



MINISTERIO
DE HACIENDA
Y FUNCIÓN PÚBLICA

INTERVENCIÓN GENERAL DE LA
ADMINISTRACIÓN DEL ESTADO

**VERIFICATION OF THE 2022 GREEN BOND
ALLOCATION REPORT OF THE KINGDOM OF SPAIN**

Public Audit Plan 2023

Code AUDInet 2023/1295

Public Audit Division I

NATIONAL AUDIT OFFICE



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I. INTRODUCTION

The General Intervention of the State Administration, through the Public Audit Division I of the National Audit Office, has carried out a verification on the 2022 allocation report of Green Bonds of the Kingdom of Spain regarding the congruence of the allocation of funds for the 2022 issuances with what is established in the Green Bond Framework of the Kingdom of Spain, published in July 2021, as regards the execution of these expenditures.

This report has been carried out by virtue of the acceptance by the General Intervention of the State Administration of the assignment made by the Secretary General of the Treasury and International Financing dated June 29, 2023 and under the terms provided therein.

The work has been carried out in accordance with the Public Sector Auditing Standards approved by the General Intervention of the State Administration by Resolution of February 14, 1997 and, where applicable, also in accordance with the International Auditing Standards adapted to the Spanish public sector (ISA-ES-SP), approved by Resolution of the General Intervention of the State Administration of October 25, 2019. In particular, the Resolution of September 20, 2017, of the General Intervention of the State Administration, which develops the principle of independence for the exercise of the control functions attributed to the General Intervention of the State Administration, the Instruction 1/2018 of the National Audit Office on the protection of independence in the work of Public Audit, Permanent Financial Control, Financial Control of Subsidies and Control of European Funds (IONAPI) and the Code of Ethics for Public Audit have been applied.



II. OBJECTIVES AND SCOPE

The main objective of this work consists of verifying, with a limited level of assurance, the congruence of the information on the allocation of funds for the 2022 issuances with that established in the Green Bond Framework of the Kingdom of Spain, published in July 2021, as regards the effective execution of these expenditures and their correspondence with the revenues of the program in that fiscal year.

Specifically, the scope of this verification includes the allocation made to eligible green expenditures during the period from January 1, 2022 to December 31, 2022 with resources from the issuances of sovereign green bonds by the Public Treasury in 2022, under the green bond framework of the Kingdom of Spain. These eligible expenditures are detailed in the 2022 allocation report of Green Bonds of the Kingdom of Spain prepared by the Directorate General of the Treasury and Financial Policy and are composed entirely of green expenditures associated with the Clean Transportation category, as established in the Framework. These are detailed below.

Budget	Denomination	Program	Economic Classification	Allocated 2022 (€)
2020	Renfe Viajeros, S.M.E., S.A. para la compensación de las Obligaciones de Servicio Público, pendiente de liquidación	441M	442	€ 781,847,248.00
2020	A ADIF para inversiones red convencional	453A	746	€ 204,550,000.00
2020	A ADIF AV para la financiación de inversiones en corredores de la red transeuropea de transportes	453A	747	€ 118,847,259.38
2020	Aportación patrimonial a ADIF	451N	873	€ 168,434,725.00
2021	Renfe Viajeros, S.M.E., S.A. para la compensación de las Obligaciones de Servicio Público, pendiente de liquidación	441M	442	€ 838,467,400.00
2021	A ADIF para administración de red	453A	443	€ 106,138,000.00
2022	ADIF para compensación del segmento de administración de red	453A	443	€ 89,060,367.62
2022	Aportación patrimonial a ADIF AV	453A	871	€ 311,574,000.00
2022	Aportación patrimonial a ADIF para inversiones	453A	873	€ 588,180,000.00

€ 3,207,099,000.00

In this context, it has been decided to allocate these amounts to State transfers in favor of the infrastructure managers and administrators (Adif and Adif AV) and the operator (Renfe Viajeros,



Sociedad Mercantil Estatal, S.A.) of the services classified as Public Service Obligation provided on the Spanish railway network.

The verification is carried out with a limited level of assurance, and our opinion is as to whether the information contains material errors. The scope of a limited assurance engagement is substantially less than that of a reasonable assurance engagement, and therefore the assurance provided is also less. In any case, and by express mandate of the engagement, our work does not include:

- I. Provide assurance or opinion on the public management of the resources obtained from the 2022 sovereign green bonds issuances.
- II. Provide assurance or opinion on the alignment and/or compliance of the eligible green expenditures that have received allocation, with the eligibility criteria established in the Green Bond Framework of the Kingdom of Spain, dated July 2022.
- III. Provide assurance or opinion on the environmental impact of eligible green expenditures that have been allocated through resources obtained from the 2022 sovereign green bond issuances.
- IV. Provide assurance or opinion on the performance of eligible green expenditures financed and/or refinanced with proceeds from the 2022 sovereign green bond issuances.
- V. Provide assurance or opinion on the pertinence or relevance of eligible green expenditures in accordance with the climate objectives of the Kingdom of Spain.
- VI. Conduct on-site visits to the projects that have been subject to financing and/or refinancing through resources obtained in the issuance of the 2022 sovereign green bonds.
- VII. Any other topic included in the Kingdom of Spain's July 2021 Green Bond Framework and in the Kingdom of Spain's 2022 Green Bond Allocation Report, but not detailed in this document.

III. GENERAL CONSIDERATIONS

In July 2021, the Kingdom of Spain published its Green Bond Framework. This framework assumed the commitment to publish, on an annual basis, a report to inform on the allocation of funds obtained through the issuances of sovereign green bonds issued in the previous year, specifying both the budget items associated and their amount.



On the other hand, through the Green Bond Framework, a commitment was also made to appoint an independent third party to prepare an annual report verifying the information on the allocation of revenues to eligible expenditures contained in the published annual reports. In this context, the Directorate General of the Treasury and Financial Policy made a proposal to commission the General Intervention of the State Administration as an independent third party, which was accepted on June 30, 2023.

IV. PROCEDURES APPLIED IN THE VERIFICATION

The procedures we performed are based on our professional judgment and included consultations and interviews, observation of processes, inspection of documentation, analytical procedures, and review tests, which are generally described below:

- I. Meetings and interviews with staff from the Treasury, the Ministry of Transport and Sustainable Mobility, Public Audit Division II of the National Audit Office and the Delegated Intervention in public business entities, Adif and Adif-AV.
- II. Verification, by means of analytical review procedures and substantive tests, of the quantitative and qualitative information contained in the Allocation Report with the intention of ensuring that the information is free of material errors.
- III. Analysis and evaluation of the budget items selected in the allocation and cross-checking of the information with that obtained from other audits and controls performed on those amounts.
- IV. Cross-checking of the information related to the issuances with the information contained in the corresponding General Accounts of the General State Administration.
- V. Obtaining a certificate issued by the National Accounting Office certifying the obligations recognized in the different budgetary applications subject to allocation.
- VI. Obtaining the Letter of Representations from the General Directorate of the Treasury and Financial Policy.

V. RESPONSABILITY OF THE ISSUER

The Directorate General of the Treasury and Financial Policy is responsible for the preparation and content of the 2022 Allocation Report on Green Bonds of the Kingdom of Spain. This responsibility



includes the implementation of the systems and the maintenance of the relevant internal control to enable the information contained therein to be free of material errors and, therefore, the General Intervention of the State Administration shall not be liable if the conclusions set out in this report are not correct due to incomplete or incorrect data provided by the issuer.

On the other hand, and in accordance with the terms of the assignment, the Directorate General of the Treasury and Financial Policy will provide its full cooperation to provide any information and documentation that may be necessary within the framework of the various verification procedures, likewise facilitating access to the persons from whom it is deemed necessary to obtain evidence.

VI. RESPONSABILITY OF THE IGAE

Our responsibility is to express a limited assurance conclusion on the Kingdom of Spain Green Bond Allocation Report 2022 based on the procedures we have performed and the evidence we have obtained. The verification procedures for a limited assurance engagement are intended to provide a specified level of assurance as to whether its contents are materially misstated. Due to the nature of the engagement, the procedures are less rigorous compared to a reasonable assurance.

VII. OPINION

As a result of the procedures performed and the evidence obtained, no aspect has come to light that would lead us to consider that the information relating to the information on the allocation of funds for the 2022 issuances made by the Public Treasury contains significant errors or has not been prepared, in all material respects, in accordance with the criteria established in the Green Bond Framework of the Kingdom of Spain, published in July 2021.

Electronically signed by:

Ana Vivar Jiménez, Directora del control y

Mercedes Lebrancón Cortés, Jefa de División de Auditoría Pública I.