Tesoro Público
De España

Green Bond Framework of the Kingdom of Spain

September 2026






GOBIERNO DE ESPAÑA

Working Group on the Structuring of
Sovereign Green Bond Issuances by the Kingdom of Spain
and the Promotion of Sustainable Finance

Index

1. The Kingdom of Spain's environmental ambition ... 3

1.1. The need for decisive climate and environmental action ... 3

1.2. Spain's environmental objectives ... 4

1.3. The transformation of the financial markets ... 5

2. The Green Bond Programme ... 6

2.1. Developments of the Kingdom of Spain's Green Bond Programme ... 6

2.2. Update to the Green Bond Framework ... 7

2.3. Programme objectives ... 8

2.4. Framework for inter-ministerial coordination ... 9

3. The Kingdom of Spain's Green Bond Framework ... 10

3.1. Use of Proceeds ... 11

3.2. Process for evaluation and selection of eligible items ... 22

3.3. Management of environmental and social risks ... 24

3.4. Management of proceeds ... 25

3.5. Investor information ... 25

4. Independent third-party verification ... 27

4.1. Second-party opinion on the Green Bond Framework ... 27

4.2. Verification of annual reports ... 27

5. Legal notice ... 28

1. The Kingdom of Spain's environmental ambition

1.1. The need for decisive climate and environmental action

There is broad consensus in the scientific community on the unprecedented impact that human activity is having on the climate system. The burning of fossil fuels, changes in land use, urbanisation, industrial processes, and current production and consumption patterns have increased the concentration of greenhouse gases to levels not observed in recent history. According to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the global average surface temperature has risen by approximately 1.1 to 1.2 ˚C above pre-industrial levels[1], at a rate that has accelerated significantly in recent decades. According to the European Union's Earth Observation Service, Copernicus, 2024 was the warmest year on record to date[2].

The impacts associated with climate change are increasingly affecting economies, infrastructure, and social well-being, and are manifesting through the growing frequency and intensity of extreme weather events, water stress, wildfires, biodiversity loss, and disruptions to productive systems. These effects generate physical and transition risks with significant implications for the economy and the financial system. Mediterranean regions are among the most vulnerable, with risks that directly or indirectly affect Spanish ecological systems, accelerating the deterioration of resources essential to our well-being - such as water, fertile soil, forests, and biodiversity - and threatening people's quality of life and health. This exposes our country to a combination of phenomena such as extreme precipitation events - the most recent paradigmatic example in Spain being the DANA storms of autumn 2024-, longer droughts, more intense heatwaves, soil degradation, growing pressure on water resources, and wildfires.

In response to this challenge, the international community organised its efforts around the 2015[3] Paris Agreement, and the European Union has progressively strengthened its ambition within this framework. The European Climate Law enshrines in law the objective of climate neutrality by 2050 and sets a target of reducing greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. In February 2026, the European Parliament ratified the agreement reached with the Council to incorporate a new intermediate and legally binding climate target: a 90% reduction in net greenhouse gas emissions by 2040 compared to 1990, which reinforces the trajectory towards climate neutrality across all economic sectors of the European Union. This set of commitments is framed within the European Green Deal strategy and has been developed through initiatives such as the *Fit for 55* legislative packages, *REPowerEU*, and the financial instruments of the 2021–2027 Multiannual Financial Framework and *NextGenerationEU*.

The European Green Deal also expresses the European Commission's commitment to promoting the circular economy, reducing water and air pollution, sustainable agriculture, and combating biodiversity loss, as well as fostering the economic and social transformation that contributes to the creation of high-quality jobs and sustainable growth. For example, in line with the United Nations Conventions on Biological Diversity (CBD) and to Combat Desertification (UNCCD), the European Union's 2030 Strategies for Forests and on Biodiversity seek to protect and restore nature and reverse ecosystem degradation – a fundamental natural asset for sustainable and resilient socioeconomic development.

[1] IPCC Sixth Assessment Report (SBM-5)
[2] https://climate.copernicus.eu/copernicus-2025-was-third-hottest-year-record
[3] Paris Agreement (Article 2.1(a))

In Spain, climate action and environmental protection have become consolidated as a matter of State policy, with the ecological transition serving as a driver of economic modernisation, innovation, competitiveness, and the creation of quality employment. The progressive implementation of this agenda strengthens the resilience of the Spanish economy against the risks associated with climate change, while at the same time opening new investment opportunities in a context where private sector participation is indispensable to achieving the levels of investment required for decarbonisation.

1.2. Spain's environmental objectives

Spain is a country in the Mediterranean region and, as such, is particularly exposed to the effects of climate change, which directly or indirectly affect a wide range of economic sectors and our terrestrial and marine ecological systems, accelerating the deterioration of resources essential to well-being such as water, fertile soil, and biodiversity. The **Declaration of Climate and Environmental Emergency**, approved by the Council of Ministers in January 2020, underscores the need to advance towards climate neutrality, which also represents an opportunity to modernise the economy, drive innovation, strengthen competitiveness, and generate quality employment.

Spain's response to this challenge is built around a robust legal and institutional framework, the centrepiece of which is the Law on Climate Change and Energy Transition, which provides the legal basis for the decarbonisation of the Spanish economy, for promoting protection against the risks of climate change, and for orienting public policies towards climate neutrality. This law sets minimum national targets for the reduction of greenhouse gas emissions and the deployment of renewable energies, which are developed through the **National Integrated Energy and Climate Plan (PNIEC) 2023–2030**, updated in 2023, which defines the roadmap for this decade in terms of energy transition and emissions reduction, and identifies investment, innovation, and economic activity opportunities associated with the ecological transition.

The updated PNIEC significantly raises Spain's level of ambition for 2030, reflecting the stronger commitment made within the European framework. In particular, the greenhouse gas emissions reduction target is set at 32% compared to 1990 levels; the renewable energy target is fixed at 48% of final energy consumption, with renewables reaching 81% of electricity generation; and the energy efficiency target is set at 43% relative to the baseline scenario, aligned with the European framework revised in 2023. The energy transition driven by this framework will mobilise more than 200 billion euros of investment during the 2021–2030 decade and will be accompanied by economic growth, job creation, and a reduction in premature deaths. All of this must be accompanied by the Just Transition Strategy, which ensures that this transformative process is socially balanced.

This architecture of climate and energy policies is complemented by various sectoral strategies aimed at strengthening environmental resilience, promoting more efficient use of resources, and protecting natural capital. The **National Climate Change Adaptation Plan (PNACC) 2021–2030** establishes the reference framework for integrating climate change adaptation into public policies, anticipating risks, and strengthening the resilience of natural and socioeconomic systems in areas such as water resources, biodiversity, agriculture, coastlines, and cities. The **Circular Spain 2030 Strategy** drives the transition towards a more resource-efficient model of production and consumption. The **State Strategic Plan for Natural Heritage and Biodiversity to 2030** guides public policies towards the conservation, restoration, and sustainable use of natural heritage, accompanied by specific plans such as the Master Plan for

Spain's Network of Marine Protected Areas, the Strategic Wetlands Plan to 2030, the National Green Infrastructure and Ecological Connectivity and Restoration Strategy, as well as the Spanish Forest Strategy Horizon 2050, the Strategic Guidelines for Wildfire Management in Spain, and the National Strategy to Combat Desertification, promoting sustainable land management that prevents its degradation.

In the area of sustainable use and protection of water resources, the application of the regulatory and planning framework is essential for Spain, establishing binding environmental objectives aimed at preventing the deterioration of the status of water bodies by integrating principles of efficient resource use, including the use of reclaimed water and resilience to water stress, as well as energy efficiency in the water cycle. The implementation of these objectives is articulated through the River Basin Hydrological Plans, which constitute the primary instrument for the efficient allocation of resources, the internalisation of water risks, and the identification of investment needs aligned with sustainable finance. Likewise, the Flood Risk Management Plans, coordinated with hydrological planning, make it possible to assess exposure to physical risks, reduce potential economic losses, and improve the resilience of infrastructure and assets, mitigating physical climate risks, promoting the alignment of investments with climate change adaptation objectives, and reinforcing the long-term stability of water-dependent productive systems.

The Recovery, Transformation and Resilience Plan, reinforced through the REPowerEU component, has consolidated the ecological and digital transition as a priority vector of structural modernisation, allocating nearly 40% of resources to investments aligned with climate action and the energy transition, water management, and the protection of terrestrial and marine biodiversity. These policies have mobilised an unprecedented volume of public and private investment aimed at accelerating the decarbonisation of the economy, through the deployment of renewables across their various technologies, the energy renovation of buildings, the promotion of sustainable mobility, sustainable agriculture, improved water management, sustainable forest management, and territorial resilience.

Overall, the package of measures and reforms promoted in the environmental sphere seeks to adapt the Spanish economy to climate challenges, strengthen its resilience against present and future environmental risks, and contribute to the modernisation and competitiveness of the Spanish economy.

1.3. The transformation of the financial markets

Spain has committed, under the Paris Agreement, to aligning financial flows with a trajectory towards climate-resilient and low greenhouse gas emissions development. This principle implies that the ecological transition cannot be limited to the real economy but must be fully integrated into the functioning of the financial system, so that it facilitates the allocation of capital. This transformation of financial markets is a prerequisite for strengthening the long-term competitiveness of the Spanish economy and for improving its capacity to identify, assess, and manage the physical and transition risks that climate change increasingly poses to the balance sheets of companies, financial institutions, and the economic system.

Since 2018, with the launch of the Sustainable Finance Action Plan, and with particular intensity from 2021 onwards, with the adoption of the European Commission's Renewed Sustainable Finance Strategy, the European regulatory landscape for sustainable finance has evolved substantially, shaping a regulatory ecosystem that structurally affects capital allocation, financial transparency, and risk management. The progressive implementation of the European

Union's **Sustainable Finance Taxonomy**, the entry into force of the **Corporate Sustainability Reporting Directive (CSRD)**, the adoption of the **European Green Bond Regulation**, and the integration of climate risks into prudential frameworks have reinforced the structural incorporation of environmental criteria into financial decision-making.

In parallel, national supervisory authorities, in coordination with the European Central Bank and the European supervisory authorities, have strengthened the incorporation of climate risk into supervisory processes, scenario analyses, and stress tests. This has consolidated the integration of climate change as a relevant factor for the resilience of the financial system, with growing implications for the risk management of financial institutions and for the stability of the system as a whole.

In this context, the Kingdom of Spain's sovereign green bond programme constitutes one of the instruments through which the Treasury contributes to channelling financing towards investments with a positive environmental impact. This programme helps to broaden and diversify the investor base, offer liquid assets aligned with environmental commitments, and reinforce Spain's credibility in international capital markets. The green sovereign issuance is coherently integrated into the Treasury's overall financing strategy, ensuring predictability, stability, and transparency for investors.

Since the launch of the sovereign green bond programme in 2021, Spain has made significant progress in consolidating a national sustainable finance ecosystem aligned with the European regulatory framework and with the climate neutrality objectives set out in the Climate Change and Energy Transition Act. Initiatives such as the **Green Paper on Sustainable Finance** and the establishment of the **Sustainable Finance Council** have strengthened the governance of the national ecosystem, promoting public-private dialogue, the identification of opportunities and barriers, and the development of best practices to channel savings and investment towards sustainable activities. The objective of the Sustainable Finance Council is to reinforce the competitiveness of the Spanish business fabric, particularly SMEs, with the support of the financial sector, to facilitate their transition and enable them to exploit opportunities in terms of investment, growth, and innovation. Ultimately, the aim is to ensure that companies have better tools to finance their transformation, improve their competitiveness, and more effectively manage the physical and transition risks they face.

2. The Green Bond Programme

2.1. Developments of the Kingdom of Spain's Green Bond Programme

The Kingdom of Spain launched its green bond framework in 2021 with the objective of financing public expenditures and investments with a positive environmental impact and contributing to the transition towards a low-carbon economy. The Green Bond Framework, approved on 26 July 2021, is aligned with national and European climate priorities. The framework was designed in accordance with the Green Bond Principles published by the International Capital Market Association (ICMA) and received a Second Party Opinion that awarded it the highest rating.

The inaugural issuance attracted exceptional demand, reflecting the strong market interest in Spanish sustainable sovereign debt, and since then the programme has been continued through bond reopening via auctions, reaching an outstanding volume of over €18 billion by end-2025. The first green bond issuance took place on 7 September 2021, through the syndication of

a new bond maturing in July 2042 for an amount of €5 billion. Demand exceeded €60 billion, reflecting strong investor interest in this instrument. Since then, the Treasury has continued to develop the programme through green bond reopening via auctions, reaching, as of 31 December 2025, an outstanding volume of €18.385 billion, establishing itself as a relevant benchmark within the sustainable financing market.

The proceeds raised through these issuances have been allocated to finance public expenditure programmes with a positive environmental impact in areas such as sustainable mobility, water management, climate change adaptation through agricultural insurance, and energy efficiency. The programme has progressively expanded the scope of allocated expenditure, incorporating new budget lines that contribute to the environmental objectives defined in the framework. In the 2024 financial year, for example, a new category was included relating to tax deductions for energy efficiency improvement works in residential buildings, amounting to €92.7 million corresponding to the 2023 financial year.

The diversification of the expenditure categories financed through the programme offers investors exposure to a broader range of public policies with a positive environmental impact and reinforces transparency regarding the contribution of these actions to Spain's climate and environmental policy.

2.2. Update to the Green Bond Framework

Since the launch of the framework in 2021, the green bond market has experienced notable expansion, both at European level and in Spain. In the European Union, green bond issuance reached €134 billion in 2024[4]. In relative terms, green bonds accounted for 6.9% of total bonds issued by companies and governments in the EU in 2024, compared to 5.3% in 2023, with corporate issuance reaching a new high of 12.8%[5]. In Spain, the trend has been equally positive. According to the OFISO[6] Annual Report, sustainable finance reached a volume of €76.968 billion in 2025, 17% more than in the previous year, consolidating the Spanish market in a phase of maturity. Green bonds accounted for the largest share of sustainable bond issuances, with €15.308 billion.

In parallel with this market growth, the European Union has progressively built a sustainable finance regulatory framework that has transformed investor expectations and the conditions for sovereign green bond issuance. The central element of this framework is the EU Taxonomy, established by Regulation (EU) 2020/852, which defines which economic activities can be considered environmentally sustainable. Since its entry into force, the Taxonomy has been made operational through the successive adoption of its delegated acts, which have specified the technical screening criteria for economic activities contributing to each of the six EU environmental objectives. In the specific area of the bond market, the adoption of Regulation (EU) 2023/2631 on the European Green Bond Standard (EU GBS), applicable from December 2024, has established a voluntary standard that links the use of proceeds to Taxonomy-aligned activities, and which introduces for the first time the supervision of external reviewers at European level.

The regulatory dynamism in sustainable finance is accompanied, in parallel, by a simplification effort that should not promote a reduction in climate ambition, but rather an improvement in the operability and accessibility of the system. The Omnibus package adopted in February 2026

[4] https://climate.ec.europa.eu/eu-action/climate-strategies-targets/progress-climate-action/eu-climate-action-progress-report-2025/chapter-7-investments-climate-action_en
[5] https://www.eea.europa.eu/en/analysis/indicators/green-bonds-8th-eap
[6] https://www.ofiso.es/files/informe-anual-OFISO-2026.pdf

has introduced adjustments to the Taxonomy and CSRD reporting obligations, aimed at simplifying sustainability information reporting and reinforcing the proportionality of the framework. In the same direction, the revision of the Taxonomy's technical screening criteria seeks to simplify the do no significant harm criteria and better align them with existing sectoral legislation. The revision of the SFDR, for its part, pursues an analogous objective in the area of financial products: greater clarity and comparability, without weakening transparency requirements vis-à-vis investors. These initiatives reflect the ambition to make the European sustainable finance framework a more efficient and widely used system, and this must be achieved without compromising the climate objectives that underpin it.

With regard to Spain, since the publication of the original framework in 2021, new public policies and programmes have been implemented in the areas of energy transition, climate change adaptation and environmental protection. The approval and development of instruments such as the National Climate Change Adaptation Plan (PNACC) 2021-2030, the update of the National Integrated Energy and Climate Plan (PNIEC), the approval of the State Strategic Plan for Natural Heritage and Biodiversity to 2030, and the launch of new public investment programmes linked to the Recovery and Resilience Facility funds have significantly expanded the scope of public actions with a positive environmental impact.

Finally, the update of the Spanish framework aligns with recent developments in the European green bond market and with international best practices. In this context, the update of the Spanish framework contributes to maintaining coherence with market best practices and to reinforcing the position of the Spanish sovereign green bond as a benchmark within the European sustainable finance market.

For all the above reasons, the time is right to carry out an update of the Kingdom of Spain's Green Bond Framework. The dynamism of the market, both in Europe and in Spain, reflects growing investor demand that is increasingly demanding in terms of quality, transparency and alignment with regulatory standards. The development of the European sustainable finance regulatory framework – and in particular the consolidation of the EU Taxonomy as a cross-cutting reference for the definition of environmentally sustainable activities – has raised investor expectations with regard to sovereign green bonds. At the same time, the expansion of the scope of public policies with a positive environmental impact in Spain since 2021 offers the opportunity to broaden and enrich the universe of eligible expenditures.

In this context, the update of the framework pursues three complementary objectives: to adequately reflect the advances in Spanish climate and environmental policy; to incorporate information on the degree of alignment of expenditure categories with the EU Taxonomy criteria under a best-efforts approach; and to maintain the ambition of positioning this framework at the forefront of international best practices, thereby preserving the position of the Spanish sovereign green bond as a benchmark in the European sustainable finance market.

2.3. Programme objectives

Through the items associated with the issued green bonds, the Kingdom of Spain expects to finance those public expenditure programs that contribute to achieving the following **environmental objectives:**

1. **Climate change mitigation**
2. **Climate change adaptation**

3. **Sustainable use and protection of water and marine resources**
4. **Transition towards a circular economy**
5. **Prevention and control of pollution**
6. **Protection and restoration of biodiversity and ecosystems**

Furthermore, these expenditures are considered to also substantially contribute to the achievement of the following **United Nations Sustainable Development Goals:**

- **SDG 6:** clean water and sanitation
- **SDG 7:** affordable and clean energy
- **SDG 9:** industry, innovation and infrastructure
- **SDG 11:** sustainable cities and communities
- **SDG 12:** responsible consumption and production
- **SDG 13:** climate action
- **SDG 14:** life below water
- **SDG 15:** life on land



2.4. Framework for inter-ministerial coordination

The management of State debt issuances falls under the Ministry of Economy, Trade and Business, through the General Secretariat of the Treasury and International Financing, although the cross-cutting nature of environmental policy requires the establishment of a specific interministerial coordination mechanism. Given that the sovereign green bond programme is relevant both to economic and financial policy and to environmental and climate policy, it was considered necessary to establish a channel that would facilitate the provision of information and technical support to the Treasury by the various directorates general of the General State Administration responsible for the potentially eligible expenditure programmes.

To this end, the Government's Delegated Commission for Economic Affairs (CDGAE) agreed on 5 March 2021 to establish the Working Group for the Structuring of Sovereign Green Bond Issuances of the Kingdom of Spain and the Promotion of Sustainable Finance ("Working Group"). This body brings together representatives, at director general level, from the ministries with potentially eligible expenditure programmes, and is chaired by the Director General of the Treasury and Financial Policy and co-chaired by the Director General of the Spanish Office for Climate Change.

The Working Group plays a central role in the operation of the programme, providing the Treasury with the technical information necessary for the identification, selection and monitoring of eligible expenditure programmes, as well as for the preparation of allocation and impact reports. Each ministerial representative acts as a point of contact within their department, coordinating the collection of relevant information in collaboration with the Directorate General of the Treasury and Financial Policy.

The composition and functioning of the Working Group are conceived in a flexible manner, to adapt to the needs of the programme at any given time. The Group may consult and request the participation of representatives from other ministerial departments when necessary to identify new eligible expenditures, broaden the scope of State action on environmental matters, or incorporate additional expertise in the assessment of environmental and social risks associated with specific eligible expenditures. It will meet at least once a year and whenever necessary and will establish the main strategic lines of the programme based on the technical information provided.

3. The Kingdom of Spain's Green Bond Framework

The update of the Kingdom of Spain's Green Bond Framework (hereinafter the "Green Bond Framework" or the "Framework") reflects the Treasury's commitment to remaining aligned with market best practices. In this way, the Green Bond Framework is aligned with the Green Bond Principles of the International Capital Market Association (ICMA), in their most recent version of June 2025[7], as well as with the achievement of the United Nations Sustainable Development Goals (SDGs).

The Framework also seeks alignment with the main European sustainability objectives, in particular the objectives of the European Union Sustainable Finance Taxonomy. On the basis of a best-efforts approach, the present Framework incorporates the main elements of the EU Taxonomy Regulation (EU 2020/852), the Delegated Acts relating to climate change mitigation and adaptation (EU 2021/2139) and the Delegated Acts relating to the remaining environmental objectives (EU 2023/2486). In particular, with regard to the European Union Sustainable Finance Taxonomy, the Framework adopts a progressive compatibility approach. Thus, to the extent that the nature and configuration of budgetary policies and programmes allow, the eligible expenditure categories will be progressively aligned with the economic activities defined in European regulations, taking into account the technical screening criteria established to determine substantial contribution to environmental objectives, compliance with the do no significant harm (DNSH) principle, and observance of minimum social safeguards.

In this way, the definition of eligible expenditure categories and the selection criteria included in this Framework take into consideration, wherever possible, the technical screening criteria of the European Union Taxonomy, including the criteria for substantial contribution to the Taxonomy's objectives, the do no significant harm criteria, and the minimum social safeguards set out in Article 18 of the Taxonomy Regulation.

The present Framework may be updated and amended periodically to adapt to market developments. Any updated version of this Framework will be published on the Treasury's website and will supersede the previous version. Any such changes will be communicated through the usual channels between the Treasury and its counterparts. Updated versions of the Framework will only apply to issuances subsequent to their publication, unless the update itself specifies otherwise.

[7] https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Green-Bond-Principles-GBP-June-2025.pdf

3.1. Use of Proceeds

An amount equivalent to the nominal proceeds obtained through the issuance of green bonds of the Kingdom of Spain will be allocated to expenditures aligned with the environmental objectives indicated above, following the eligibility criteria specified below. Accordingly, eligible items must be included in the General State Budget laws, including capital expenditure, current expenditure, transfers and subsidies, as well as in the Tax Expenditure Report accompanying the General State Budget. In particular, support for research and innovation will be included.

Eligible expenditures will exclude those financed by other administrations, such as European Union funds, as well as those financed by earmarked revenues specifically designated for that purpose. For each issuance, only expenditures planned for the current fiscal year or executed in the two years prior to the issuance will be taken into account. Where necessary, expenditures associated with the three fiscal years following the year of issuance may also be included. In the case of eligible expenditures co-financed with European Union funds, only the amount directly financed from the General State Budget will be considered eligible.

The line items to be associated with the sovereign green bond issuances of the Kingdom of Spain will fall within the eligible expenditure categories included in table 3.1.1. For each category, a description of the expenditure is provided, along with examples of associated eligible expenditures and impact indicators, and their correspondence with the environmental objectives of the EU Taxonomy and the United Nations Sustainable Development Goals. As the main novelty with respect to the previous framework, the EU Taxonomy economic activities are identified for each expenditure category. In line with market best practices and to the extent possible, the Kingdom of Spain will endeavour to ensure that eligible expenditures take into account the technical screening criteria established in the European Union Taxonomy, which include the following elements:

- The EU Taxonomy **substantial contribution (SC) criteria** in relation to the environmental objectives set out in table 3.1.1 for each eligible category, which will be taken into account, to the extent possible, in the assessment of eligible line items;
- The **"Do No Significant Harm" (DNSH)** principle with respect to the remaining environmental objectives established in the EU Taxonomy, the degree of alignment with which will be analysed for the selected line items and reflected, where possible, in the allocation and impact reports;
- The **minimum social safeguards** provided for in Article 18 of the Taxonomy Regulation **are considered to be met through Spanish legislation**, as well as through Spain's adherence to and application of the main international standards, including the Fundamental Conventions of the International Labour Organization, the OECD Guidelines for Multinational Enterprises, the United Nations Convention against Corruption, and the United Nations Guiding Principles on Business and Human Rights.

Where the economic activity of the expenditure programme is not one of those included in the EU Taxonomy delegated regulations, or where the available information is insufficient to determine its alignment with the EU Taxonomy criteria, alternative criteria will be defined, as far as possible with a similar orientation to those established in the Taxonomy, in order to associate those expenditure programmes with the corresponding environmental objective. This approach reflects the dynamic and evolving nature of the EU Taxonomy, whose delegated acts are under continuous review and expansion, and whose coverage does not yet encompass all public activities with a positive environmental impact.

The examples of eligible expenditure included below are merely illustrative and non-exhaustive. Any project falling within the aforementioned categories that complies with the associated eligibility criteria will be considered eligible.

3.1.1. Summary of Eligible Expense categories

Eligible Expense category	*Renewable Energy*
SDG	
Environmental objective of the EU Taxonomy	Climate change mitigation
Description of eligible expenditure	Eligible expenditures aimed at accelerating the development of renewable energies, including, but not limited to, the support for the development, promotion and deployment of: • Renewable energies, including, among others, solar energy, wind energy, hydroelectric, geothermal, renewable hydrogen and bioenergy, which shall be aligned, to the extent possible, with the substantial contribution criteria of the EU Taxonomy or, alternatively, meet generally accepted emissions thresholds, such as a level below 100 gCO_2/kWh; • Associated energy infrastructure, such as electricity transmission and distribution networks, efficient heating and cooling systems, hydrogen infrastructure and energy storage systems, including batteries.

EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections:
	Annex I (mitigation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation
	• **Manufacturing**
	  ○ 3.10 Manufacture of hydrogen
	• **Energy**
	  ○ 4.1 Electricity generation using solar photovoltaic technology;
	  ○ 4.2 Electricity generation using concentrated solar power (CSP) technology;
	  ○ 4.3 Electricity generation from wind power;
	  ○ 4.5 Electricity generation from hydropower;
	  ○ 4.6 Electricity generation from geothermal energy;
	  ○ 4.8 Electricity generation from bioenergy;
	  ○ 4.10 Storage of electricity;
	  ○ 4.20 Cogeneration of heat/cool and power from bioenergy.

Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Development and deployment of the network of renewable energy generation facilities; • Construction, modernisation and operation of transmission infrastructure and equipment for the supply or distribution of electricity generated from renewable sources; • Strengthening of research, development and innovation (R&D&I) and technological development in the field of renewable energies.
Examples of impact indicators	• Avoided greenhouse gas (GHG) emissions (tonnes) • Estimated energy savings (MWh/year) • Expected installed renewable energy capacity (MW) • Expected distributed renewable energy production (MWh) • R&D&I expenditure

Eligible Expense category	*Clean transportation*
SDG	
Environmental objective of the EU Taxonomy	Climate change mitigation
Description of eligible expenditure	Eligible expenditures aimed at reducing the dependence of transport on fossil fuels, including, but not limited to, the support for the development, promotion and maintenance of: • The electric or zero-emission railway system for the transport of goods and passengers and related infrastructure; • The low-emission maritime and inland waterway transport system and related infrastructure; • The road transport system using zero carbon emission vehicles; • The infrastructure necessary for the deployment and use of low carbon emission vehicles; • Zero-emission public transport and modal shift towards more environmentally friendly modes. The expenditures described above shall be aligned with the substantial contribution criteria of the EU Taxonomy for the relevant environmental objectives.

EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections:
	Annex I (mitigation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation
	• **Manufacture**
	  o 3.3 Manufacture of low carbon technologies for transport.
	• **Transport**
	  o 6.1 Passenger interurban rail transport;
	  o 6.2 Freight rail transport;
	  o 6.3 Urban and suburban transport, road passenger transport;
	  o 6.4 Operation of personal mobility devices, cycle logistics;
	  o 6.5 Transport by motorbikes, passenger cars and light commercial vehicles;
	  o 6.6 Freight transport services by road;
	  o 6.7 Inland passenger water transport;
	  o 6.8 Inland freight water transport;
	  o 6.9 Retrofitting of inland water passenger and freight transport;
	  o 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities;
	  o 6.11 Sea and coastal passenger water transport;
	  o 6.12 Retrofitting of sea and coastal freight and passenger water transport;
	  o 6.13 Infrastructure for personal mobility, cycle logistics;
	  o 6.14 Infrastructure for rail transport;
	  o 6.15 Infrastructure enabling low carbon road transport and public transport;
	  o 6.16 Infrastructure enabling low carbon water transport;
	  o 6.17 Low carbon airport infrastructure.

Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Grants and support for land transport; • Grants and support for maritime transport; • Low-emission zones and transformation of urban and metropolitan transport; • Resilient infrastructure and ecosystems; • Incentive plan for the installation of charging points, the acquisition of electric and fuel cell vehicles, and innovation in electromobility, charging and green hydrogen; • Railway transport infrastructure.

Examples of impact indicators	• Avoided greenhouse gas (GHG) emissions (tonnes) • Passengers in sustainable public transport • Kilometres of electrified track • Number of installed charging points for electric vehicles • Kilometres of track built and/or renovated • R&D&I expenditure

Eligible Expense category	***Sustainable water and wastewater management***
SDG	
Environmental objective of the EU Taxonomy	Sustainable use and protection of water and marine resources Climate change adaptation Climate change mitigation
Description of eligible expenditure	Eligible expenditures aimed at improving the sustainable management of water and wastewater, including, but not limited to, the support for the development, promotion and deployment of actions that shall be aligned, to the extent possible, with the substantial contribution criteria of the EU Taxonomy for the relevant environmental objectives, or, where applicable, with recognised market practices in sustainable water management: • Improvement of the water network and equipment for efficient water supply, distribution and storage, as well as efficient wastewater management and treatment; • Improvement of water collection and conservation, sustainable management of water resources, monitoring and improvement of water quality, and reduction of losses in water distribution networks; • Achievement of good status of water bodies and prevention of their deterioration; • Development of water treatment, purification, sanitation and reuse infrastructure, including desalination infrastructure that meets the following criteria: (1) a maximum carbon intensity of less than 100 g CO_2/kWh or less than 1,080 gCO_2e/m³; (2) 100% of the electricity consumed in the process comes from renewable sources, evidenced by Guarantees of Origin (GOs), power purchase agreements (PPAs) with renewable generators, or own on-site generation; (3) the technology is based on reverse osmosis or an equivalent membrane-based technology as the main process; (4) the infrastructure has a brine management plan in place; (5) the water produced is allocated to drinking water supply or to safeguarding the water security of populations in areas of high water stress; (6) documented environmental and social risk management policies are adopted, establishing the objectives, principles and responsibilities for environmental and social matters; • Actions aimed at strengthening control over the public hydraulic domain and resource quality, reducing the impact of droughts and floods, increasing energy efficiency throughout the entire water cycle, and restoring the natural conditions of watercourses; • Development of water collection and urban drainage infrastructure, including stormwater management and the separation of sanitation networks; • Improvement of irrigation efficiency through the modernisation of irrigation systems.
EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections: Annex I (mitigation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation and Annex II (adaptation) of 27 June 2023 • **Water supply, sewerage, waste management and remediation activities:** o 5.1 Construction, extension and operation of water collection, treatment and supply systems; o 5.2 Renewal of water collection, treatment and supply systems; o 5.3 Construction, extension and operation of waste water collection and treatment. o 5.4 Renewal of waste water collection and treatment; o 5.13 Desalination. • **Information and communication:** o 8.2 Data-driven solutions for GHG emissions reductions.

	Annex I (sustainable use and protection of water and marine resources) to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on environmental objectives
	• **Manufacturing:**
	  o 1.1 Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems.
	• **Water supply, sewerage, waste management and remediation activities:**
	  o 2.1 Water supply;
	  o 2.2 Urban waste water treatment;
	  o 2.3 Sustainable urban drainage systems.
	• **Information and communication:**
	  o 4.1 Provision of IT/OT data-driven solutions for leakage reduction.
	Annex II (transition to a circular economy) to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on environmental objectives
	• **Water supply, sewerage, waste management and remediation activities:**
	  o 2.1 Phosphorus recovery from waste water;
	  o 2.2 Production of alternative water resources for purposes other than human consumption;
	  o 2.5 Recovery of bio-waste by anaerobic digestion or composting.
	• **Information and communication:**
	  o 4.1 Provision of IT/OT data-driven solutions.

Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Basin hydrological planning and water management studies; • Hydrological information networks and early warning systems (Automatic Hydrological Information Systems, SAIH); • Development of hydraulic infrastructure and water management aimed at ensuring supply and improving efficiency in demand management; • Water regulation, storage and distribution infrastructure; • Irrigation modernisation and efficiency infrastructure; • Water supply infrastructure and drinking water distribution networks; • Wastewater sanitation, treatment and reuse infrastructure; • Desalination infrastructure; • Management and administration of the public hydraulic domain, including actions for the restoration and conservation of watercourses and water bodies; • Modernisation, digitalisation and efficiency improvement of hydraulic infrastructure, including digital transition initiatives in the water sector; • Monitoring, follow-up and improvement of the quantitative and qualitative status of water bodies.
Examples of impact indicators	• Avoided GHG emissions • Population equivalents compliant with regulations • Km of watercourse with flood mapping • Number of water bodies assessed • Population benefiting from measures to mitigate the consequences of floods and droughts • R&D&I expenditure • Annual volume of wastewater treated or avoided • Annual volume of clean water supplied for human consumption • Annual water savings • Km of river channel restored or recovered • Area covered by land and water resource management practices

Eligible expenditure category	*Energy efficiency (including energy efficiency in buildings and decarbonization of energy-intensive industrial sectors)*
SDGs	
EU Taxonomy environmental objective	Climate change mitigation
Description of eligible expenditure	Eligible expenditures intended to promote the development of projects and programmes that improve energy savings and energy efficiency, using the best available techniques, including but not limited to: • Development of district heating and cooling systems; • Deployment and modernisation of smart energy grids and digital energy management systems; • Improvement of the energy efficiency of infrastructure and networks through their modernisation, digitalisation or replacement with more efficient technologies; • Support programmes, subsidies or tax incentives designed to improve the energy efficiency of residential, public or industrial buildings. Eligible expenditures intended to support the construction, renovation and rehabilitation of residential, public or privately owned buildings. These expenditures will be aligned, to the extent possible, with the substantial contribution criteria of the EU Taxonomy or, alternatively, with at least one of the following criteria: • An average reduction in energy consumption of at least 30%; • An improvement in the energy rating to achieve class "A" or "B". Eligible expenditures aimed at supporting the decarbonisation of energy-intensive industrial sectors, including but not limited to support for the adoption of low-carbon technologies and production processes, such as the electrification of industrial processes, the use of renewable energy, low-carbon hydrogen, or the capture, transport and storage of CO_2 (CCS/CCUS), or other technologies accepted under the EU Taxonomy.

EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections:
	Annex I (mitigation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation
	• **Energy:**
	  o 4.15 District heating/cooling distribution.
	• **Construction and real estate activities:**
	  o 7.2 Renovation of existing buildings;
	  o 7.3 Installation, maintenance and repair of energy efficiency equipment;
	  o 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings;
	  o 7.6 Installation, maintenance and repair of renewable energy technologies;
	  o 7.7 Acquisition and ownership of buildings.
	• **Manufacturing**
	  o 3.1 Manufacture of renewable energy technologies;
	  o 3.2 Manufacture of equipment for the production and use of hydrogen;
	  o 3.6 Manufacture of other low carbon technologies;
	  o 3.7. Manufacture of cement;
	  o 3.8 Manufacture of aluminium;
	  o 3.9 Manufacture of iron and steel;
	  o 3.10 Manufacture of hydrogen;
	  o 3.15 Manufacture of anhydrous ammonia.
	• **Energy**
	  o 4.12 Storage of hydrogen
	• **Water supply, sewerage, waste management and remediation**
	  o 5.11 Transport of CO_2;
	  o 5.12 Underground permanent geological storage of CO_2.

Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Improvement of energy efficiency in residential, commercial and public buildings, including energy renovation measures; • Improvement of energy efficiency in public administration buildings and publicly promoted housing; • Support for energy savings and energy efficiency projects in industry, including subsidies or incentives to improve energy management; • Strengthening research, development and innovation (R&D&I) and technological development in energy efficiency; • Energy renovation of buildings, including initiatives such as the programme for the energy renovation of buildings ('Programa de Rehabilitación Energética de Edificios (PREE)') or residential renovation programmes; • Improvement of the energy efficiency of energy infrastructure, including grid digitalisation initiatives; • Tax deductions intended to incentivise the energy renovation of dwellings and residential buildings and the improvement of their energy efficiency. • Carbon Contracts for Difference (CCfDs) aimed at offsetting the cost differential between conventional production processes and low-carbon industrial processes in sectors with high dependence on fossil fuels.
Examples of impact indicators	• Reduction in energy demand (kWh/year) • Reduction in non-renewable primary energy consumption (kWh/year) • R&D&I expenditure • GHG emissions avoided and expected energy savings (MWh/year) • Number of dwellings renovated per year • Number of public buildings rehabilitated • Percentage of renewable energy in the energy mix of beneficiary facilities (%) • Tonnes of CO_2 captured, transported and permanently stored • GHG emissions avoided or reduced • Reduction in emissions intensity • Industrial production covered by low-carbon technologies

Eligible expenditure category	***Protection and restoration of biodiversity and ecosystems and environmentally sustainable management of natural resources***
SDGs	
EU Taxonomy environmental objective	Protection and restoration of biodiversity and ecosystems Climate change mitigation Climate change adaptation Sustainable use and protection of water and marine resources
Description of eligible expenditure	Eligible expenditures intended to protect and restore biodiversity and ecosystems, , as well as to promote the environmentally sustainable management of natural resources, including, but not limited to, the support for the development, promotion and deployment of actions that will be aligned, to the extent possible, with the substantial contribution criteria of the EU Taxonomy for the relevant environmental objectives or, where applicable, with recognised market practices regarding the protection and restoration of biodiversity and ecosystems and the environmentally sustainable management of natural resources: • Conservation and sustainable use of natural heritage, as well as protection and restoration of biodiversity and terrestrial and marine ecosystems; • Conservation, sustainable use and promotion of biological diversity, including forest products and genetic resources of flora and fauna; • Conservation and improvement of animal genetic resources; • Actions in forests, wetlands and marine ecosystems, including afforestation activities, sustainable forest management, conservation and restoration of wetlands, conservation and restoration of marine ecosystems and soil protection; • Promotion of agroforestry and marine carbon sinks;

	• Transformation of the agricultural sector towards a green and sustainable model in accordance with Spain's 2030 Agenda Sustainable Development Strategy.

EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections:
	Annex I (mitigation) and Annex II (adaptation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation
	• **Forestry:**
	  o 1.1 Afforestation;
	  o 1.2 Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event;
	  o 1.3 Forest management;
	  o 1.4 Conservation forestry.
	• **Environmental protection and restoration activities:**
	  o 2.1 Restoration of wetlands.
	Annex IV (protection and restoration of biodiversity and ecosystems) to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on the environmental objectives
	• **Environmental protection and restoration**
	  o 1.1 Conservation, including restoration, of habitats, ecosystems and species.

Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Conservation and restoration of biodiversity, terrestrial and marine ecosystems and natural resources; • Promotion of active forest management and ownership structuring; • Forest planning and management instruments, and forest certification; • Sustainable forest management actions, including reforestation, restoration and silvicultural treatments; • Sustainable mobilisation of forest resources and promotion of the forest bioeconomy; • Actions to prevent erosion and desertification; • Forest fire prevention actions; • Sustainable marine and fisheries resource management programmes, including measures to avoid impacts on marine ecosystems, improve the selectivity of fishing gear and the sustainability of fish stocks; • Protection of threatened species and protected natural areas within the Natura 2000 Network, with special emphasis on marine Natura 2000 sites; • Promotion or support of certified organic farming practices and agricultural practices that foster biodiversity conservation; • Hydrological-forestry restoration actions in headwaters; • Ecological restoration and conversion of areas degraded by urban, mining and industrial activities; • Activities that increase organic carbon content in soils; • Promotion and development of carbon sinks, including carbon stored over the long term in forest products (for example, the use of wood for construction).
Examples of impact indicators	• Hectares of sustainable agriculture restored or maintained • Agricultural area (ha) under certified sustainable management and under agricultural practices that foster biodiversity conservation • Hectares of protected areas restored or maintained; hectares restored after forest fires • Hectares incorporated into active forest management • Hectares on which silvicultural treatments have been carried out • Hectares covered by approved forest management instruments • Estimated tonnes of CO2 captured or maintained • Hectares subject to actions to improve ecosystem services, biodiversity, soil protection or the water cycle • Hectares certified in sustainable forest management • Volume or weight of forest products mobilised • Volume or weight of forest products with chain-of-custody certification • Volume or weight of forest products intended for construction • Hectares subject to forest-fire prevention actions • R&D&I expenditure

Eligible expenditure category	*Pollution prevention and control and circular economy*
SDGs	
EU Taxonomy environmental objective	Transition to a circular economy Pollution prevention and control Climate change mitigation Climate change adaptation Sustainable use and protection of water and marine resources
Description of eligible expenditure	Eligible expenditures intended to promote pollution prevention and control and the transition to a circular economy, including, but not limited to, the support for the development, promotion and deployment of actions that will be aligned, to the extent possible, with the substantial contribution criteria of the EU Taxonomy for the relevant environmental objectives or, where applicable, with recognised market practices regarding pollution prevention and control and the circular economy • Separate collection of waste for reuse and recycling operations; • Preparation of waste for reuse; • Anaerobic digestion of bio-waste or other biodegradable waste; • Composting of bio-waste; • Improvement of air, water and soil quality, and prevention of environmental risks and damage; • Conversion of at least 50% by weight of collected waste into secondary raw materials.
EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections: Annex I (mitigation) and Annex II (adaptation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation • **Water supply, sewerage, waste management and remediation activities:** o 5.5 Collection and transport of non-hazardous waste in source segregated fractions; o 5.6 Anaerobic digestion of sewage sludge; o 5.7 Anaerobic digestion of bio-waste; o 5.8 Composting of bio-waste. Annex II (transition to a circular economy) to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on the environmental objectives • **Water supply, sewerage, waste management and remediation activities:** o 2.3 Collection and transport of non-hazardous and hazardous waste; o 2.4 Treatment of hazardous waste; o 2.5 Recovery of bio-waste by anaerobic digestion or composting. Annex III (pollution prevention and control) to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on the environmental objectives. • **Water supply, sewerage, waste management and remediation activities:** o 2.1 Collection and transport of hazardous waste; o 2.2 Treatment of hazardous waste; o 2.3 Remediation of legally non-conforming landfills and abandoned or illegal waste dumps.
Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Development and maintenance of waste management infrastructure, including facilities dedicated to preparation for reuse, recycling and waste recovery; • Incentives to design and manufacture products with a longer useful life that are reusable, repairable or made from materials derived from waste; • Reduction in the use of packaging or increase in the recycling of goods and raw materials; • Improvement of air, water or soil quality and prevention of environmental risks and damage; • Strengthening research, development and innovation (R&D&I) and technological development in the circular economy and pollution prevention;

	• Training and capacity-building aimed at improving the sustainability of the agri-food chain, including actions related to waste prevention and the efficient use of resources.
Examples of impact indicators	• Volume of waste treated and reduction in waste generated • Volume of waste converted into secondary raw materials • R&D&I expenditure

Eligible expenditure category	***Climate change adaptation***
SDGs	
EU Taxonomy environmental objective	Climate change adaptation Sustainable use and protection of water and marine resources
Description of eligible expenditure	Eligible expenditures intended to strengthen climate change adaptation and resilience to the effects of climate change, including, but not limited to, the support for the development, promotion and deployment of actions that will be aligned, to the extent possible, with the substantial contribution criteria of the EU Taxonomy for the relevant environmental objectives or, where applicable, with recognised market practices regarding climate change adaptation: • Projects intended to prepare territories and economic sectors for, and protect them against, the effects of climate change, including measures that improve and ensure resilience; • Recovery of degraded areas, protection and restoration of coastal ecosystems; • Infrastructure and actions intended to prevent and reduce risks associated with climate change; • Improved management of the maritime-terrestrial public domain (DPMT), including demarcation and the recovery of occupied areas of the DPMT, improved accessibility and promotion of smart networks for coastal management.
EU Taxonomy economic activities	The economic activities associated with this category are included in the following sections: Annex II (adaptation) to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 on adaptation and mitigation • **Professional, scientific and technical activities:** o 9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change. • **Financial and insurance activities:** o 10.1. Non-life insurance: underwriting of climate-related perils. • **Disaster risk management:** o 14.2 Flood risk prevention and protection infrastructure. Annex I (sustainable use and protection of water and marine resources) to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on the environmental objectives • **Disaster risk management:** o 3.1. Nature-based solutions for flood and drought risk prevention and protection.
Examples of eligible expenditure	Eligible expenditures included in this category are expected to be primarily linked to budgetary programmes related to, among others: • Improvement of resilience to the effects of climate change, including adaptation measures against extreme events such as floods, droughts or sea-level rise; • Climate-resilient infrastructure and planning, including flood protection systems, drought-adapted water management and land-use planning tools incorporating climate resilience criteria; • Nature-based solutions and ecosystem restoration, including wetland restoration, recovery of degraded areas and natural protection actions against climate risks; • Information systems, climate observation and early warning, including meteorological observation networks and climate risk monitoring tools; • Coastal adaptation to climate change, including measures to reduce coastal erosion, restore coastal ecosystems and improve coastal resilience; • Management and recovery of the Maritime-Terrestrial Public Domain (DPMT), including the demarcation and recovery of degraded areas and improved coastal management;

	• Monitoring and restoration of river ecosystems, recovery of aquifers and flood risk mitigation; • Climate risk management in vulnerable sectors, including instruments such as agricultural insurance against climate risks.
Examples of impact indicators	• Kilometres of coastline covered by regional planning measures to combat erosion and flooding and adapt to climate change (annual and cumulative, or %) • Total length of protected coastline (km per time period) • Hectares of land subject to recovery and maintenance actions • Population protected against extreme meteorological events and climate risks • Insured production (in physical units, for example, tonnes) • Insured capital (in monetary units) • Premiums paid (in monetary units)

3.1.2. Exclusion criteria

All expenditures that support or promote the following activities will be excluded:

- Exploration, research and extraction of fossil fuels;
- Nuclear energy generation by fission;
- Energy generation with emissions above 100 g CO2/kWh;
- Intensive livestock farming;
- Spirits and tobacco industries;
- Gambling;
- Production, development or marketing of prohibited weapons[8];
- Mining.

This list of exclusions ensures that none of the activities excluded by the EU Paris-aligned Benchmarks and EU Climate Transition Benchmarks will be financed, in accordance with Articles 10 and 12 of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

3.2. Process for evaluation and selection of eligible items

One of the main functions of the Working Group for the Structuring of the Sovereign Green Bonds of the Kingdom of Spain and the Promotion of Sustainable Finance is to support the Treasury in the process of evaluating and selecting the programmes that will constitute eligible expenditure. This process will be based on continuous cooperation between the ministerial departments involved, coordinated by the Directorate General of the Treasury and Financial Policy, and will consist of the following phases:

A. Preliminary analysis of the General State Budget

On an annual basis, an initial screening will be carried out of the State Budget for those fiscal years that, in accordance with this Framework, may be taken as a reference for issuances in the current year. This preliminary analysis will be presented to the Working Group, which will

[8] In accordance with Article 12 of Commission Delegated Regulation (EU) 2020/1818, this will include anti-personnel mines, cluster munitions, biological weapons and chemical weapons whose use, possession, development, transfer, manufacture and storage are expressly prohibited by international arms conventions to which Spain is a party.

select those budget items that may be aligned with the environmental objectives of the Kingdom of Spain, with the aim of determining their eligibility through an in-depth analysis of each of them.

B. Analysis of expenditure items potentially eligible for the issuance of green bonds

Based on that analysis, the budget items that meet the eligibility criteria established in the previous section will be identified. To this end, each member of the Working Group will coordinate the provision of information on the preselected programmes and items within their ministry and communicate the results of that analysis to the Working Group as a whole.

The composition of the Working Group will be adapted over time, so that it may consult and request the participation of representatives of other ministerial departments in order to identify new eligible expenditures and seek to cover the entire government agenda. This will also be done where the Working Group considers that additional knowledge or specific expertise is needed, in particular in identifying the environmental and social risks associated with specific eligible expenditures.

C. Determining expenditure and programmes to be allocated to the annual green bond issuance

The Treasury, based on the information provided by the members of the Working Group, will select those eligible items that will become part of the expenditure portfolio to be allocated to issuances in the current year. In order to determine the total eligible expenditure, the eligible expenditure identified for the current year will be added to the unused balance from previous years, in accordance with the previous section. Green bond issuances for each year will be planned on the basis of this figure.

During this selection phase, the members of the Working Group will carry out a detailed analysis of the degree of compliance with the Taxonomy technical screening criteria for the selected items. To this end, the Directorate General of the Treasury will work with each of the ministries responsible for the respective budgetary programmes to assess, taking into account the economic activity within which the expenditure falls, the programme's alignment with the technical screening criteria, including the criteria for substantial contribution to the EU Taxonomy objectives and the "do no significant harm" (DNSH) criteria.

When planning sovereign green bond issuances for the current year, the necessary precautions will be taken to ensure the availability of eligible expenditure in the event of changes in the eligibility of the budget items associated with specific sovereign green bond issuances.

D. Continuous review and update in the event of changes in programme eligibility

The Working Group will implement a monitoring system for eligible items in order to ensure that they comply at all times with the eligibility criteria prevailing at the time of issuance. If, for any reason, such budget items cease to contribute to the objectives reflected in this Framework or to meet the eligibility criteria established, new items will be selected in accordance with the eligibility criteria prevailing at the time of issuance of the green bond with which these items were associated. These will replace the previous items, thereby ensuring the quality of the associated expenditure at all times.

Where any such matters are identified, the Working Group will also consider potential controversies related to environmental, social or governance aspects that could call into question the quality of the associated expenditure, such as, for example, judicial proceedings arising from non-compliance with public procurement regulations. If such controversies are

detected, the same procedure described in the previous paragraph will be followed, with new eligible items being selected; this will apply to the part of the expenditure that was the subject of the controversy.

E. Allocation and impact reports

The Working Group will also support the Treasury in preparing periodic allocation and impact reports, providing all the information necessary for this purpose, in accordance with the provisions of this Green Bond Framework. Accordingly, a monitoring system will be put in place to assess the effective allocation of eligible expenditure to each green bond issuance and the impact of the associated programmes.

The Treasury will be responsible for managing the register that reflects the allocation of each year's issuances to the eligible expenditure identified, specifying the balances that will be available for issuances in subsequent years, in accordance with the eligibility criteria established in this Framework. In this way, the Treasury will ensure, at all times, the traceability of the decisions taken regarding the evaluation, selection and monitoring of the programmes.

In addition, the ordinary environmental assessment of expenditure plans, programmes and projects, provided for under current regulations, ensures the incorporation of sustainability criteria into strategic decision-making and ensures adequate prevention of specific environmental impacts that projects may generate, while establishing effective mechanisms for correcting or compensating for the effects of such projects on the environment.

3.3. Management of environmental and social risks

All expenditures included in the General State Budget are subject to the ordinary review processes of the competent ministries, including mechanisms to verify compliance with applicable European and national legislation, separately from the evaluation process described above. In this context, potential adverse impacts on environmental or social objectives are prevented and mitigated through the application of current climate, environmental, nature-protection and social-safeguard legislation, as well as through the assessment procedures established in European and national legislation.

Spain has a robust environmental regulatory framework that incorporates the principles of prevention, mitigation and correction of environmental impacts. The most relevant rules include:

- Law 21/2013, on environmental assessment
- Law 34/2007, on air quality and protection of the atmosphere
- Law 42/2007, on Natural Heritage and Biodiversity

Spain has also ratified various international agreements aimed at environmental protection and the sustainable use of natural resources, including:

- Convention on Biological Diversity
- Ramsar Convention on Wetlands
- United Nations Convention to Combat Desertification
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

In the social and governance sphere, Spain maintains a firm commitment to the promotion and protection of human rights, supported by its ratification of the main international instruments, including:

- Fundamental Conventions of the International Labour Organization (ILO)
- United Nations Convention against Corruption
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

This regulatory framework and the set of international commitments undertaken by Spain contribute to strengthening social and governance safeguards, in line with the principles set out in the minimum safeguards provided for in Article 18 of the Taxonomy Regulation.

3.4. Management of proceeds

The proceeds derived from sovereign green bond issuances carried out under this Green Bond Framework will form part of the Kingdom of Spain's funding programme, like the rest of its conventional bond and debenture issuances. Accordingly, the funds will be managed by the Treasury in accordance with its fund management policy.

In addition, the Treasury will seek to ensure the allocation of an amount of eligible expenditure equivalent to the nominal amount of sovereign green bonds issued, following the process for evaluation and selection of eligible items described in this Green Bond Framework.

Furthermore, efforts will be made to ensure that eligible expenditures with a total nominal value greater than the amount of green bond issuances intended to be carried out are identified. This larger eligible portfolio will facilitate the allocation of proceeds to eligible expenditures, as well as any reallocation that may subsequently be necessary.

Payment of principal and interest on the green bonds issued by the Kingdom of Spain will not be conditional on the selection or execution of eligible expenditures.

3.5. Investor information

The Working Group will coordinate and review the information associated with issuances carried out under this Green Bond Framework. The Treasury has a section dedicated exclusively to the sovereign Green Bond Programme, where all information relating to these issuances will be published, including pre-issuance information, this Green Bond Framework, its second-party opinion and any other relevant information.

Before the first issuance in each financial year, the eligible expenditure forming the expenditure portfolio that may be associated with issuances in the current year will be published, specifying, at a minimum, the portion corresponding to each financial year.

In addition, allocation and impact reports on the sovereign green bonds issued by the Kingdom of Spain will be published annually. These reports will cover the green bond programme as a whole, provide information associated with each bond issued, and be published on the Public Treasury website, where they will remain available until the maturity of the issuances carried out.

The reports will be prepared on the basis of the information supplied by the public administrations involved in the design, execution and control of the programmes associated with the green bond issuances carried out by the Kingdom of Spain. The Working Group will ensure that they provide the best available information at the time of publication.

3.5.1. Allocation report

The reports will include information on the allocation of the funds obtained through the issuance of sovereign green bonds in the previous financial year, as well as in prior financial

years, specifying both the budget items associated with each issuance and their amount. For each bond reference, this information will be provided until the nominal amount of sovereign green bonds issued has been fully allocated to eligible expenditures.

The document may include, among other information:

- information on the **volume issued**;
- the **volume allocated** to eligible programmes;
- the distribution by financial year;
- the **ministerial department responsible** for implementing the different programmes;
- the **percentage of unallocated funds** or the **distribution of eligible expenditure by expenditure category** and **by type of expenditure**;
- the **percentage of allocated expenditure identified within Taxonomy-eligible economic activities** included in Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486;
- the **percentage of allocated expenditure that also complies with the applicable substantial contribution criteria** of the EU Taxonomy;
- the **percentage of allocated expenditure that also complies with the applicable "do no significant harm" (DNSH) criteria** of the EU Taxonomy.

These reports may also include information on the implementation of the initiatives considered and, where applicable, information on the co-financing of items by other bodies.

If reallocations occur with respect to the initial allocation, in accordance with Section 3.2 of this Framework, this report will include a section with the necessary reporting, explaining the reason for the changes, the items removed and those added, the impact of this reallocation on the distribution of funds by eligible category and type of expenditure, as well as any other relevant information.

3.5.2.Impact report

The information on the impact of the programmes associated with these issuances will be progressively incorporated into the reports, subject to the availability of the relevant data, with the aim of ensuring that, by the maturity date of each bond, the impact of the funds allocated to that bond will have been reported. These reports may include specific indicators, in accordance with the indicative examples set out in section 3.1 of this Framework, or qualitative assessments that improve the understanding of the impact of the items associated with each issuance. In general, impact indicators will be reported in relation to the environmental objective associated with each programme included in the allocation report. In addition, where the programmes generate impacts with co-benefits in relation to other environmental objectives, the report may include specific indicators for those objectives, accompanied by the methodology and assumptions used for their quantification.

Where applicable, the indicators used will, to the extent possible, be defined with reference to market best practices, including the core principles of the "Harmonised Framework for Impact Reporting" published by ICMA.

The report will also include, wherever applicable, information on the methodology and assumptions used to assess the impacts arising from the programmes associated with the issuances carried out under this Framework. If any errors are identified in the methodology or assumptions applied, the impact report published following the identification of such errors will disclose the nature of the error, the revised indicator applicable to the affected expenditures, and any other relevant information deemed appropriate.

4. Independent third-party verification

In line with market best practices, the following documents related to the green bond programme will be subject to external review by independent third parties:

4.1. Second-party opinion on the Green Bond Framework

Before issuance, Sustainable Fitch has been engaged to carry out an external review and assessment of this Green Bond Framework, and issue a second-party opinion assessing the consistency of this document, its alignment with the ICMA Green Bond Principles (June 2025) and the incorporation of the EU Taxonomy criteria, taking into account the evolution of the European regulatory framework on sustainable finance and considering market best practices.

This second-party opinion will be published on the Public Treasury website together with this Green Bond Framework. If the content of the Framework is amended, the associated second-party opinion will also be updated.

4.2. Verification of annual reports

The Public Treasury will also appoint an independent third party to prepare an annual limited assurance report on the information contained in the allocation reports published in respect of funds obtained through sovereign green bond issuances carried out in each financial year. Where deemed necessary, such verification will also be undertaken when circumstances require confirmation of the effectiveness of such allocation, in accordance with the criteria established in this Green Bond Framework.

The annual verification report will be made available on the Public Treasury's website together with the corresponding allocation and impact reports, thereby supporting greater transparency and facilitating investor access to the relevant information.

5. Legal notice

This Green Bond Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to sell bonds issued by the Kingdom of Spain, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or bonds of the Kingdom of Spain, and nothing contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. Any decision to purchase any bonds issued by the Kingdom of Spain should be made solely on the basis of the information to be contained in the Offering Circular, produced in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions. It is the Issuer's intention to apply the proceeds of those bonds for projects that contribute to the fulfilment of the environmental objectives described in the Green Bond Framework. Nevertheless, no representation is made as to the suitability of any Spanish sovereign green bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Spanish sovereign green bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such Spanish sovereign green bonds and its purchase of Spanish sovereign green bonds should be based upon such investigation as it deems necessary. The Kingdom of Spain has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with Spanish sovereign green bonds. In addition, each environmentally focused potential purchaser of the Spanish sovereign green bonds should be aware that Eligible Green Projects may not deliver the environmental or sustainability benefits anticipated. Furthermore, no assurance can be given that the use of proceeds from the Spanish sovereign green bonds for any Eligible Green Expenditures will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required or intended to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental impact of any projects or uses, the subject of or related to, any Eligible Green Expenditures. While it is the intention of the Kingdom of Spain to apply the proceeds of any bonds issued as Spanish sovereign green bonds for Eligible Projects, there can be no assurance that such Eligible Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that the Issuer will be able to use the proceeds for such Eligible Project as intended. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. Any such failure will not constitute an Event of Default under the Spanish sovereign green bonds.

No representation or assurance is given as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Spanish sovereign green bonds. For the avoidance of doubt, any such opinion or certification is not incorporated in this Offering Circular. Any such opinion or certification is not a recommendation by the Issuer, any Manager or any other person to buy, sell or hold any such securities and is current only as of the date it was issued. As at the date hereof, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. A failure of the bonds issued as Spanish sovereign green bonds to meet investor expectations or requirements as to their "green", "sustainable" or equivalent characteristics including the failure to apply proceeds for Eligible Projects, the withdrawal of a

third party opinion, the Spanish sovereign green bonds ceasing to be listed or admitted to trading on any stock exchange or securities market as aforesaid or the failure by the Issuer to report on the use of proceeds or Eligible Projects as anticipated, may have a material adverse effect on the value of such bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the bonds as a result of the bonds not falling within the investor's investment criteria or mandate).