

EU GREEN BOND STANDARD PRE- ISSUANCE FACTSHEET REVIEW



Comunidad de Madrid

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures are provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not be detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

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DNV'S INDEPENDENT ASSESSMENT

General Information

In compliance with Annex IV, the below table outlines the General information about the issuer and the bond.

General Information	
Date of publication of the review	22 May 2025
Date of issuance of the bond(s) or tranches of the bond(s)	Any issuance of European Green Bonds which relate to the issuer's 2025 European Green Bond Factsheet
Date of publication of the related European Green Bond Factsheet, and where applicable, of the related allocation report, or the impact report	European Green Bond Factsheet: published on 22 May 2025 (applicable for multiple issuances) The Allocation & Impact Reporting is to be published within 270 days of the final day of the relevant calendar year.
The legal name of the issuer	Comunidad Autónoma de Madrid (Community of Madrid, CdM)
Where available, the legal entity identifier (LEI) of the issuer	959800KASH3LCM57Q344
Where available, the name of the bond(s) assigned by the issuer	European Green Bond(s)
Where available, the international securities identification numbers (ISIN) of the bond(s) and its/their tranches	N/A
The identity and contact details of the external reviewer, including its website address	DNV Business Assurance Denmark A/S www.dnv.com
The name and job title of the lead analyst in a given assessment activity	George Oakman, Lead Verifier Senior Sustainable Finance Consultant
The name and position of the person primarily responsible for approving the review	Thomas Leonard, Quality Reviewer Global Technical Manager, Sustainable Finance Assurance

Scope and Objectives

COMUNIDAD AUTÓNOMA DE MADRID (henceforth referred to as Comunidad de Madrid or “CdM”) is one of the seventeen autonomous areas of Spain. It is located on the central Plateau in the centre of the Iberian Peninsula. Its capital and largest municipality is the City of Madrid, which is also the capital of the country, representing the highest GDP per capita in all of Spain.

CdM provides a variety of local public services including transport, health, education, and environmental management to the benefit of its more than six million residents.

Transport is coordinated by the Consorcio Regional de Transportes de Madrid (CRTM), which integrates metro, buses, rail, and commuter trains. The Metro de Madrid covers transportation in urban areas, while Empresa Municipal de Transportes de Madrid (ETM) oversees city buses and interurban buses to ensure regional connectivity. Cercanías Renfe commuter trains, managed nationally but coordinated regionally, link Madrid with its surrounding municipalities. The government also invests in sustainable mobility, including cycling infrastructure and electric vehicle initiatives.

Healthcare is managed through the Servicio Madrileño de Salud (SERMAS). It manages a network of public hospitals, primary care centres, and emergency services. SERMAS also runs preventive health programs, mental health services, vaccination campaigns, and specialised care.

CdM oversees state-funded schools. This includes the regulation of curricula, as well as the provision of scholarships and grants. The community also manages vocational training and supports public universities.

Another core service is the oversight of local environmental matters. Comunidad de Madrid is responsible for the protection of parks as well as regulations around pollution, water and waste. CdM also rolls out environmental-related initiatives, which include renewable energy promotion, climate adaptation planning, and public awareness programs on sustainability.

CdM has developed its EU Green Bond Standard Factsheet (“Factsheet”) with the aim to raise EU Green Bonds (EUGB) to finance or refinance new and existing projects as part of its sustainable business strategies and commitment to environmental well-being, as described in the Factsheet. The Factsheet is in alignment with Annex I of the EU Green Bond Standard (“EU GBS”).

DNV Business Assurance Denmark AS (“DNV”) has been commissioned by the CdM to review its Factsheet and provide an External Review on the Factsheet, based on the EUGBS.

Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities. No assurance has been provided regarding the financial performance of the relevant Bonds, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the pre-issuance Factsheet has met the criteria established on the basis set out below.

Responsibilities of the Management of CdM and DNV

The management of CdM has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent assessment and is intended to inform CdM management and other interested stakeholders in the Factsheet as to whether any Bond under the Factsheet is aligned with the EUGBS. In our work we have relied on the information and the facts presented to us by CdM. DNV is not responsible for any aspect of the nominated assets referred to in this report and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any

of the information or data provided by CdM's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's External Review

We have adapted our assessment methodology to create the CdM-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's assessment.

As per our Protocol, the criteria against which the Factsheet has been reviewed are against Articles 4-8 and Annex I of Regulation (EU) 2023/2631 (EU Green Bond Standard Regulation) of the European Parliament and of the Council ("Annex I"). Annex I outlines the requirements related to EUGB Factsheets.

1. Article 4 - Use of Proceeds

The Use of Proceeds criteria are underpinned by the requirement that an EUGB issuer must use the funds raised to finance or refinance projects/assets aligned with the EU Taxonomy. Funds can be allocated to fixed assets, capital expenditure (Capex), operating expenditure (Opex), financial assets and assets and expenditures of households.

2. Article 5 – Flexibility Pocket

An EUGB may allocate up to 15% of the proceeds to non-EU Taxonomy aligned economic activities where there is either no technical screening criteria in place or where there is a clear environmental benefit in line with internationally agreed guidelines, criteria and reporting cycles. Where funds are allocated, the issuer is to provide an estimate of the total allocations and ensure that the generic criteria for Do No Significant Harm for each environmental objective are satisfied.

3. Article 6 – Financial Assets

Where funds are allocated to Financial Assets, they must align with the EU Taxonomy. They may also be allocated to other, subsequent financial assets, provided that there are not more than three financial asset allocations in succession, the final allocations are not to financial assets, and it is feasible for an External Reviewer to review the allocation of proceeds.

4. Article 7 – CapEx plan

Where proceeds are allocated to capex, the issuer is required to publish a capex plan for any activities that do not yet but will meet the taxonomy requirements. The Capex plan shall specify a deadline, occurring before the EUGB reaches maturity, by which all the capital and operating expenditure funded by the European Green Bond are to be taxonomy aligned.

5. Article 8 – Grandfathering provision

The issuer should ensure that the proceeds are allocated in alignment with the EU Taxonomy at the time of the Bond issuance. For any unallocated proceeds, where the Technical Screening criteria (TSC) are subsequently updated, the issuer should include provisions and commitments to allocate such unallocated proceeds in line with the updated EU Taxonomy criteria within seven years of the revision.

6. Annex I – Factsheet

Any EUGB issuer is required to complete a Factsheet which aligns with Annex I of (EU) 2023/2631. The contents of the Factsheet should include general information about the issuer, bond, use of proceeds and how the bond enables the environmental objectives of the European Union.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by CdM in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the bond, as described above and in [Schedule 2](#) to this Assessment;
- Assessment of documentary evidence provided by CdM on the Factsheet, supplemented by high-level desktop research. These checks refer to assessing best practices and methodologies;
- Review of published materials by CdM and on CdM's website;
- Discussions with CdM's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our external review as detailed below is a summary of these findings.

Findings and DNV's Opinion



DNV is of the opinion that Comunidad de Madrid's EUGB Factsheet has been completed in line with Articles 4 to 8 and Annex I of the EU Green Bond Standard Regulation.

1. Article 4 - Use of Proceeds

Comunidad de Madrid will allocate an amount equal to the net proceeds of the EUGB to finance and/or refinance capital expenditures and operating expenditures. These are limited to projects and expenditures associated to EU Taxonomy economic activity **6.3 – Urban and suburban transport, road passenger transport** for the purchase of new and existing electric metro and bus systems for public transport in the metropolitan Madrid area. This also includes town-to-airport and town-to-station operation of funicular railways and aerial cableways where they are part of urban or suburban transit systems.

CdM has confirmed that they will be using the gradual approach to allocation.

DNV has assessed CdM's proposed assets and can confirm that the Use of Proceeds align with the Climate Change Mitigation environmental objective of the EU Taxonomy for economic activity 6.3 including the Do No Significant Harm and Minimum Social Safeguards criteria. This is the only eligible EU Taxonomy activity and 100% of proceeds will be allocated to economic activity 6.3. DNV can also confirm that criterion (a) of economic activity 6.3 shall be fulfilled and therefore 0% of funds shall be allocated to enabling activities and 0% of funds shall be allocated to transitional activities. There shall also be no funds allocated towards fossil gas and no funds allocated towards nuclear energy production.

EU Taxonomy Activity	Asset Eligibility	Substantial Contribution Criteria	Do No Significant Harm Criteria	Minimum Social Safeguards
6.3 Urban and suburban transport, road passenger transport				

For more details about the EU Taxonomy alignment, please review [Schedule 1](#).

2. Article 5 – Flexibility Pocket

CdM will allocate 100% of the funds towards EU Taxonomy aligned activities and therefore will not exercise flexibility in the Use of Proceeds.

3. Article 6 – Financial Assets

CdM will allocate funds to Capital expenditures and operational expenditures and therefore Article 6 is not applicable to bonds under the Factsheet and this review.

4. Article 7 – CapEx plan

CdM will allocate all funds to projects and expenditures which are already aligned with the EU Taxonomy. This means there is no requirement to publish a separate Capex plan which outlines how the assets will eventually be aligned.

5. Article 8 – Grandfathering provision

CdM will be using the gradual approach to allocation and has made appropriate commitments which confirm that the proceeds will be allocated in alignment with the EU Taxonomy Technical Screening Criteria applicable at the time of issuance of the bond.

Where there are updates to the EU Taxonomy and the Technical Screening Criteria are amended after the issuance of the bond, the remaining and future proceeds will be allocated in alignment with the amended criteria no later than seven years after the date of application of the amended criteria.

6. Annex I – Factsheet

DNV is of the opinion that CdM's Factsheet contains all the required information set out in Annex I. The Factsheet describes CdM's environmental performance and longer-term strategy, including the rationale for future Green Bond issuances.

CdM will allocate the gross proceeds in line with the Use of Proceeds eligible activity as outlined in the Use of Proceeds section above. It aims to allocate proceeds within 24 months of any Bond issuance, with the Committee of Selection, Monitoring and Evaluation overseeing the allocation of the funds to appropriate 6.3-aligned projects/assets/expenditures.

CdM will produce a post-issuance allocation report and an impact report annually until full allocation. As a sub-sovereign, CdM intends not have these reviewed by DNV or another external reviewer. This review will instead be conducted by a state auditor, as per Article 13 of the EU Green Bond Regulation. CdM is still required to have an external reviewer ascertain whether the proceeds are aligned with the EU taxonomy.

CdM is outside the scope for Article 8 of (EU) 2020/852 – Taxonomy regulation and therefore is not required to report its revenues, opex and capex performance against the EU Taxonomy, nor how any EUGB under the Factsheet advances these KPIs.

CdM is outside the scope for Directive (EU) 2013/34 and is therefore not required to publish transition plans. However, the economic activities to be funded by the Bond aim to decarbonise the transport systems within Madrid and the surrounding communities. This aligns with CdM's wider transport-related decarbonisation strategies.



Based on information provided by the CdM, DNV, in its capacity as External Reviewer, is of the opinion that the use of proceeds of the European Green Bond(s) is aligned with Regulation (EU) 2020/852 and meets, or is expected to meet, where applicable, the requirements of Regulation (EU) 2023/2631.

For DNV Business Assurance Denmark AS.

Copenhagen, Denmark, 22 May 2025

A handwritten signature in blue ink, appearing to read "Thomas Leonard".

Thomas Leonard
Global Technical Manager, Sustainable
Finance Assurance
Quality Reviewer

A handwritten signature in blue ink, appearing to read "George Oakman".

George Oakman
Senior Sustainable Finance
Consultant
Lead Verifier

Schedule 1. Description of Use of Proceeds – EU Taxonomy Activity Assessment

Comunidad de Madrid will use the proceeds of the Bond for electric metro and electric bus systems for the public transport system of Madrid, – this is to be aligned with EU Taxonomy activity **6.3 - Urban and suburban transport, road passenger transport**.

DNVs findings related to EU Taxonomy alignment can be found in Tables 1-4 below:

6.3 – Urban and Suburban Transport, Road Passenger Transport.

Table 1: EU Taxonomy Eligibility

EU Taxonomy Requirement	Description of CdM Alignment
<p>Purchase, financing, leasing, rental and operation of urban and suburban transport vehicles for passengers and road passenger transport.</p> <p>For motor vehicles, operation of vehicles designated as category M2 or M3, in accordance with Article 4(1) of Regulation (EU) 2018/858, for the provision of passenger transport.</p> <p>The economic activities in this category may include operation of different modes of land transport, such as by motor bus, tram, streetcar, trolley bus, underground and elevated railways. This also includes town-to-airport or town-to-station lines and operation of funicular railways and aerial cableways where part of urban or suburban transit systems.</p> <p>The economic activities in this category also include scheduled long-distance bus services, charters, excursions and other occasional coach services, airport shuttles (including within airports), operation of school buses and buses for the transport.</p> <p>The economic activities in this category could be associated with several NACE codes, in particular H49.31, H49.3.9, N77.39 and N77.11 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.</p> <p>Where an economic activity in this category does not fulfil the substantial contribution criterion specified in point (a) of this Section, the activity is a transitional activity as referred to in Article 10(2) of Regulation (EU) 2020/852, provided it complies with the remaining technical screening criteria set out in this Section.</p>	<p>The Bond will be used to finance electric metro and electric bus systems across Madrid, in line with the following NACE codes:</p> <ul style="list-style-type: none"> • H49.31 – Urban and Suburban passenger land transport. • H49.3.9 – Other passenger land transport. <p>The vehicles to be used in this activity are category M3, as they will exceed the capacity of 8 passengers and the weight of 5 tonnes, in accordance with Regulation (EU) 2018/585.</p> <p>DNV can confirm that the proposed Use of Proceeds under the EUGB are eligible for economic activity 6.3.</p>

Table 2: Substantial Contribution Criteria

Environmental Objective	Relevant Technical Screening Criteria	CdM Alignment
Climate Change Mitigation	<p>The activity complies with the one of following criteria:</p> <p>(a) The activity provides urban or suburban passenger transport and its direct (tailpipe) CO2 emissions are zero*</p> <p>(*This includes Motor buses with type of bodywork classified as 'CE' (low-floor single-deck vehicle), 'CF' (low-floor double-deck vehicle), 'CG' (Articulated low-floor single-deck vehicle), 'CH' (Articulated low-floor double-deck vehicle), 'CI' (open top single deck vehicle) or 'CJ' (open top double deck vehicle), as set out in point 3 of part C of Annex I to Regulation (EU) 2018/858.)</p> <p>(b) Until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as 'CA' (single-deck vehicle), 'CB' (double-deck vehicle), 'CC' (single-deck articulated vehicle) or 'CD' (double-deck articulated vehicle) and comply with the latest EURO VI standard. i.e. both with the requirements of Regulation (EC) No 595/2009 and, from the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex I to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO2 emissions of the vehicles are zero.</p>	<p>The Bond will be used to finance electric metro and electric bus systems across Madrid that result in zero emissions at the tailpipe and are hence considered to be in accordance with criterion (a) of the substantial contribution criteria of the EU Taxonomy.</p> <p>These activities will result in zero emissions at the tailpipe and therefore qualify through clause (a). This also means the activities are not transitional.</p>

Table 3: Compliance with the Do No Significant Harm

Environmental Objective	Relevant Do No Significant Harm Criteria	CdM Alignment
Climate Change Adaptation	<p>The activity complies with the criteria set out in Appendix A to Annex 1 (EU) 2021/2139.</p>	<p>The Spanish government has identified the main hazards that will affect Spain in the National Climate Change Adaptation Plan (Plan Nacional de Adaptación al Cambio Climático¹, PNACC).</p> <p>CdM also has a regional strategy for energy, climate and air. Strategic actions are coordinated through Plan Azul² and Estrategia Madrid 360³, which include a range of different initiatives to reduce emissions and ensure assets are adequately resilient, as well as a full assessment</p>

¹ Plan Nacional de Adaptación al Cambio Climático | [Link](#)

² Plan Azul | [Link](#)

³ Estrategia Madrid 360 | [Link](#)

		<p>of climate risks and vulnerabilities. These include changing temperatures and heat waves, as well as heavy precipitation relevant to Madrid's public transport. Three clearly defined risk levels have been identified in terms of high temperatures and ice, snow and rain.</p> <p>Improvements have already been made to protect the metro network from flooding during rainstorms, rehabilitate access to stations, improve drainage pumping wells and evacuation facilities in tunnels. EMT is actively investing in ventilation systems and better shaded bus stops.</p> <p>The Use of Proceeds in the metro and buses is considered not to affect the adaptation measures included in the various plans. DNV considers this to be in line with the criteria for climate change adaptation set out in Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.</p>
Sustainable Use and Protection of Water and Marine Resources	N/A	Not applicable as per Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.
Transition to a Circular Economy	<p>Measures are in place to manage waste, in accordance with the waste hierarchy, both in the use phase (maintenance) and the end-of-life of the fleet, including through reuse and recycling of batteries and electronics (in particular critical raw materials therein).</p>	<p>DNV has reviewed the appropriate documentation to confirm that Metro de Madrid and EMT operate under an Environmental Management Systems which is certified according to ISO 14001.</p> <p>Responding to a new organisational model in Metro, actions and initiatives are implemented based on integral sustainability, using and optimising stocks and flows of resources (water and energy), materials and waste. Among others recovery of more than 95% of the waste generated, including batteries and electronic products, through improved waste segregation and management.</p> <p>DNV considers this is in line with the criteria established for circular economy in Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.</p>
Pollution Prevention and Control	<p>For road vehicles of categories M, tyres comply with external rolling noise requirements in the highest populated class and with Rolling Resistance Coefficient (influencing the vehicle energy efficiency) in the highest two populated classes as set out in Regulation (EU) 2020/740 and as can be verified from the European Product Registry for Energy Labelling (EPREL).</p> <p>Where applicable, vehicles comply with the requirements of the most recent applicable stage of the Euro VI heavy duty emission type-approval set out in accordance with Regulation (EC) No 595/2009.</p>	<p>Regulation (EU) 2020/740 is related to the tires used in Spain, as well as the suppliers and distributors, all of whom must comply with the requirements laid out in the regulation, which monitors the labelling and testing of tires.</p> <p>CdM has provided records of public tenders of the EMT showing that compliance with (EU) 2020/740 is a standard requirement in public tenders for the acquisition of tires.</p> <p>DNV considers this is in line with the criteria established for pollution and prevention control in Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport.</p>

Protection and Restoration of Biodiversity and Ecosystems	N/A	Not applicable as per Commission Delegated Regulation (EU) 2021/2139, Annex 1, 6.3 Urban and suburban transport, road passenger transport
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Table 4: Compliance with the Minimum Social Safeguards

Minimum Social Safeguards	CdM Alignment
<p>Article 18 of Regulation (EU) 2020/852:</p> <p>Paragraph 1.</p> <p>The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.</p> <p>Paragraph 2.</p> <p>When implementing the procedures referred to in Paragraph 1 of this Article, undertakings shall adhere to the principle of 'do no significant harm' referred to in point (17) of Article 2 of Regulation (EU) 2019/2088.</p>	<p>Spain has signed and ratified all relevant UN conventions, including optional protocols linked to them.</p> <p>CSR Policy and Code of Conduct is in place for both Metro and EMT, aligned with the principles and rights set in the UN Guiding Principles on Business and Human Rights and the principles and rights set out in the fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.</p> <p>As part of public administration, procurement is regulated by the Public Sector Contracts Act and subject to principles and requirements of responsible procurement, including compliance with ethical standards and respect for the human rights, integrity, transparency and protection of the environment.</p> <p>DNV has reviewed the information provided and concludes that CdM complies with the minimum social safeguards in Article 18 of Regulation (EU) 2020/852.</p>

Schedule 2: Assessment against Articles 4-8 & Annex I

Article 4 – Use of Proceeds

Paragraph	Requirement	CdM Alignment
1	<p>Before the maturity of a European Green Bond, the proceeds of such a bond shall be allocated in full, in accordance with the taxonomy requirements, to one or more of the following categories (the 'gradual approach'):</p> <p>(a) fixed assets that are not financial assets;</p> <p>(b) capital expenditure that falls under point 1.1.2.2. of Annex I to Delegated Regulation (EU) 2021/2178 of the vehicles are zero.</p> <p>(c) operating expenditure that falls under point 1.1.3.2. of Annex I to Delegated Regulation (EU) 2021/2178 and was incurred no more than three years before the issuance of the European Green Bond;</p> <p>(d) financial assets that were created no more than five years after the issuance of the European Green Bond;</p> <p>(e) assets and expenditure of households. By way of derogation from the first subparagraph, issuers may deduct issuance costs from the proceeds of the European Green Bond before allocating those proceeds</p>	The proceeds of the bond will be delegated to (b) and (c) as outlined in Article 4(1).
2	<p>By way of derogation from paragraph 1, issuers may allocate proceeds from one or more outstanding European Green Bonds to a portfolio of fixed assets or financial assets in accordance with the taxonomy requirements (the 'portfolio approach'). Where issuers allocate proceeds in accordance with the first subparagraph of this paragraph, they shall demonstrate in the allocation reports referred to in Article 11 that the total value of the assets referred to in the first subparagraph of this paragraph in their portfolio exceeds the total value of their portfolio of outstanding European Green Bonds.</p>	Not applicable.
3	<p>By way of derogation from paragraph 1, a sovereign or a third-country issuer which is a State, a member of a federation in the case of a federal State, or a regional or municipal entity, may also allocate the proceeds of European Green Bonds it has issued to tax relief, subsidies, intermediate consumption, current transfers within a general government, current international cooperation or other types of public expenditure, provided that the proceeds are allocated in accordance with the taxonomy requirements</p>	This is applicable to CdM, though they have opted to use the EUGB funds exclusively for expenditures related to operational expenditure and capital expenditure.

Article 5 – Flexibility Pocket

Paragraph	Requirement	CdM Alignment
1	<p>By way of derogation from Article 4(1), issuers may allocate up to 15 % of the proceeds of a European Green Bond to economic activities that comply with the taxonomy requirements, with the exception of the technical screening criteria, provided that those activities are:</p> <p>(a) economic activities in respect of which no technical screening criteria have entered into force by the date of issuance of the European Green Bond; or</p> <p>(b) activities in the context of international support reported in accordance with internationally agreed guidelines, criteria and reporting cycles, including climate financing reported to the Commission under the United Nations Framework Convention on Climate Change as referred to in Article 19(3) of Regulation (EU) 2018/1999, and official development assistance reported to the Development Assistance Committee of the Organisation for Economic Cooperation and Development.</p>	<p>Not applicable.</p> <p>CdM will not be utilising the Flexibility pocket.</p>
2	Where an issuer allocates the proceeds of a European Green Bond in accordance with paragraph 1 of this Article, it shall describe in the European Green Bond Factsheet referred to in Article 10 the activities concerned and the estimated percentage of the proceeds intended to finance such activities as a total and also per activity.	
3	Where an issuer allocates the proceeds of a European Green Bond to economic activities referred to in paragraph 1, point (a), it shall ensure that those activities meet, where applicable, the generic criteria for ‘do no significant harm’ set out in Appendices A, B, C and D to Annex I to Delegated Regulation (EU) 2021/2139.	
4	Where an issuer allocates the proceeds of a European Green Bond to the activities referred to in paragraph 1, point (b), it shall on a best-efforts basis ensure that those activities meet the relevant technical screening criteria.	

Article 6 – Financial Assets

Paragraph	Requirement	CdM Alignment
1	The proceeds of financial assets shall be allocated only to the uses set out in Article 4(1), or, where applicable, to the uses set out in Article 4(2) and (3).	<p>Not applicable.</p> <p>CdM will not be allocating proceeds to financial assets.</p>
2	<p>The proceeds of financial assets may be allocated to other, subsequent financial assets, provided that:</p> <p>(a) there are not more than three subsequent financial assets in succession;</p> <p>(b) the proceeds from the financial assets last in the sequence are allocated to the uses set out in Article 4(1), first subparagraph, point (a), (b), (c) or (e), or, where applicable, to the uses set out in Article 4(3); and</p>	

	(c) the issuer ensures that it is possible for external reviewers to review effectively the final allocation of proceeds	
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Article 7 – Capex plan

Paragraph	Requirement	CdM Alignment
1	Where the uses of proceeds referred to in Article 4(1), first subparagraph, points (b) and (c), relate to economic activities that will meet the taxonomy requirements, the issuer shall publish a CapEx plan.	Not applicable. CdM will be allocating to projects that are already aligned with the EU Taxonomy.
2	The CapEx plan shall specify a deadline, occurring before the European Green Bond reaches maturity, by which all the capital and operating expenditure funded by the European Green Bond are to be taxonomy aligned.	
3	The issuer shall, within 60 days of the deadline specified in the CapEx plan, obtain an assessment from an external reviewer of the taxonomy alignment of the capital and operating expenditure that are included in that CapEx plan and funded by the proceeds of the European Green Bond.	

Article 8 – Grandfathering Provision

Paragraph	Requirement	CdM Alignment
1	Where issuers allocate the proceeds of European Green Bonds to the uses set out in Article 4(1) and (3), they shall ensure that: (a) those proceeds are allocated in alignment with the technical screening criteria applicable at the time of issuance of the bond; (b) where technical screening criteria are amended after the issuance of the bond, the following proceeds be allocated in alignment with the amended technical screening criteria no later than seven years after the date of application of the amended criteria: (i) proceeds that are not yet allocated; and (ii) proceeds that are covered by a CapEx plan in accordance with Article 7, that have not yet met the taxonomy requirements.	CdM is using the “gradual approach” under Article 8. It has confirmed that all proceeds will be allocated in alignment with the TSC applicable at the time of issuance of the bond. In the event that the TSC are amended after the issuance of the bond, the following proceeds will be allocated in alignment with the amended TSC no later than seven years after the date of application of the amended criteria.
2	Where issuers allocate proceeds in accordance with the portfolio approach, issuers shall include in their portfolio only those assets whose underlying economic activity is aligned with any technical screening criteria which were applicable at any point during the seven years prior to the date of publication of the allocation report.	Not applicable.

3	Where the proceeds of an outstanding bond are at risk of not being aligned with paragraph 1, point (b)(ii), the issuer shall draw up, submit to external review by an external reviewer and publish a plan for aligning them to the extent possible with the amended technical screening criteria and for mitigating to the extent possible the negative consequences of the lack of full alignment with the amended technical screening criteria. The issuer shall publish that plan before expiry of the period set out in paragraph 1, point (b).	Not applicable.
4	Alignment with the relevant technical screening criteria shall be demonstrated in the allocation report referred to in Article 11.	CdM has committed to annual allocation reports until full allocation where this information will be outlined.

Annex I – Factsheet

Section	Requirement	CdM Alignment
1 General Information	<p>The Issuer must include the date of publication of the EU GB Factsheet, the legal name of the Issuer, the website address where the Factsheet will be published and the identity and contact details of the external reviewer.</p> <p>If possible, the Issuer should include the legal entity identifier of the issuer, the name of the bond(s) assigned by the issuer, the ISIN of the bond(s), the planned issuance date or period, and the name of the competent authority that has approved the bond prospectus(es).</p>	CdM has included all the necessary information in the first section of the Factsheet.
2 Important Information	<p>The Issuer must provide a statement showing that it voluntarily adheres to the requirements of the regulation proposal.</p> <p>The Issuer must clarify whether or not all the project categories will be entirely aligned with the Technical Screening Criteria (TSCs), or if the flexibility pocket will be used (and if so, how does it comply with the EU GB legislation).</p>	<p>CdM has confirmed the bonds will comply with the EU Green Bond regulation.</p> <p>The issuer has opted for full EU Taxonomy alignment and therefore the flexibility pocket is out of scope.</p>
3 Environmental Strategy and Rationale	<p>The Issuer must describe its environmental strategy, including - if any - the specific targets and international standards the Issuer adheres and commits to.</p> <p>The Issuer must include information on how the bond aligns with the broader environmental strategy of the issuer.</p> <p>Where relevant, how the assets support the Opex, Capex and revenues of the organisation against the EU Taxonomy.</p> <p>Where relevant, how the Bonds support the organisations transition plan.</p>	<p>CdM has done this in the Overview section of its Factsheet. This includes the aims of the EUGBs and how issuances against the Factsheet enable wider environmental performance at an entity level.</p> <p>CdM is not in scope of the EU Taxonomy reporting regulation.</p> <p>CdM is not in scope of the transition plan regulation.</p>
4 Intended Allocation of Bond Proceeds	<p>The Factsheet should show the intended allocation to taxonomy-aligned economic activities.</p> <p>There should be confirmation as to whether the proceeds are to be allocated in the gradual or portfolio approach, and whether the bond(s) [is a/are] securitisation bond(s).</p>	We have assessed the credibility of the Use of Proceeds and the EU-Taxonomy alignment in Schedule 1 of this External Review.

	<p>The minimum proportion of bond proceeds that is EU Taxonomy aligned and the intended allocation of specific taxonomy-aligned economic activities.</p> <p>Where available, an indication of the share of the bond proceeds to be used for financing (in the year of issuance or after the year of issuance) and refinancing.</p> <p>Where the issuer is a sovereign, and bond proceeds are planned to be allocated to tax relief as set out in Article 4(3) of Regulation (EU) 2023/2631, an estimate of the expected volume of revenue loss associated with eligible tax relief.</p> <p>Where available, the targeted environmental objective(s), as referred to in Article 9 of Regulation (EU) 2020/852.</p> <p>For each of the economic activities to which proceeds are intended to be allocated, information on their types, sectors and respective NACE codes in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006 of the European Parliament and of the Council.</p> <p>Where bond proceeds are intended to be allocated to an enabling or transitional economic activity, which type of enabling or transitional economic activity is intended to be financed and, where available, the amount and proportion of proceeds intended to be allocated to each type of enabling or transitional economic activity.</p> <p>Where applicable, the amount and proportion of proceeds intended to be allocated to taxonomy-aligned activities related to nuclear energy and fossil gas in accordance with Articles 10(2) and 11(3) of Regulation (EU) 2020/852.</p> <p>Intended allocation to economic activities not aligned with the technical screening criteria</p> <p>Where bond proceeds are intended to be allocated in accordance with Article 5 of Regulation (EU) 2023/2631, a statement that the (net) proceeds of the bond are intended to be partially allocated to economic activities that are not aligned with the technical screening criteria.</p> <p>The issuer shall describe such non-alignment, the activities concerned and, where available the estimated percentage of the proceeds intended to finance such activities as a total and on a per-activity basis, including a breakdown describing which point(s) of Article 5(1) of Regulation (EU) 2023/2631 is/are being used.</p> <p>Furthermore, an explanation why the technical screening criteria cannot be applied and an explanation of the manner in which the issuer intends to ensure that those activities comply with Article 5(3) and (4) of Regulation (EU) 2023/2631 and Article 3, points (a), (b) and (c), of Regulation (EU) 2020/852.</p> <p>The Factsheet should outline the process and timeline for allocation and a description of the processes by which the issuer will determine how projects align with the criteria for environmentally sustainable economic activities.</p> <p>There should be an indication of the issuance costs including an estimate of the amount of cumulative issuance costs that are deducted from the proceeds, as permitted under Article 4(1) of Regulation (EU) 2023/2631, with an accompanying explanation, if relevant.</p>	<p>In the Factsheet, CdM confirm that 100% of proceeds are to be aligned with activity 6.3 of the EU Taxonomy, under the “Climate Change Mitigation” Environmental objective. The eligible NACE codes are H49.31 and H49.3.9, which we can confirm are appropriate and eligible activities.</p> <p>DNV can confirm that the assets it has reviewed qualify through economic activity 6.3 (a) meaning no funds shall be allocated to Transitional or Enabling activities and no funds, by extension, shall be allocated to activities related to fossil gas and nuclear power.</p> <p>0% of assets shall be aligned to non-EU Taxonomy aligned activities and the flexibility pocket shall not be exercised.</p> <p>The Factsheet confirms that all funds are to be allocated to capital expenditures and operating expenditures, and allocation shall be done using the gradual approach. No bonds are securitisation bonds.</p> <p>CdM has not disclosed the proportion of financing and re-financing, though the Factsheet commits to report this within its annual allocation report.</p> <p>The issuer aims to allocate the proceeds within 24 months from the time of issuance of a European Green Bond.</p> <p>The proceeds of European Green Bonds will be allocated to activity 6.3 from the General Budget of Comunidad de Madrid. This will be reflective of the fiscal year of the European Green Bond issuance and, in case necessary, to the preceding fiscal year.</p> <p>CdM has a dedicated internal Committee of Selection, Monitoring and Evaluation which includes representatives from the Regional Treasury Department, the sub-Department of Financial planning, the sub-Department of Public Finance and other members as needed. This committee is responsible for the selection of assets.</p>
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<p>5</p> <p>Environmental Impact of the Bond Proceeds</p>	<p>Where available, an estimate of the anticipated environmental impacts of the proceeds of the bond(s). Where this information is not available, this must be justified.</p>	<p>CdM has issued Green Bonds previously where it has been able to report the environmental impact derived from the bond proceeds⁴.</p> <p>The Factsheet confirms the CdM shall disclose information related to the methodology and assumptions used to evaluate the reported impact.</p>
<p>6</p> <p>Information on Reporting</p>	<p>The Factsheet shall include a link to the issuers website, and where applicable, relevant reports, consolidated management reports, sustainability reports and other useful publicly available reports.</p> <p>The date on which the first reporting period starts, if different from the issuance date, as set out in Article 11(1) of Regulation (EU) 2023/2631.</p> <p>An indication of whether allocation reports will include project-by-project information on amounts allocated and the expected environmental impacts.</p>	<p>The Factsheet contains links to the CdM's investor relations page: Link.</p> <p>The investor relations page shall provide information related to any EUGB issued on the Factsheet.</p> <p>All other reports will be found on the General Accounts page: Link</p> <p>The Factsheet outlines that the end date of the first reporting period will be the final day of the calendar year.</p> <p>The allocation report will provide information on an aggregated basis at least at the sub-category level. The report may include project-by-project information.</p>
<p>7</p> <p>Capex Plan</p>	<p>Where applicable, a detailed description of the CapEx plan referred to in Article 7 of Regulation (EU) 2023/2631 including the main parameters used by the issuer to determine the alignment of the relevant assets or activities with the taxonomy requirements by the end of the period provided for in that Article.</p>	<p>Not applicable.</p>
<p>8</p> <p>Other relevant information</p>		<p>Not applicable</p>

⁴ 2023 Green Financing Report | [Link](#)



WHEN TRUST MATTERS

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener group. All rights reserved.