projects related to the production of technologies for biodiversity conservation and ecosystem services, provided they: – manufacture either products for biodiversity conservation, key components of such products or new technologies that significantly reduce pressure on biodiversity and ecosystem services or that directly improve the environmental state using the most efficient technologies, products or alternative solutions available in the market; – produce sustainable and cost-effective alternatives to tropical hardwood; or – develop habitat monitoring systems for species.	• We expect this UoP to align with the terrestrial and aquatic biodiversity category of the ICMA GBP. • We view this UoP to have a good environmental impact through a wide selection of activities; it supports SDGs 2 (zero hunger), 12 and 15. This UoP includes financing of biodiversity, as well as technologies to conserve biodiversity and promote ecosystem-based services. • Regenerative agriculture is, at the time of analysis, not included in the EU taxonomy. • The company mentions certification schemes in its framework, such as European organic products, Rainforest Alliance and REDcert[2]. • Additionally, transparency on the environmental benefits associated with these certifications, eg the emissions reductions associated with the better land management practices, is needed for us to provide a more granular assessment. • We positively view the manufacturing of products for biodiversity conservation, as well as key components of such products and new technologies, and the promotion of ecotourism-based activities. These reduce land and water use, and improve their quality; however, these activities are yet to be covered under the EU taxonomy.	
Green buildings		
• Proceeds under this UoP can exclusively finance projects aimed at the new construction or rehabilitation of sustainable housing with high levels of energy efficiency. • Eligible projects must meet Royal Decree 853/2021, including article 60 on energy efficiency, which requires buildings to have 20% lower non-renewable energy consumption than current technical building code standards. • For buildings larger than 5,000sqm, airtightness and thermal integrity tests must be conducted upon completion, with any deviations or defects reported to investors and customers. • The financing also covers consistent and clearly defined capital projects that are necessary for the execution of an action, including all permanent (tangible or intangible) elements essential for the sustainable production of the goods or services contemplated by the action; so purely financial transactions will not be eligible.	• We expect this UoP to align with the green building category of the ICMA GBP. • We view this UoP to have an excellent environmental impact, as financing of green buildings contributes to SDGs 7, 9 and 11 by improving the energy efficiency of real estate, which is a significant contributor to global GHG emissions. • This UoP promotes sustainable urban development, which is environmentally beneficial and supports the ICF group's core business model of integrating climate protection into the region where it operates. • The framework's criteria require projects to comply with the conditions established by Royal Decree 853/2021, including article 60. This stipulates that the financing must be for newly constructed buildings, with limited non-renewable primary energy consumption, depending on the climate zone where the buildings are located and according to the climate classification of the technical building code. • These represent a 20% reduction compared to those established in the section in the technical building code for new buildings intended for residential use. • The framework's criteria also require all buildings over 5,000sqm to undergo an air tightness test and thermal integrity test, which we view positively.	

	• We consider the framework's criteria to be fully aligned with the EU taxonomy SCC for "construction of new buildings", and as supporting Catalonia's climate change mitigation actions.
Affordable housing	
• Under this UoP the group can finance projects for: – construction of new social and affordable housing for rent; – purchase, renovation and rehabilitation of existing housing to convert it into social and affordable housing for rent, with the aim of providing decent housing for low- and middle-income individuals, in line with the social and affordable housing criteria defined by national legislation (specifically articles 3 and 17 of Law 12/2023, of 24 May 2023, on the right to housing); and – purchase, and conversion into social housing, of first homes for young people. • The criteria include income, the physical characteristics of the housing and the conditions of purchase and/or sale, in line with the applicable legal or regulatory provisions, or other specific criteria, including that: – the homes must belong to public or private lessors of social housing or affordable housing; – the rental homes must be controlled rental properties; – the housing units must have a maximum total area of 92sqm, except those occupied by large families (ie those consisting of more than four people); and – the usable area of commercial premises or offices must not exceed 20% of the total usable area of the building the premises or offices are located in.	• We expect this UoP to align with the affordable housing category of the ICMA SBP. • We view the UoP to have a good social impact. Financing affordable housing can contribute significantly to reducing the affordable housing deficit the country faces and to improving living conditions for its citizens, especially for young people who are part of its rapidly growing population. • We view this UoP as supporting SDGs 1 (no poverty), 10 (reduced inequalities) and 11; it creates inclusive and sustainable communities by enabling affordable property ownership and access to affordable rental housing. • The Catalan government launched a public housing programme in 2024 that plans to build 50,000 public housing units by 2030. The ICF group's framework aims to help achieve this by supporting the construction of new social and affordable rental housing; the acquisition and renovation or rehabilitation of existing housing to convert it into social and affordable rental housing; and the acquisition, and conversion into affordable housing, of first homes for young people. • We view positively that the financing is based on local affordable housing provisions. The group has aligned to the reference income thresholds for accessing protected housing of the Catalan government. • We view positively that national public housing programmes often prioritise target populations that are especially vulnerable, such as lower-income individuals and families, and single parents and young families. Providing safe, affordable housing for these population can significantly improve the quality of life.
Healthcare and social care	
• This UoP can cover infrastructure for social care centres and residencies. • The final borrowers will be small municipalities, non-profit organisations and private entities, such as SMEs in the social care sector. • The target population will be vulnerable people, such as people with disabilities, elderly people and individuals with substance abuse disorders. In addition, households with a dependent or vulnerable member benefit indirectly from the care services offered by the borrower. • Some examples of projects include construction and/or renovation of: – public or private medical services infrastructure; – specialised centres for providing assistance to vulnerable and dependent populations; and – residences for elderly people and social care centres, including housing for elderly people who are still independent. • Other projects include supply and installation of medical or non-medical equipment and furniture; adaptation of these facilities to facilitate access for individuals with reduced mobility; training and support programmes for individuals with disabilities; and training of specialist medical and social staff.	• We expect this UoP to align with the access to essential services category of the ICMA SBP. • We view the UoP to have a good social impact, as it contributes to the provision of essential services to vulnerable populations. • We view healthcare and social assistance projects to contribute to SDG 3 (good health and well-being) by improving accessibility of healthcare services to the general public as well as some vulnerable groups • Projects related to education, including training and support programmes for people with disabilities as well as specialised medical and socio-medical education, empowers individuals, leading to improved socioeconomic outcomes and reduced inequalities. • Demand for healthcare services is growing in Catalonia, as the population is ageing. Financing healthcare infrastructure and training helps ensure that the region can meet this demand efficiently and sustainably. It also supports the economy by creating jobs and encouraging innovation in the healthcare sector, ultimately contributing to its overall prosperity. • We view the target groups as broadly defined and relevant for the intended financing. The groups also include vulnerable individuals, such as people with disabilities, elderly people and individuals with substance abuse disorders, who could benefit from some of the projects

	along with general population, which we considered positively in our assessment.
Affordable basic infrastructure	
• This UoP covers projects related to affordable basic healthcare and social infrastructure. • The final borrowers will be small municipalities, non-profit organisations and private entities, such as SMEs working in the social care sector. • The target population will be vulnerable people, such as people with disabilities, elderly people and individuals with substance abuse disorders. • Financing can be granted for basic infrastructure, such as water supply and wastewater systems; solid waste collection and treatment facilities, including for hazardous waste; electricity and gas supply systems; and IT infrastructure and communication facilities, such as telephones, internet and cable.	• We expect this UoP to align with the affordable basic infrastructure category of the ICMA SBP. • This UoP includes a broad range of affordable basic infrastructure, including water supply and water systems, waste facilities, and IT and telecommunications systems. We view this UoP as having a good impact, as it provides basic infrastructure that ensures social benefits are inclusive, that extends services and technology, and that fosters innovation. These contribute to economic growth. • We view financing of these activities to contribute to SDGs 6, 9 and 11. • The financing can have wide-ranging applications, covering infrastructure that meets basic needs, such as sewage and sanitation, waste management, electricity and gas supply systems, and information technologies. • This UoP ensures essential infrastructure and services are provided to the general public and to some vulnerable target populations, including elderly people and disabled people. This helps improve overall public welfare and sustainability in Catalonia. • Financing water supply and wastewater systems to treat, distribute and conserve water are crucial, especially in regions that are remote or affected by water scarcity. • Efficient waste management systems are crucial for reducing pollution and preventing the spread of diseases, thereby fostering healthier communities. These systems minimise harmful impacts on health and well-being, and play a critical role in improving the quality of life for targeted communities. • This UoP also covers telecommunications services and infrastructure. Projects and solutions that create, extend or improve access to technology services and related infrastructure are vital for economic growth and social inclusion. • Financing information technologies means the ICF group can ensure that all citizens, especially people or populations with insufficient access to telecommunication or internet services, have access to the digital tools and resources needed for day-to-day economic activities, education and employment.	
Small and mid-cap companies	
• Proceeds under this UoP cover loans for small and mid-cap companies that want to finance projects to grow, open new markets, make new developments or strengthen the company's operations, in line with the European Regional Development Fund of the EU, which aims to invest in growth and employment. • In general, applicants must be SMEs or small mid-caps and at the same time meet the following requirements to be able to finance themselves with this loan line: – increase investment levels through the acquisition of productive assets or the expansion of productive facilities; – drive competitiveness with revenue growth, international sales, increasing the margins of existing products or creating new ones; or – encourage the maintenance and creation of employment, by increasing the company's current workforce.	• We expect the UoP to align with the employment generation (including through SME financing and microfinancing) categories of the ICMA SBP. • We view this UoP to have a good social impact, as it supports initiatives and solutions to mitigate unemployment and under-employment, and to promote job creation in Catalonia. These support SDG 8. • These initiatives are crucial for ensuring that individuals have access to meaningful employment opportunities, which in turn supports economic growth and social stability. The financing helps create a robust job market that can help reduce poverty, improve the standard of living and empower individuals to achieve financial independence. • It also can promote decent work, which helps ensure that employment is productive and delivers a fair income, providing security in the workplace and social protection for families. Addressing economic disparities reduces inequality within and among communities, fostering a more inclusive and equitable society.	

	• The target population includes SMEs and small mid-caps that want to increase investment levels by acquiring productive assets or expanding facilities; enhance competitiveness through revenue growth, international sales and product development; and support growth job creation. • However, the framework does not focus on supporting specific groups with limited access to funding or that are affected by economic conditions.
Source: ICF group ESG financing framework	Source: Sustainable Fitch

Use of Proceeds – Other Information	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The ICF group will allocate an amount at least equivalent to net proceeds from the issuance of ESG promissory notes, and ensure that funds are exclusively allocated to financing and/or refinancing, in whole or in part, loans or new and/or existing eligible green and social projects that meet the eligibility criteria of the eligible sustainable project categories. • Eligible green and social projects include loans within the balance sheets of parent company ICF as well as the group companies, and whose disbursement has occurred no more than two years before the year of issue of the ESG promissory notes or that foresee future disbursements within three years following the placement of the notes. • Projects supporting or promoting the following activities will not be eligible under the framework as eligible green and social projects: – exploration, research and exploitation of fossil fuels; – generation of nuclear energy; and – industries related to alcohol, arms, tobacco, gambling or mining.	• In line with the ICMA GPB, SBP and SBG, the ICF group intends to annually report the share of projects that were financed and refinanced using the ESG promissory notes' proceeds. • The lookback period for refinanced projects should not exceed two years prior to the issuance of the ESG promissory notes. Additionally, projects should anticipate future disbursements within three years following the placement of the ESG promissory notes, which is in line with standard market practice. • The exclusion criteria are broadly defined in the framework and cover environmentally and socially sensitive sectors. This provides assurance to external stakeholders that the funds will not be used for financing activities that are environmentally and socially harmful. • The ICF group intends for most assets to be new projects, which positively affects the assessment of this section.
Source: ICF group's ESG financing framework	Source: Sustainable Fitch

Evaluation and Selection	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The ICF group will establish an ESG PNC to carry out the evaluation and selection process. • The processing and disbursement department will prepare and analyse a list of potential eligible projects, ensuring alignment with the criteria set out in the framework. Once reviewed, the list will be submitted to the administration and markets department for a second-level verification before being presented to the ESG PNC. • The ESG PNC, chaired by the ICF group's director of administration and markets, will meet regularly (at least quarterly) and will maintain records of its meeting minutes. It will be composed of the director of processing; the head of global risk control; the director of products, brand and sustainability; the ESG venture capital investment manager; and the financial director. • The ESG PNC will evaluate the projects submitted and confirm their compliance with the framework. In the event that a loan does not meet the eligibility criteria, in the case of early loan repayments, or if the loan matures before the maturity of the promissory note, the ESG PNC will replace such loans with new loans selected in accordance with the eligibility criteria. • The same procedure will be followed if any of the projects is the subject of a dispute that results in an unfavourable court decision or a significant regulatory fine. In these cases, the replacement of these loans with eligible green and social loans will be carried out within a maximum period of six months.	• The group outlined its process for the evaluation and selection of eligible projects. The procedural steps are clearly described. • It is positive from an ESG perspective that the group will establish a dedicated ESG PNC for project selection and evaluation, which will ratify the proposed projects and ensure the projects are in line with the eligibility criteria. • The ESG PNC has representation across several departments, to include different perspectives. It also involves participants from other areas within the ICF group when additional knowledge or specific expertise is needed. • We view positively that the ESG PNC includes the ICF group's director of products, brand and sustainability, as well as the investment and ESG venture capital manager, as it provides a relevant mix of financial and sustainability expertise in the proposal and screening of eligible projects. • The group has a multi-layered evaluation and selection process, in which the projects are identified and proposed by representatives from other areas of the ICF group, and then the ESG PNC will review them to identify those that comply with the framework. • The multiple layers of approval support the checks and balances of the eligible project selection.
Source: ICF group ESG financing framework	Source: Sustainable Fitch

Management of Proceeds	Alignment: Good
Company Material	**Sustainable Fitch's View**
• The ESG PNC will monitor the amount assigned to eligible green and social projects, which will be documented through its internal ESG promissory notes register, with an aim to designate enough eligible green and social projects to ensure that the outstanding balance of this portfolio is equal to the total balance of the ESG promissory note funds. • The ESG PNC undertakes to make its best efforts to allocate the total amount of issued ESG promissory notes to eligible projects within two years from the issue date. • Unallocated funds may be temporarily invested in cash, deposits or money market instruments, in accordance with the ICF group's	• The group will establish an ESG promissory notes register. We consider this virtual segregation of proceeds to align with standard market practice. • In case a project becomes ineligible, is repaid early, matures before the issuance or faces a significant controversy, the group has the authority to replace it with a new eligible project within six months, providing assurance that proceeds will be used in line with the aims of the framework over the life of the issuance. • The unallocated proceeds will be managed in line with the group's standard investment guidelines in its treasury liquidity portfolio, which

Management of Proceeds	Alignment: Good
Company Material	**Sustainable Fitch's View**
investment guidelines for its treasury liquidity portfolio. For the money market instruments portion, the group has committed to investing only in those with an ESG rating. • The proceeds will be reviewed by the ESG PNC on a regular basis, and at least quarterly, and the review will verify relevant information, such as: – ISIN; – size; – issue date and maturity date; and – allocated eligible green and social projects amount, including the portfolio's outstanding amount and any other information required.	aligns with the ICMA requirement to disclose the intended types of temporary placement for unallocated proceeds. • The ICF group has committed to place unallocated proceeds in money market instruments with a third-party green, social and sustainability tag. • The ICF group expects net proceeds to be fully allocated within three years from the issuance date, in line with standard market practice.
Source: ICF group ESG financing framework	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	**Sustainable Fitch's View**
• The ICF group's department of administration and markets will be responsible for reviewing and approving reporting related to ESG promissory notes issued under the framework, allowing investors and stakeholders to track the development of eligible projects, with the aim of aligning with the ICMA Harmonised Framework for Impact Reporting. • The ICF group will publish an annual report on its website, which will include both an allocation report and an impact report. • The allocation report will be updated periodically to reflect any significant change affecting green and social projects; the issuer intends to include information on: – the outstanding balance of ESG promissory notes; – the percentage of funds allocated to financing and refinancing; – the balance of funds not allocated in the reporting period (if applicable); and – the percentage of co-financing (if any) in relation to the loan granted. • The ICF group will provide an impact report detailing the expected green and social effects by project category. This report will include additional data to illustrate the positive impact of the financed projects and the methodology used to assess these impacts. • In the environmental sphere, the group will report on avoided or reduced emissions, calculated following the GHG Protocol, an internationally recognised standard for quantifying and managing GHG emissions. • On the social sphere, additional impact indicators will be defined in alignment with the SDGs and market best practices. • The ICF group will request an annual assurance report confirming that the proceeds of the ESG promissory notes have been allocated in line with all significant aspects of the criteria set out in the framework, as well as including a review of the impact information.	• The ICF group has committed to reporting on the allocation and impact of its issuances annually until full maturity on a portfolio basis. Its commitment is in line with the requirement of the ICMA principles for reporting on a regular basis. • The framework also indicates that the report can be updated periodically to reflect any significant changes affecting the eligible projects, which provides transparency over the life of the transaction. • The group intends to report the proceeds of the ESG promissory notes using an issuance-by-issuance approach, and providing a breakdown by projects where possible, which we view positively as it provides visibility on the allocation of proceeds within each UoP category. • The framework does not indicate a commitment to report on the mix of capital investments and operating costs financed by the proceeds of sustainability instrument. This information would be helpful for investors to understand the impact resulting from the issuances. • The issuer has confirmed it will explicitly report on its share of co-financing as a percentage of its share of the total financing, as well as on the pro-rated share of the total projects' results. • The group has confirmed its intention to align its impact reporting with the ICMA Handbook – Harmonised Framework for Impact Reporting, which will directly quantify the impact of its eligible projects. We consider reporting under this methodology as best practice, as it establishes clear guidance for impact metrics that are measurable, standardised and comparable. • Additionally, the framework states the calculation methodologies to be used for environmental metrics, which aligns to market best practices and supports transparency on how the impact is likely to be measured. However, methodologies for social metrics are not explicitly disclosed; it intends to use internal social metrics. • The ICMA principles recommend that groups obtain external verification on the allocation data reported. The ICF group's commitment to engaging an independent third party to provide assurance on the post-issuance allocation and impact reporting on an annual basis will support the accuracy and credibility of the data.
Source: ICF group ESG financing framework	Source: Sustainable Fitch

Relevant UN Sustainable Development Goals

- **1.4:** By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

- **2.4:** By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

- **3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

- **6.1:** By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
- **6.3:** By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
- **6.4:** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

- **7.2:** By 2030, increase substantially the share of renewable energy in the global energy mix.
- **7.3:** By 2030, double the global rate of improvement in energy efficiency.

- **8.4:** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.
- **8.3:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- **8.10:** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

- **9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- **10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

- **11.1:** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.3:** By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Relevant UN Sustainable Development Goals

- **11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

- **12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.
- **12.4:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.
- **12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

- **13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- **13.2:** Integrate climate change measures into national policies, strategies and planning.

- **14.4:** By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics

- **15.1:** By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
- **15.2:** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- **15.5:** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability

Four Pillars	
1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider	
Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP)	
UoP as per Green Bond Principles (GBP)	
Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	Yes
Terrestrial and aquatic biodiversity conservation	Yes
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	Yes
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	Yes
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

Use of Proceeds as per Social Bond Principles (SBP)	
Affordable basic infrastructure	Yes
Access to essential services	Yes
Affordable housing	Yes
Employment generation (through SME financing and microfinancing)	Yes
Food security	No
Socioeconomic advancement and empowerment	No
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	No
Other	n.a.

Target Populations	
Living below the poverty line	No
Excluded and/or marginalised populations and /or communities	No
People with disabilities	Yes
Migrants and/or displaced persons	No
Undereducated	No
Under-served, owing to a lack of quality access to essential goods and services	No
Unemployed and/or workers affected by climate transition	No
Women and/or sexual and gender minorities	No
Aging populations and vulnerable youth	Yes

Type of Instrument: Sustainability	
Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No
Other	Individuals with substance abuse disorders

2) Project Evaluation and Selection	
Evaluation and Selection	
Credentials on the group's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability instrument proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.
Evaluation and Selection, Responsibility and Accountability	
Evaluation and selection criteria subject to external advice or verification	No
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds	
Tracking of Proceeds	
Sustainability instrument proceeds segregated or tracked by the group in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.
Additional Disclosure	
Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting	
UoP Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	No
Other	n.a.
UoP Reporting/Information Reported	
Allocated amounts	Yes
Sustainability instrument-financed share of total investment	Yes
Other	n.a.
UoP Reporting/Frequency	
Annual	Yes
Semi-annual	No

Type of Instrument: Sustainability	
Other	n.a.

Impact Reporting	
Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual instrument(s)	No
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)	
GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	No
Number of beneficiaries	Yes
Target population	Yes
Other ESG indicators	Installed capacity (MW), estimated energy production (MWh/year), water treatment capacity and amount of waste produced (tonnes/year), number of wastewater treatment permits and licences, and number of dwellings.

Impact Reporting/Frequency	
Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure	
Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

Note: n.a. – not applicable.
Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for groups to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the group's green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, "alignment" should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the group to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on group preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

	ESG Framework
Excellent	ESG financing framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	ESG financing framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	ESG financing framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	ESG financing framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.