



Sustainability Bond Report 2024



Govern d'Andorra

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1. Editorial



Ramon Lladós Bernaus
Finance Minister

The Principality of Andorra's commitment to sustainable finance has consolidated itself as one of the core pillars of its economic policy. Since the first issuance of sustainability bonds in 2021, the country has built a coherent public strategy oriented towards both social cohesion and the ecological transition—understood as structural components of a responsible and resilient economic transformation.

In a global context still marked by geopolitical instability, the social consequences of the post-pandemic crisis, and the urgency of accelerating environmental commitments, Andorra's approach is guided by a forward-looking rationale. The allocation of public resources to projects with measurable social and environmental impact reflects a long-term vision where economic development is inseparable from collective well-being and environmental stewardship.

During the reporting period covered in this document (2019–2023), the proceeds from sustainability bond issuances have been channeled primarily towards areas that strengthen the country's structural capacities: universal access to healthcare, active social inclusion, support for children and persons with disabilities, the promotion of personal autonomy, and the consolidation of an equitable education system. To this portfolio of policies, the Government has added a strong investment effort in the field of housing, acknowledging the essential role of access to decent housing in ensuring social cohesion. Targeted funding has supported the development of stable, affordable and inclusive housing solutions, especially for vulnerable groups such as young people, single-parent families, and individuals at risk of exclusion.

In parallel, investments have intensified in sustainable mobility, energy efficiency, water treatment, circular economy, and biodiversity protection—key areas that reinforce the country's ecological transition.

The Government has added a strong investment effort in the field of housing, acknowledging the essential role of access to decent housing in ensuring social cohesion.

This concerted action, aligned with the Sustainability Bond Framework adopted by the Government in 2021, has been validated through internal governance mechanisms and externally verified in accordance with international standards on transparency and traceability. The methodology—coordinated by the Inter-Ministerial Working Group—ensures both the rigorous selection of eligible expenditures and the annual monitoring of the impact of each financed project.

Beyond the technical and financial compliance, this report aims to offer a clear and comprehensive account of how Andorra interprets and exercises its public responsibility in the face of current global challenges. By sharing the results of this second phase of the sustainable financing programme, we reaffirm our commitment to a fiscal policy that serves equity and sustainability, and we renew our conviction that public action must be a driver of positive transformation.

We express our gratitude to all ministerial teams, technical services and external partners who contributed to the preparation of this report, as well as to the investor community, whose trust continues to be a key enabler of this shared agenda.

2. Key figures

Issuer	Principality of Andorra	Principality of Andorra
Issue type	Senior Unsecured	Senior Unsecured
Nominal Amount	EUR 0.5 bn	EUR 0.5 bn
Maturity Date	6 May 2031	23 February 2027
Coupon	Fixed, Annual, Act/Act	Fixed, Annual, Act/Act
Listing	EMTN/Luxembourg	EMTN/Luxembourg
Use of Proceeds	Eligible project under the Principality of Andorra's Sustainability Bond Framework.	Eligible project under the Principality of Andorra's Sustainability Bond Framework.
Second Opinion	Vigeo Eiris	Vigeo Eiris
ISIN	XS2339399946	XS2445667236
Bookrunners	Citi, Credit Agricole CIB and Santander	Citi, Credit Agricole CIB and Santander

3. Overview of Andorra's Sustainability Bond Framework

1. Use of Proceeds

The Eligible Green and Social Expenditures are distributed across 12 categories (seven Green and five Social) described in section 4. Any expenditure related to the following activities are excluded:

- Alcohol, tobacco, gaming
- Armament and defense
- Deforestation, degradation of forest
- Fossil fuel production and power generation
- Palm oil industries
- Nuclear Power

2. Process for Project Evaluation and Selection

First, an Inter-Ministerial Working Group (IMWG) coordinated by the Ministry of Finance ensures that each relevant ministry submits a list of Eligible Expenditures and collects the necessary data to demonstrate the alignment with the Use of Proceeds.

Secondly, a Steering Committee then validates the final list of Eligible Expenditures to be financed by Andorra's Sustainability Bond issuance. The Steering Committee is responsible for managing any future updates of the Framework. Following allocation, the IMWG monitors the eligibility of selected Expenditures to determine any necessary changes (e.g. cancellation, ineligibility).

Andorra's Sustainability Bond Framework aligns with the 2021 edition of the Sustainability Bond Guidelines (SBG) and follows its four core components:

3. Management of Proceeds

After approval by the Steering Committee, an amount equal to the net proceeds is allocated to Eligible Green and Social Expenditures on nominal equivalence basis within 24 months following the issuance of Andorra's Sustainability Bond.

Eligible expenditure are selected within Andorra's expenditures occurred within the three years preceding the issue and up to the following year of the issuance.

The Steering Committee monitors the allocation and tracking process on an annual basis. In case some Eligible Expenditures no longer comply with the Use of Proceeds, the Steering Committee reallocates the proceeds on a best effort basis.

4. Reporting

The Government of Andorra is committed to providing investors with an annual Sustainability Bond Report until full allocation of the proceeds, including information on:

- The allocation of proceeds towards Eligible Expenditures ("Allocation Reporting"), including total amount issued, categories breakdown, emblematic projects description.
- Where feasible, information on the environmental and/or social impact of those expenditures ("Impact Reporting"). Please note that indicator impact data for 2023 was extrapolated where necessary in the absence of data.

4. Description of the portfolio

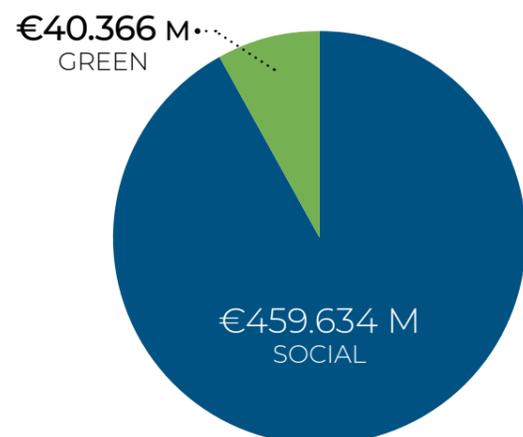


The Eligible Expenditures under the Sustainability Bond are distributed as follows:

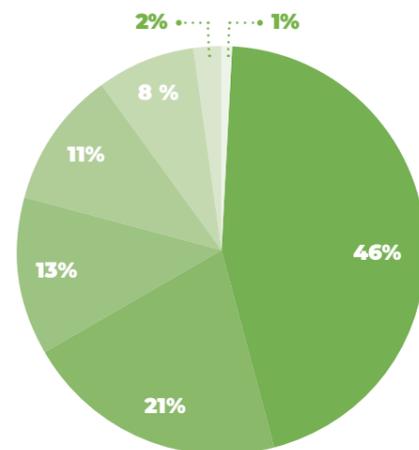
92% of the proceeds are allocated to the macro category **Social** while the macro category **Green** gathers the remaining 8% of the proceeds. Three social categories particularly stand out: **Access to Health** (37% of total amount), **Socio-economic advancement and empowerment** (33%) and **Access to Education** (12%), summing up to 83% of the €500 M total amount.

Note: 100% of the proceeds are not allocated here as we do not take into account the investments made by the seven parishes.

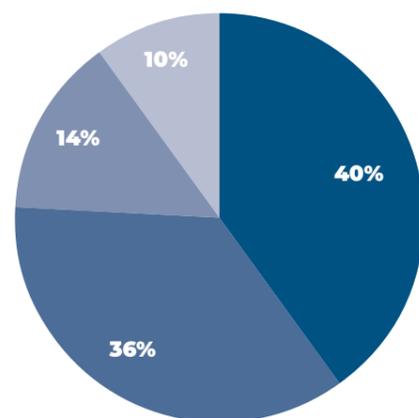
Portfolio breakdown between social and green



Green portfolio breakdown by category



Social portfolio breakdown by category



Allocation Table

Distribution of proceeds between 2021 and 2024:

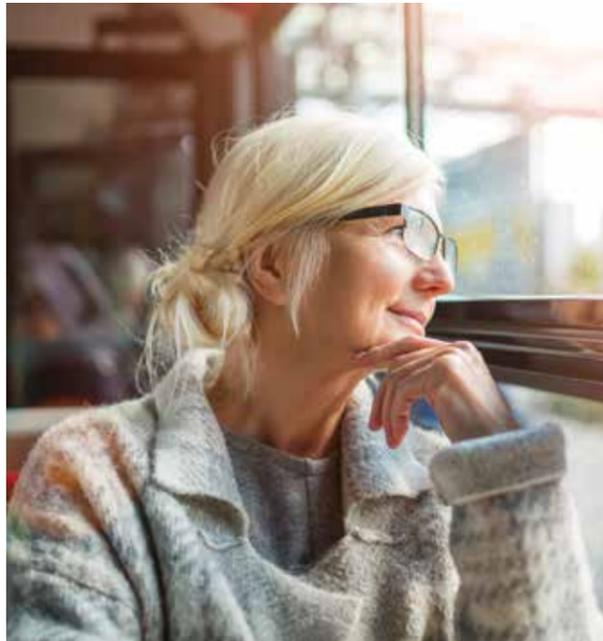
	2021	2022	2023	2024	Total	%
Green	€0 M	€17.66 M	€18.36 M	€4.34 M	€40.37 M	8.1%
Social	€34.28 M	€136.74 M	€161.19 M	€127.43 M	€459.63 M	91.9%
Total	€34.28 M	€154.41 M	€179.55 M	€131.77 M	€500 M	100%

Allocation table, with most important budgetary programs:

		2021	2022	2023	2024	Total	%	% in macro category
Social	Access to Health	€34.28 M	€51.75 M	€46.67 M	€51.35 M	€184.04 M	37%	40%
	Socio-economic advancement and empowerment	€0	€58.02 M	€73.79 M	€34.45 M	€166.26 M	33%	36%
	Access to Education	€0	€23.26 M	€25.76 M	€13.26 M	€62.29 M	12%	14%
	Affordable housing	€0	€3.71 M	€14.97 M	€28.37 M	€47.05 M	9%	10%
	Employment generation	N/A	N/A	N/A	N/A	€0	0%	0%
	Civil protection, territorial and digital inclusion	N/A	N/A	N/A	N/A	€0	0%	0%
Green	Circular economy	€0	€9.15 M	€9.08 M	€0.26 M	€18.49 M	4%	46%
	Sustainable water, waste and wastewater management	€0	€4.07 M	€4.19 M	€0.57 M	€8.31 M	2%	21%
	Sustainable management of living natural resources, land use and biodiversity protection	€0	€1.71 M	€1.93 M	€1.59 M	€5.23 M	1%	13%
	Energy efficiency	€0	€1.27 M	€1.64 M	€1.39 M	€4.30 M	1%	11%
	Adaptation	€0	€1.20 M	€1.28 M	€0.58 M	€3.07 M	1%	8%
	Low carbon transportation	€0	€0.22 M	€0.16 M	€0.24 M	€0.61 M	0.1%	2%
	Renewable energy	€0	€0.05 M	€0.08 M	€0.22 M	€0.35 M	0.1%	1%
	Total	€34.28 M	€154.41 M	€179.55 M	€131.77 M	€500 M	100%	

As indicated, different categories may concern common budgetary programs, e.g. the program "Energy and Climate Change" falls under three Green categories.

It is worth noting that the top 3 categories of both Social and Green macro categories represent a very significant proportion of their allocated proceeds: respectively 90% for Social and 79% for Green.



1 FREE PUBLIC TRANSPORT
 In July 2022, the Government of Andorra took a significant stride towards bolstering public transportation by introducing free services for residents. This visionary move reflects the government's unwavering commitment to fostering sustainable mobility options. Since the inception of this initiative, the daily ridership has more than doubled, soaring from 10,000 to over 20,000 journeys. This remarkable surge not only attests to the program's popularity but also signifies a substantial reduction in private vehicle usage and consequent carbon emissions. By prioritizing accessible and eco-friendly transportation alternatives, Andorra is paving the way for a greener, more environmentally conscious future.

2 IMPROVEMENT OF THE GOVERNMENT BUILDINGS
 The Government of Andorra is spearheading initiatives to elevate the energy performance of its buildings, striving to align them with the rigorous energy efficiency standards set for newly constructed edifices, which aim for nearly zero energy consumption. This endeavor follows a comprehensive audit of the 54 government buildings with the highest energy consumption.

Projected improvements to these structures are estimated to necessitate an investment of close to 80 million euros by 2050. This forward-looking investment underscores the government's proactive stance on sustainability, resonating with broader global efforts to curb energy wastage and minimize environmental footprint.

3 THE E-ENGECA PROGRAM
 The e-Engega program, aimed at promoting the adoption of electric vehicles, has been a driving force behind green transportation in Andorra. Since its launch in 2017, the program has awarded a total of 742 grants, comprising 418 for electric vehicles, 243 for plug-in hybrid vehicles, and 90 for electric motorcycles.

In 2024, the program continues its mission with a budget of 750,000 euros. Subsidies of up to 6,000 euros for electric vehicles, up to 3,000 euros for plug-in hybrids, and 760 euros for electric motorcycles are being offered, incentivizing residents to embrace eco-friendly modes of transport. These subsidies not only make electric vehicles more accessible but also play a crucial role in reducing carbon emissions and advancing sustainable transportation practices in Andorra.



Note: description of the minority categories not reported.

GREEN

- Energy efficiency:** Improvement of energy efficiency in both public and private sectors leading to energy savings.
- Adaptation:** Improvement of resilience and adaptive capacities with the goal of facing climate change consequences.
- Low carbon transportation:** Subsidies to support the development of low carbon public and individual transportation means such as electric, hybrid or biofuel vehicles.
- Renewable energy:** Production, acquisition, operation, distribution and transmission of renewable energy such as: solar photovoltaic, concentrated solar power, wind power, hydropower, bioenergy, and geothermal.



SOCIAL

- Employment generation:** Professional insertion of people with disabilities into the labour market.
- Civil protection, territorial and digital inclusion:** Programs to enable increased access to digital administration and e-services for vulnerable populations: digital alphabetisation programs, online health assistance for elderly or dependent people facing difficulties to access the healthcare facilities.

5. Impact report focusing on the top categories

The general policy of this impact report is to focus on the most funded Social and Green categories. Instead of trying to compile the full range of impacts, it aims at prioritising the analysis on available data related to the most significant programs. Further analysis will focus on the top 3 Social categories (90% of Social portfolio) and the top 3 Green categories (79% of Green portfolio). Nonetheless, one should bear in mind that there are emblematic projects funded among the six minority categories not reported, for instance:

GREEN

Circular Economy



Amount allocated by Andorra

€18 M

Weight in the portfolio

4%

49,219

Average tons of energy valorized waste

891

Average tons of organic matter collected and treated

Description: Expenditures relating to the change from a linear economy to a more efficient and sustainable economic model. The circular model also promotes responsible and efficient consumption by reducing waste generation and optimizing its management, increasing reuse and recycling and minimizing less efficient waste management options.

Sustainable water, waste and wastewater management



Amount allocated by Andorra

€8 M

Weight in the portfolio

2%

18 M

Average number of cubic meter of water purified yearly

Description: Expenditures relating to the development, construction, operation and maintenance of projects that contribute to the improvement of river water quality, as well as wastewater collection and treatment.

Sustainable management of living natural resources, land use and biodiversity protection



Description: Expenditures relating to the development of sustainable agriculture or projects that contribute to the preservation and restoration of natural landscapes, improving the quality of life of citizens.

Amount allocated by Andorra

€5 M

Weight in the portfolio

1%

2,804

Average number off calls managed by the telephone service for protection, conservation and dissemination of the natural heritage

13

Average number of new management plans

10

Average number of biodiversity monitoring studies

SOCIAL

Access to Health



Amount allocated by Andorra
€184 M

Weight in the portfolio
37%

47,045
 Average number of beneficiarices of the Caixa Andorrana de Seguretat Social

4,238
 Average number of mammograms carried out

7,270
 Average number of flu vaccination doses administrated

Description:
 Expenditures relating to provision of healthcare infrastructures and services as well the promotion of healthy habits.

Socio-economic advancement and empowerment



Amount allocated by Andorra
€166 M

Weight in the portfolio
33%

1,055
 Average number of workers of the Servei Andorrà d'Atenció Sanitària, of which 725 are nurses

1,235
 Average number of beneficiarices of an autonomy allowance from the Andorran government due to a degree of disability greater than 33%

Description:
 Expenditures relating to the reduction of social and economic inequalities and promotion of social and economic inclusion.

Access to Education



Description:
 Expenditures relating to provision of public education infrastructures and services.

Amount allocated by Andorra
€62 M

Weight in the portfolio
12%

1,978
 Average number of low income families supported for educational costs

1,846
 Average number of students enrolled at the University of Andorra

6. Case studies

GREEN

Wastewater sanitation plan *Pla de sanejament de les aigües*



Amount allocated
by bond

€8 M

The Government of Andorra places paramount importance on safeguarding the quality of our water resources to uphold public health, foster biodiversity, and sustain environmental well-being. Under the purview of the Andorra Water Sanitation Plan, the administration manages the operations of four strategically located wastewater treatment plants. These facilities, situated in the North-East, North-West, South, and Pas de la Casa, play a pivotal role in ensuring the effective treatment of wastewater. Throughout the year, these plants consistently meet stringent performance standards, effectively mitigating the pollution of our waterways. By adhering to rigorous treatment protocols, they contribute significantly to the preservation and enhancement of Andorra's natural water resources.

The RENOVA programme *El programa RENOVA*



Amount allocated
by bond

€3 M

The RENOVA program stands as a cornerstone in the Government of Andorra's efforts to enhance the national real estate landscape and drive the adoption of renewable energy. Since its launch in 2011, this subsidy initiative has garnered significant interest, with over 3,000 requests amounting to 21 million euros in subsidies and related works costing 98 million euros.

With a focus on bolstering energy efficiency and integrating renewable energy sources, more than 90% of RENOVA's endeavors prioritize actions such as installing heat pump-based air conditioning systems and implementing solar panel setups for self-consumption of electricity.

Looking ahead to 2024, the program continues its momentum with 2 million euros earmarked for subsidies, reaffirming the government's commitment to sustainable development and environmental stewardship.

SOCIAL

Public housing *Parc públic d'habitatge*



Amount allocated
by bond

€17 M

The Government of Andorra continues to allocate financial resources to ensure access to housing for individuals and families who can demonstrate a genuine need. While maintaining the financial sustainability of the model, public housing access has been expanded not only for young people seeking to become independent and other vulnerable groups, but also for elderly individuals who require affordable accommodation and do not own a home.

The establishment of a registry of applicants for affordable housing allows for a better analysis of residential demand and enables adjustments to be made to prioritize those in greatest need. Allocation processes are conducted transparently and in accordance with the principles of open government, which contributes to social cohesion within a market economy.

7. Disclaimer

IMPORTANT LEGAL INFORMATION AND CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

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8. Appendix

Govern d'Andorra has collaborated with UTOPIES, a pioneering sustainability advisory firm created in 1993, to build the methodologies and to format this Sustainability Bond Report.

The impact data calculation has required data collection from several Ministries (Education, Sport, Environment, etc.). Impact data is given on a yearly

basis (e.g. number of scholarships granted each year), and is computed as an average from 2021-2024 data. When data of some years are missing, an estimate is realized using data from available years.

Please find below the top budgetary programs and expenses, representing at least 80% of the proceeds of each top Social and Green category:

Access to Health

Top budgetary programs		
Social protection	€173 M	95%
Others	€9 M	5%
Top expenses		
Financing of non contributive complements and pensions	€173 M	95%
Others	€9 M	5%

Socio-economic advancement and empowerment

Top budgetary programs		
Hospital services	€81 M	49%
Against social exclusion	€36 M	22%
Social protection	€33 M	20%
Others	€16 M	9%
Top expenses		
Operation subsidy to Hospital Nostra Senyora de Meritxell	€81 M	49%
Personal autonomy	€34 M	20%
Elderly people	€18 M	11%
Others	€33 M	20%

Access to Education

Top budgetary programs		
General services	€60 M	93%
Others	€5 M	7%
Top expenses		
School subsidies	€33 M	52%
Meritxell school	€11 M	17%
Study aids	€6 M	9%
Others	€14 M	22%

Circular Economy

Top budgetary programs		
Circular economy	€18 M	100%
Top expenses		
Circular economy	€18 M	100%

Sustainable water, waste and wastewater management

Top budgetary programs		
Sanitation	€8 M	100%
Top expenses		
Water	€8 M	100%

Sustainable management of living natural resources, land use and biodiversity protection

Top budgetary programs		
Habitats and fauna	€3 M	60%
Aquatic environment	€1 M	23%
Refuges and mountain paths	€0.9 M	18%
Top expenses		
"Cos de Banders" environmental body	€3 M	49%
Aquatic environment	€1 M	23%
Fauna	€0.6 M	11%
Biodiversity	€0.5 M	10%
Paths and refuges	€0.2 M	4%



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