



SUSTAINABLE FINANCING FRAMEWORK

RATIONALE

The Basque Government has developed and is executing its own roadmap for the implementation of the UN 2030 Agenda for Sustainable Development in Euskadi. The **Euskadi Basque Country 2030 Agenda** reflects the alignment and contribution of the Basque Government's Program to the 17 Objectives and the 169 goals of the UN 2030 Sustainable Development Agenda.

This Euskadi Basque Country 2030 Agenda represents a decisive step which underscores the determination of the Basque Executive to focus its public policies on the challenges identified in the UN 2030 Agenda. One of its distinguishing features is its commitment to the territorial dimension and its adaptation at the local level. To this end, the Basque Government includes in its 2024-2028 Program 32 areas of action, totalling 154 commitments and 844 initiatives, actions aligned with the SDGs. This action enables the effective alignment of public policies in the Basque Country with this universal Agenda, while making visible, the Basque contribution to the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals.

In this context, the Basque Government has developed this new four-year program (2024-2028) to respond to the current reality marked by diverse challenges, needs, objectives, obstacles, and questions. For this reason, the General Secretariat for Communication and Social Innovation, under the direct authority of the Lehendakari (President), is responsible for the interdepartmental coordination of the 2030 Agenda in Euskadi.

In the previous Legislature (2020-2024), the Basque 2030 Agenda Priority Program set the direction for the implementation of the 2030 Agenda by the Basque Government. Building on that legacy, and with the goal of updating it for the current term, the 2025-2028 Social Innovation and the 2030 Agenda Plan was approved. This plan aims to organize and guide actions for the next four years, structured around the following four strategic pillars:

1. **Axis 1:** Consolidation and promotion of democratic culture
2. **Axis 2:** Achievement of the Sustainable Development Goals through the 2030 Agenda
3. **Axis 3:** International projection
4. **Axis 4:** Shared projects in social innovation and the 2030 Agenda with other institutions and economic, social, and cultural stakeholders

The definition of these four axis forms the basis of the strategic framework for the current legislature and represents the main priorities of the Directorate for Social Innovation and the 2030 Agenda. The drafting of the **2025–2028 Social Innovation and 2030 Agenda Plan** incorporates **three guiding principles** that are applied transversally throughout the plan:

1. **Collaborative Governance:** Collaborative governance serves as the guiding framework of the Plan, as it aims to establish a model of cooperation and participation among different actors (citizens, administrations, and public-private institutions) to ensure stakeholder involvement, transparency in decision-making processes, participation in the design and implementation of projects, and shared responsibility in their execution.
2. **Policy Coherence:** Social innovation and the 2030 Agenda seek to generate deep and sustainable transformations in our society — without losing sight of the rest of the planet. Policy coherence is therefore essential, as it ensures that efforts are complementary, cross-cutting, and avoid contradictory or harmful actions for other actors or territories.
3. **Gender Perspective:** Eradicating inequalities, promoting diversity, and ensuring equity must be present throughout the entire plan and its actions, both in conception and implementation. As a guiding principle, it emphasizes the need to guarantee that the entire Plan is designed and executed with a gender perspective in mind — in line with **SDG 5: Gender Equality**, as an essential element of inclusive and sustainable development. This guarantee is in line with:
 - The Government Program Commitment 129: Promote the change of values and the empowerment of women and girls, linked with Goal No. 5 of the 2030 Agenda for Gender Equality, which is "Achieve gender equality and empower all women and girls."
 - Legislative Decree 1/2023, of March 16, approving the consolidated text of the Law for the Equality of Women and Men and a Life Free of Male Violence against Women.

In the Governing Council on April 15, 2025, the Government's Strategic Plans for the XIII Legislature 2024-2028 were approved. "Ongizatean Hazi": Grow in well-being. It is the Basque institutions' program for well-being, progress, transformation, and self-government for a Global Basque Country.

Some of the commitments made in this program are as follow:

- 1) Public investment for economic growth and employment stabilization.
- 2) Employment to maintain the unemployment rate in minimums.
- 3) Youth: the difficulties associated with access to housing and the complexities associated with this problem make it necessary to explore initiatives to mitigate the problem. This program aims to support solutions such as affordable renting and other to ameliorate the problem.
- 4) Improving the quality of employment and gender equality: programs to reduce the pay gap between men and women, develop new models of co-responsible care, reconcile work and family life, and prosecute

recruitment fraud, as stated in the Commitment 126 of the Government Program: "Promote the implementation of the action plan against the gender pay gap and promote equality in companies and organizations".

- 5) R & D & i: commitment to make the Basque Country a European pole in innovation and tackle global transitions in terms of opportunity. Continue to be pioneer in the digitalization of the region.
- 6) Sustainable development goals: respond to the sustainable development goals directly related to equality between women and men, technological challenges and social challenges, environmental challenges also play a fundamental role in accelerating the transition to renewable energy, urban energy rehabilitation criteria of energy efficiency and sustainable mobility.
- 7) Industry: recognizes industry as the driving force behind the transformation and economic renaissance of the Basque Country. An advanced, digitalized, and internationalized industry. A new, more inclusive, and participatory industry.
- 8) Public employment: incorporate into the administration new information technologies and renew the processes, as well as digitization, to improve the quality of services offered to citizens. Give public workers the opportunity to retrain.
- 9) Improving public services: physical and digital transformation of health and education systems. Health, aging, and care are configured as revitalizing elements of new niches of economic and job opportunities. The aim is to strengthen the health system by placing care at the centre on a more aged society.

On December 29, 2020, the Euskadi Next 21-26 program was approved by the Governing Council. This program is the investment program for the recovery, transformation and resilience of Euskadi that the Basque Government presented to qualify for the Next Generation EU Funds. This first version of the Basque program includes 188 investments in 8 strategic areas (components) -among which stand out the 16 Strategic Projects for the Recovery and Economic Transformation of the Basque Country -PERTE-.

The Euskadi Next 21-26 program is a "living document". The aim is to continue to build a green, digital and inclusive Euskadi. It is built around supporting projects that involve structural change and have a lasting impact on economic and social resilience, sustainability, long-term competitiveness and employment.

In this context, the Basque Government has developed a Sustainable Financing Framework for defining financing instruments ("Sustainable Financing instruments") linked to both green and/or social projects. Proceeds of the Sustainable Financing instruments of the Basque Government will be allocated to a mix of beneficial environmental and/or social projects.

Sustainable Financing instruments, as defined in this Sustainable Financing Framework, can take different structures such as bonds, private placements, loans or Schultscheins:

- Green Bonds and private placements issued by the Basque Government, as well as signed loans or Schultscheins. An amount equal to the net proceeds of the Green bond, private placement, loan or Schultschein will be directed towards Eligible Green projects.
- Social Bonds and private placements issued by the Basque Government, as well as signed loans or Schultscheins. An amount equal to the net proceeds of the Social bond, private placement, loan or Schultschein will be directed towards Eligible Social projects.
- Sustainability Bonds and private placements issued by the Basque Government, as well as signed loans or Schultscheins. An amount equal to net proceeds of the Sustainability bond, private placement, loan or Schultschein will be directed towards a combination of Eligible Green and Eligible Social projects.

The Basque Government aims to play an important role in the development of the Sustainable Finance and impact investment while promoting responsible and efficient finance to address the environmental, economic and social challenges in the region.

This Sustainable Finance Framework is aligned with the Green Bond Principles (GBP) 2025, Social Bond Principles (SBP) 2025 and Sustainability Bond Guidelines 2021 and LMA's Green Loan Principles 2025 ("GLP"), in order to facilitate transparency, disclosure and integrity of Basque Government Sustainable Finance instruments.

This framework does not yet define its green projects 100% in accordance with the technical criteria set out in the European Taxonomy for Green Bonds (GBS). Nonetheless, it is firmly aligned with its principles and regulatory guidelines. Basque Government is committed to progressively move toward a more precise alignment with the taxonomy, developing and implementing verification and assessment mechanisms that ensure greater rigour and transparency.

In this way, the framework is conceived as a dynamic instrument that will continue to incorporate improvements to ensure the closest adherence to European Green Bond Standards.

This Sustainable Finance Framework covers the four core components of the GBP, SBP and Sustainability Bond Guidelines:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting



The framework also covers:

5. External Review

1. USE OF PROCEEDS

An amount equal to the net proceeds of the Sustainable Finance instrument will be directed towards projects that meet the eligibility criteria specified below.

1.1 Eligibility Criteria

Eligible categories and projects are included in the General Budget and corresponding budgetary programmes of the Basque Government and will always be part of the current budget of the fiscal year of issuance date of each Sustainable Finance instrument.

To be eligible for the proceeds of the Sustainable Finance instruments, the projects must have one or more environmental and / or social objectives under the eligible categories that are detailed below.

Social objectives

Project Category	Eligibility Criteria	SDG
a) Affordable Housing	<p>Use of proceeds: The proceeds will be used to promote and increase the availability and access to social housing in the Basque country.</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Construction of new social housing in a rental regime and new rental accommodations (ADA). The latter are different from the first because they are very basic small apartments, between 25 and 60 square meters, with common facilities and services in the ground floor of the building. Their availability is of a mandatory rotating nature, since, at the most, a person can be five years in this type of accommodation. (ii) Financing of the Bizigune Program to ensure that privately owned homes, which are uninhabited within the Autonomous Community of Euskadi, are placed on the rental housing market, giving advantages to the owners of these dwellings, as to the current and future tenants. The owners benefit from the guarantee of rent collection by the Basque Government, and the tenants benefit from stable and affordable economic conditions. (iii) Financing of the Housing Economic Benefit (PEV), intended for individuals who have been recognized with the subjective right to access housing but cannot be provided with one by the Basque Public Administration due to a lack of available or suitable housing. These 	11

	<p>individuals must have also applied for the recognition of this benefit. Eligible recipients are those whose annual income is below €13,000, €17,000, or €19,000, depending on whether their household consists of 1, 2, or 3 or more members, respectively.</p> <p>(iv) Financing of the Gaztelagun Program, which offers direct rental assistance to young people between the ages of 18 and 35. It covers up to 50% of the monthly rent, with maximum rent limits of €675 in rural areas and €800 in towns and cities. Beneficiaries must have a regular source of income, with gross annual earnings above €3,000 and equal to or below €27,687, €33,902, or €36,163, depending on whether the household consists of 1, 2, or 3 residents.</p> <p>(v) Renovation and/or refurbishment of housing and buildings to improve accessibility, mobility, and energy efficiency.</p> <p>Context</p> <p>In 2025, the Basque Government approved the 2025–2027 Housing Master Plan, whose main goal is to guarantee universal access to decent, adequate, and affordable housing—especially for vulnerable individuals and groups. This plan consolidates the subjective right to housing, strengthens public rental policies, and expands the tools available to mobilize vacant housing and generate new affordable housing stock. To achieve these objectives, the Basque Government maintains and strengthens a set of programs and benefits aimed at facilitating access to housing and promoting social cohesion through inclusive and sustainable housing policies. Among the most notable initiatives are the Housing Economic Benefit (PEV), the Gaztelagun Program, and the Bizigune Program. Overall, these policies aim to reinforce a sustainable, balanced, and people-centered model of public housing, with special attention to young people, low-income households and women victims of gender - based violence, and the rehabilitation of the existing housing stock.</p>	
b) Education	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be allocated to support public educational programmes for young people between 14 and 25 years old and to support the successful integration of</p>	4

	<p>disadvantaged groups in the education system. Disadvantaged group refers to young people in a situation of greater vulnerability because they have not finished Compulsory Secondary Education (ESO).</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Development of haurreskolak (day-care centers) (ii) Bidelaguna Program for support outside school hours, Eraldatzen Program for educational success, Specific Educational Reinforcement Program, Curricular Diversification Program, Complementary Schooling Programs, Hedatze Program, Mathematical, Reading, and Scientific Competence Reinforcement Programs, as well as territorial programs for the eradication of absenteeism and school dropout and territorial programs within the framework of compensatory education (Osatzu-Jarraituz-Bideratuz). (iii) Programs that guarantee adequate educational attention to immigrant students within the framework of inclusive and intercultural education, incorporating the linguistic reinforcement needs of centers with immigrant students who are unfamiliar with the school's languages: Eusle Program and specific intervention programs using linguistic reinforcement teachers. (iv) Access for young people in greater vulnerability to vocational training, through initial training and its flexible and adapted pathways. (v) Promoting the transition to employment through updated training aligned with current labor market needs, developing mechanisms for closer relations with companies, such as the Dual program or Recognition of Competences, like the Competence Recognition device. (vi) Promoting an integrated offer from Vocational Training, with programs such as the entrepreneurship program, mobility to third countries, and innovation projects with SMEs. (vii) Attracting research talent to integrate into the Basque University System through the hiring of research and teaching staff. (viii) Financing educational programs and vocational training for young people at risk of exclusion (e.g., functional disorders and other minorities) or unemployed. 	
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	<p>(ix) Support for the integration of students with special educational needs arising from motor disabilities, cognitive disabilities, etc., and to improve the quality of education.</p> <p>(x) Financial support for university and non-university students (exclusively for relevant target groups, such as students requiring support based on socio-economic criteria, such as income levels and assets, or students with disabilities).</p> <p>Context</p> <p>The “Marco Universidades + Euskadi Basque Country 2030” strategy recognizes, highlights, and promotes the role of the Basque Educational System as a dynamic and transformative agent for the Basque Country. Its main objective is to provide a strategic framework for the planning and actions of stakeholders aimed at developing a context that fosters internationalization. Actions are developed to facilitate the generation and transfer of knowledge, the formation of transformative talent within a collaborative framework, support for universities and research centers in defining plans, as well as the transformation for internationalization. In this context, there are four key plans:</p> <ul style="list-style-type: none">- The “University Plan 2023-2026”: The Basque University System Plan is a framework of reference for the development and transformation of Basque society through higher education, research of excellence and the transfer of knowledge. The vision of the plan is to establish itself as a high-qualification and excellence university system, connected with the Basque innovation system, to offer hybrid teaching models (digital and physical), to have international presence, and to be connected with society through its value contributions. To achieve this the plan has seven areas of action: excellence in science, university-business collaboration, university and the Basque Country, innovative and high-quality teaching, an inclusive and equal university community, digitalization, and social impact.- The “VI Basque Vocational Education and Training Plan”. This Plan moves towards sustainable inclusive human development, boosting people’s talent through the incorporation of advanced learning models, responding to the challenges arising from a new production environment,	
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	<p>more technological, digital and smart, consolidating the Plan as an agent of transformation and innovation, helping people improve their employability, and helping Basque businesses to make themselves more competitive, never losing sight of the fact that no one can be left behind, encouraging sustainable development and moving it forward.</p> <ul style="list-style-type: none"> - III Coeducation Plan within the framework of the 2025-2030 Strategy for Coexistence and Coeducation. - STEAM Strategy Euskadi. <p>This Framework Strategy Universities + EBC 2030 is aimed at achieving an International Basque University System by 2030.</p>	
c) Healthcare	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be allocated to projects aimed to guarantee universal access to quality public health care system for the citizens of the Basque country (including, but not limited to, vulnerable groups).</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Development, maintenance, adaptation and renovation of equipment, technology, and health facilities as well as construction and refurbish of primary and mental health facilities and centers as well as hospitals (infrastructure) integrated in the public health service system. Providing health care in areas with special needs or aimed at vulnerable populations and groups, guaranteeing universal access to health services by eliminating physical and transport barriers due to the functional diversity of people, gender barriers, stigma barriers produced by certain diseases and disorders, and social, cultural and economic barriers. (ii) Financing of sanitary equipment or provision of diagnostic services for primary care and mental health centers and hospitals in the public system. (iii) Personalization of care through precision medicine and the use of digital therapies through personal devices. 	3

	<p>(iv) Research and innovation in health to improve interrelation and collaboration among the scientific-technological systems, environmental protection or business system.</p> <p>(v) Strengthening of public health systems and, specifically, of its alert systems, information, epidemiology and rapid response to risks that pose a threat to health.</p> <p>(vi) Programs, initiatives and financing plans for health promotion, to prevent and treat specific diseases and for the prevention and treatment of addictions.</p> <p>Context</p> <p>In the Basque Country, health is conceived as a priority for the Basque Government as a whole, from a transversal, interdepartmental, inter institutional and inter sectorial operations.</p> <p>The Euskadi Health Plan 2030 is the roadmap that defines the health policies to be developed in the coming years, with the aim of leading a healthier Basque Country, ensuring the health of the population, and leaving no one behind.</p> <p>Among the objectives defined to achieve this goal, four main ones stand out: to promote the health development of children and adolescents; to foster active and fulfilling aging; to reduce preventable morbidity and mortality in the Basque population; and to reduce health inequalities.</p> <p>The Plan also aims—instrumentally, in relation to the previous objectives—to strengthen the quality of healthcare systems and the public health system; to promote environmental health and encourage healthy urban and social environments; and to empower individuals to take an active role in their own health. All this without forgetting the commitment to research and innovate in health. There are four main objectives:</p> <ul style="list-style-type: none"> - Promote health development among children and adolescents. - Foster active and fulfilling aging. - Reduce preventable morbidity and mortality in the Basque population. - Reduce health inequalities. 	
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<p>d) Socio-economic Progress</p>	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be allocated to projects that maintain and foster the Basque income guarantee model and promote social inclusion in the Basque country.</p> <p>Eligible projects include, but are not limited to:</p> <p>(i) Financing the Guaranteed Income “Renta Garantía de Ingresos” (RGI), which provides financial aid to cover the basic needs of the beneficiaries. The following table shows the amounts of the RGI according to the configuration of the family cohabitation unit:</p> <table border="1"> <thead> <tr> <th data-bbox="461 747 715 833">Nº PEOPLE</th><th data-bbox="715 747 985 833">GENERAL- MAXIMUM €/MONTH</th><th data-bbox="985 747 1325 833">PENSIONER- MAXIMUM €/MONTH</th></tr> </thead> <tbody> <tr> <td data-bbox="461 833 715 878">1</td><td data-bbox="715 833 985 878">853,28 €</td><td data-bbox="985 833 1325 878">1.080,82 €</td></tr> <tr> <td data-bbox="461 878 715 923">2</td><td data-bbox="715 878 985 923">1.137,71 €</td><td data-bbox="985 878 1325 923">1.365,25 €</td></tr> <tr> <td data-bbox="461 923 715 968">3 or more</td><td data-bbox="715 923 985 968">From 1.308,37 €</td><td data-bbox="985 923 1325 968">1.535,91 €</td></tr> </tbody> </table> <p>(ii) Financing of Emergency Social Aid programs.</p> <p>(iii) Financing of support benefits for families with children under 3 years old.</p> <p>(iv) Financing of support benefits for work-life balance.</p> <p>(v) Financing of programs to guarantee equal opportunities from birth and ensure well-being.</p> <p>(vi) Financing of expenses related to the provision of goods and services to support victims of gender-based violence and orphans of fatal victims of gender violence. Additionally, a draft decree of aid for victims of sexual violence is currently being processed.</p> <p>(vii) Financing of support benefits for youth emancipation.</p> <p>(viii) Financing of the guarantee program aimed at young people under 40 years old for the acquisition of their first home.</p> <p>Context</p> <p>The V Basque Inclusion Plan 2022-2026 includes the following objectives:</p> <ul style="list-style-type: none"> • End poverty in all its forms everywhere. 	Nº PEOPLE	GENERAL- MAXIMUM €/MONTH	PENSIONER- MAXIMUM €/MONTH	1	853,28 €	1.080,82 €	2	1.137,71 €	1.365,25 €	3 or more	From 1.308,37 €	1.535,91 €	<p>10</p>
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	<ul style="list-style-type: none"> • Ensure inclusive, equitable, and quality education and promote lifelong learning opportunities for all. • Achieve gender equality and empower all women and girls. • Ensure access to affordable, reliable, sustainable, and modern energy. • Promote inclusive and sustainable economic growth, employment, and decent work for all. • Reduce inequality within and among countries. • Make cities and human settlements inclusive, safe, resilient, and sustainable. <p>In addition, there are other relevant strategic plans in the field of social policies, such as:</p> <ul style="list-style-type: none"> - The 4th Interinstitutional Plan for Family Support in Euskadi 2018-2022, with the 5th Plan currently in process. - Basque Strategy 2030 for the Demographic Challenge. - Strategy to Reduce the Gender Pay Gap in Euskadi. Operational Plan (2025-2030). 	
e) Employment Generation	<p>Use of proceeds: The proceeds from Sustainable Financing instruments will be allocated to support the creation of quality and inclusive employment, in accordance with the main objective established in the Basque Employment Strategy 2030 to continue being the region in the State with the lowest unemployment rate. To this end, actions will be promoted in education, job training, specific support for certain sectors, and the pursuit of innovation.</p> <p>Eligible projects include, but are not limited to:</p> <p>(i) Support for employment programs in local commerce, the local primary sector, and the tourism sector.</p> <p>(ii) Support for continuous training and learning programs within companies on topics such as digitalization, artificial intelligence, and environmental care.</p> <p>(iii) Support for training programs linked to the energy-climate, digital, and demographic-social transitions.</p>	8

	<p>(iv) Support for programs that promote the social economy, innovative entrepreneurship and intrapreneurship, self-employment, and micro-entrepreneurship.</p> <p>(v) Support for the development of Employment and Local Development Plans, in accordance with Employment Law 15/2023.</p> <p>(vi) Financing of employment and training programs, and promotion of hiring unemployed people who require partial and temporary financial support for their contracts during their transition into the workforce to ensure their medium and long-term employment integration.</p> <p>(vii) Financing of the Lehen Aukera Program (a program to promote employability of young or unemployed people through employment contracts to gain first work experience).</p> <p>(viii) Financing of the dual training program to support the education-to-work transition, including programs to develop employment plans for young people.</p> <p>(ix) Intergenerational employment programs that promote the attraction and retention of talent.</p> <p>(x) Financing of employment programs, including but not limited to programs aimed at youth return to education/labor market and job training.</p> <p>Context:</p> <p>To continue being the region in the State with the lowest unemployment rate, the Basque Government will place employment as the main axis of public policies and will collaborate with universities and vocational training centers to create a useful, flexible training model related to labor market needs, and with companies to understand what they need at any given moment and help them manage an action model based on putting the person at the center. It will promote a quality employment system with Lanbide as the main axis, developing an effective intervention model with companies and citizens. This commitment is reflected in the Basque Employment Strategy 2030, the 2025/2027 three-year Employment Plan, as well as the effective implementation of Employment Law 15/2023.</p>	
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Environmental objectives

Project Category	Eligibility Criteria	SDG	EU Act.
a) Renewable Energy	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be allocated to projects and programmes aimed at promoting the increase of renewable energy in the Basque Country. Proceeds will be used to finance the renewable energy priorities included in the Euskadi Energy Strategy 2030 ("Estrategia Energética de Euskadi 2030"); Wind, Biomass (waste to energy), Solar Photovoltaic, Geothermal and Marine renewable energy.</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Support programmes that increase the use of biomass (Energy from waste and residuals of agroforestry) for public services. (ii) Finance programmes that encourage the use of renewable energy in households, public and private buildings and the industry (solar, wind and geothermal). (iii) Financing measures and implementation programs that increase the availability of renewable energy, including investments in biomass energy (waste to energy) utilization facilities, investments in geothermal utilization facilities and investments for the demonstration and validation of emerging marine renewable energy technologies. (iv) Financing of new low-power installations, including the installation and renovation of onshore and offshore wind farms and biomass (waste energy) plants. 	7	4.1 4.3 4.5 4.6
b) Clean Transportation	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be used to reduce the dependence on fossil fuel transport in accordance with the lines of action included in the Master Plan for Sustainable Transport of Euskadi 2030.</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Programmes that promote the progressive decarbonisation of transport (Financing measures and implementation programs that 	11	6.5 6.10 6.13

	<p>support hydrogen, fuel cell and electric vehicles, such as electric taxis in cities or electric public bus vehicles.</p> <p>(ii) Finance the development and implementation of the Comprehensive Electric Mobility Plan.</p> <p>(iii) Programmes that promote sustainable mobility and the use of more efficient modes of transport, such as electric buses, trams, trains, etc.</p> <p>(iv) Programmes that promote the renewal of the fleet of vehicles, both light and heavy, with hybrid and electric vehicles. This program falls within the Green Public Purchase Program that favours the renewal of the fleet. The former programme ended in December 2020 and is being replaced by a new program with a 2030 time horizon.</p> <p>(v) Financing of grants programs to encourage energy savings and energy efficiency projects in transport, boosting the deployment of electric vehicles.</p>		
c) Pollution prevention and control	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be used to improve the quality of water, air and soil, managing environmental risks and reducing human diseases related to environmental determinants, in accordance with the lines of action set out in the Environmental Framework Programme 2030. The Biodiversity Strategy of the Basque Country 2030 and the Circular Economy Strategy 2030 that was approved in January 2020 as well as the new Waste Prevention and Management Plan 2030 that is already being drawn up.</p> <p>Eligible projects include, but are not limited to:</p> <p>(i) Ensure air quality and improve the management of contaminated soils.</p> <p>(ii) Programmes to enhance ecosystem services through the restoration of degraded areas, such as recovery of industrial land for new uses.</p>	12	5.5 5.9 5.10
d) Sustainable water and	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be allocated to projects and programmes that will support the</p>	6	5.1 5.2

wastewater management	<p>protection and improvement of the ecological state of water masses; projects and programmes that will support not only the improvements of water quality and its supply, but also the sanitation and urban sewage treatment. Additionally, proceeds of the sustainable finance instrument will be allocated to resolve water scarcity, waste minimization of water consumption, or recycling to alleviate sewage water generating.</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Maintenance and restoration work of water channels to improve water quality (ii) To obtain a good state of surface and underground water bodies by controlling, for example, landfills (iii) Monitoring the status of water masses to ensure water quality (iv) Collaborations with water services bodies related to supply, sanitation and purification (v) Programmes to ensure quality long-term water supply and quality and deploy demand management instruments (vi) Development, construction and maintenance of wastewater management infrastructure, including sewage treatment plants, etc. 		5.3 5.4
e) Terrestrial and aquatic biodiversity conservation	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be allocated to projects and programmes aimed at promoting protection and restoration of ecosystems in the Basque Country as it is included in the Biodiversity Strategy of the Basque Country 2030 and 2050 Climate Change Strategy Basque Country (Klima 2050).</p> <p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Studies to improve knowledge on wild flora and fauna, updating the Basque Catalogue of Endangered Species and improvement of its conservation (ii) Programmes that aim to protect and restore ecosystems 	15	BIO 1.1

	<p>(iii) Monitoring and Evaluation of the Natural Heritage of the Basque Country (including the “Red Natura 2000”)</p> <p>(iv) Financing of actions and educational activities to enhance and to promote the involvement of the community, public awareness and knowledge of biodiversity and its protection</p>		
f) Energy efficiency	<p>Use of proceeds: Proceeds of the sustainable finance instrument will be used to build a low carbon energy model and anticipate the risks of climate change following the guidelines and lines of action foreseen in the 2030 Euskadi Energy Strategy and 2050 Climate Change Strategy Basque Country (Klima 2050).</p> <p>Eligible projects include, but are not limited to:</p> <p>(i) Programmes that promote energy savings and management in the industry, including financing of grants programs to encourage energy savings and energy efficiency projects, through e.g. upgraded equipment, smart meters, etc.</p> <p>(ii) Finance the improvement of energy efficiency and demand management, development of smart grids and promotion of cogeneration</p> <p>(iii) Programmes to promote energy improvements in commercial and residential buildings and homes (Promotion of the improved insulation in buildings, upgrading of energy-consuming equipment and promotion of the implementation of renewable energies in buildings)</p> <p>(iv) Programmes to promote energy efficiency in public administration buildings and public housing, e.g. financing of upgrades in equipment and renovation that increases the energy efficiency of the building</p> <ul style="list-style-type: none"> ○ specific refurbishments to dedicated energy efficiency works such as HVAC systems renovation and improvement (excluding fossil-fuel based heating systems); Geothermal energy systems roll-out; Insulation retrofitting; LED roll-out; Solar panels 	7	<p>7.1</p> <p>7.2</p> <p>7.3</p>

	<p>installation; Heat Recovery Systems; Motion detectors roll-out...</p> <ul style="list-style-type: none"> ○ Major Refurbishments of existing buildings meeting at least one of the following eligibility criteria: <ul style="list-style-type: none"> ▪ Buildings meet the Near Zero-Energy Buildings (NZEB) low consumption building standards post-refurbishment ▪ Buildings will have at least 30% of expected energy-efficiency gains post-refurbishment ▪ Buildings will be part of the top 15% most energy efficient buildings of the national stock post-refurbishment ▪ Buildings will achieve a level of energy performance equivalent to the Energy Performance Certificate grade of B or above post-refurbishment 		
g) Climate change adaptation	<p>Eligible projects include, but are not limited to:</p> <ul style="list-style-type: none"> (i) Financing of plans of action and activities to reduce the impacts of extreme climatic events in vulnerable areas, such as flood prevention, landslide, impact in coastal areas, etc. (ii) Increase the efficiency and resilience of the territory. (iii) Increase the resilience of the natural environment. (iv) Increase the resilience of the primary sector and reduce emissions. (v) Environmental risk prevention. 	11	14.1 14.2

1.2 Exclusionary Criteria

The use of proceeds may include capital and operating expenditures of eligible project categories and programmes, as well as indirect lending to projects such as grants for private and public organizations and consortiums for special purposes. Only Basque Government's own expenditures (net of EU grants, EIB loans or other revenues earmarked for specific purposes) are eligible. Specific sections of the relevant budgetary programmes that will be excluded include:

- Personnel expenditures (Chapter 1 of the budgetary programmes)
- Financing costs (Chapter 3 of the budgetary programmes)
- Contingency Funds (Chapter 5 of the budgetary programmes)

- Financial assets (Chapter 8 of the budgetary programmes)
- Financial liabilities (Chapter 9 of the budgetary programmes)

Funds in all categories must exclude investments in companies involved in the following exclusions: controversial weapons, tobacco cultivation or production, UNGC or OECD violations, companies deriving 1% or more of revenues from hard coal and lignite.

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

The process to select and to evaluate potential eligible projects and programmes from the General Budget is performed by the Basque Government Sustainable Financing Committee. Each Department carries out an ex - ante evaluation of the impact indicators of the projects, in addition to the environmental impact assessment, and other actions foreseen in the regulation. This Committee comprises four representatives of the Department of Treasury and Finance, and a representative of each of the following departments: Education, Healthcare, Industry, Energy Transition and Sustainability, Food, Rural Development, Agriculture and Fisheries, Housing and Urban Agenda, Sustainable Mobility, Well-Being, Youth and Demographic Challenge and Public Environmental Management Company (IHOBE). In addition, the Sustainable Financing Committee will request the participation of other representatives from other departments of the Basque Government or those previously mentioned when it appreciates the need for additional knowledge or specific expertise.

The Basque Government Sustainable Financing Committee will select eligible projects or programmes from the sections of the General Budget that align with the eligibility criteria defined in this Sustainable Financing Framework.

As not all activities in the selected budget programmes might be eligible according to the Sustainable Financing Framework, the Basque Government will provide investors with information regarding the percentage of each eligible budget programme that was eligible for each Sustainable Financing instrument.

3. MANAGEMENT OF PROCEEDS

The proceeds of the Sustainable Financing instruments will be allocated to eligible budgetary programmes in the General Budget of the Basque Government, corresponding to the fiscal year of the Sustainable financing. The total expenditures required for the eligible programmes will equal or exceed the net Sustainable financing proceeds. This will ensure compliance even when eligible programmes or budgets are impacted unexpectedly.

The proceeds from the Sustainable Financing instruments will be directly allocated to the eligible projects at settlement. In the event the whole proceeds cannot be allocated, the Basque Government will temporarily keep the unallocated funds in any form of cash or liquidity position or time deposits with banks. This event would be monitored by the Financial Department of the Basque Government's Financial Policy Department and reviewed by the Sustainable Financing Committee.

The Basque Government has internal systems in place to track proceeds of its financings, and to account for all eligible programmes. Thus, the Committee will monitor and prevent any such double allocation of proceeds.

In the case of any selected eligible program becomes ineligible or has been cancelled, the Basque Government will re-allocate the proceeds of the Sustainable Financing instruments to another eligible programme.

4. REPORTING

4.1 Allocation Reporting

Allocation reporting will be available to investors within one year from the date of the Sustainable financing and annually until the proceeds have been fully allocated. The reporting will produce insights into the total amount provided to the various eligible budgetary programmes and the total of each eligibility category. The allocation reporting will be made available on the Basque Government's website¹.

4.2 Impact Reporting

The Basque Government will provide a dedicated Sustainable Financing impact report for investors within one year from the financing date and annually until the proceeds have been fully allocated, with estimates of the main environmental or social impacts or outputs of the eligible programmes with indicators disaggregated by sex and other relevant variables, where feasible. Some case studies of projects may be provided to illustrate the positive impact.

Relevant social and environmental impact indicators could include:

Social Eligible Categories	Sample of impact indicators
Affordable Housing	Households benefiting Families with public renting
Education	Scholarship recipients
Healthcare	Life expectancy Disability-free life expectancy Quality of life (EQ-5D-5L) Per capita health expenditure in the Basque Country Medical staff per 1000 inhabitants Nursing staff per 1000 inhabitants
Socio-economic Progress	Number of people receiving emergency subsidy Number of people receiving family subsidy People receiving Guarantee Income
Economic Inclusion	Number of jobs created

¹ <http://www.euskadi.eus/gobierno-vasco/finanzas-seguros/ultimo/>

Environmental Categories	2Eligible	Sample of impact indicators
Renewable Energy		Projects subsidized CO2 emissions saved (tons/year) Expected renewable energy capacity installed (MW) Expected renewable energy production distributed in MWh Ex-ante estimation of annual renewable energy recovered (MWh)
Clean Transportation		CO2 emissions saved (tons/year) Estimated annual GHG emissions reduced/avoided (in tCO2e/year) Passenger kilometers (i.e. cumulated distance travelled by passengers, in km)
Pollution prevention and control		Measuring campaigns Number of people with daily information Business queries resolved Reports on soil contamination Number of enterprises subsidized Emissions of the main atmospheric pollutants Air quality index Urban concentration of Particulate Matter (PM10) and / or ozone
Sustainable Water and wastewater management		Number of actions Hectares preserved or restored Rivers assessed Annual reduction in water consumption (m3/year) Expected volume of water treated (m3/year) / Project specific targets and results
Terrestrial and aquatic biodiversity conservation		Number of visitors Technical studies financed Hectares with executed actions Km of routes improved

² The issuer has started to monitor the KPI "Green Employment generation" together with Eustat (based on the European methodology). Since this KPI is grouped in activities much broader than those included in the eligible projects, the issuer might inform about its performance in future bond reporting to give more context to the impact of some of the projects. ² https://www.eustat.eus/elementos/ele0017700/empleo-equivalente-a-tiempo-completo-del-sector-de-bienes-y-servicios-ambientales-de-la-ca-de-euskadi-por-grupos-de-actividad-y-ambitos-ambientales-p/tbl0017793_c.html

Energy Efficiency	Saved materials (tons/year) Number of young taught Ex-ante estimation of annual energy savings (MWh) Ex-ante estimation of annual Greenhouse Gas (GHG) emissions reduced or avoided (tCO2e)
Climate Change Adaptation	Population that is no longer exposed to a climate hazard. Naturalized or restored area. Linear meters of restored riverbank.



5. EXTERNAL REVIEW

5.1 Second Party Opinion

The Basque Government has hired DNV to provide a Second Party Opinion on the Basque Government Sustainable Finance Framework. DNV has reviewed the Sustainable Finance Framework and its alignment with the four pillars of the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines 2021 and LMA's Green Loan Principles 2025.

The Second Party Opinion, as well as the Sustainable Finance Framework hereof, will be published and will make available for market information on the website of the Basque Government (<http://www.euskadi.eus/gobierno-vasco>) and on the Resource Centre of the Green Bond Principles (<https://www.icmagroup.org/green-social-and-sustainability-bonds/resource-centre/>).