CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CSR)
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CSR Interaction

ICO's objective is for its activity to have a positive impact on the environment, society and economic development. To this end, it needs to base its management on the international policies and standards that are most appropriate in order to generate sustainable development and comply with the mission set out in its by-laws.

CSR at ICO cuts across all its activities, and is reflected in its internal policies and in the recognition of its stakeholders.

CERTIFICATE IN RECONCILING WORK AND FAMILY LIFE

GLOBAL CAPITAL SUSTAINABLE AND RESPONSIBLE CAPITAL MARKETS AWARDS, 2016
Best Social Bond of the Year

EUROPEAN BUSINESS AWARDS, 2016/2017
Environment and Corporate Sustainability Award
Corporate Governance

Ethical and responsible management

- Code of conduct
- Ethics Internal Channel
- Internal Code of Conduct in the Securities Market
- Independent Board Members
- Money Laundering Prevention Policy
- Management by Objectives System
- Regulatory Compliance
- Risk identification, control and management
  - Adoption of Equator Principles (October 2016)
- Commitment to CSR
- Environmental protection
- Protection of Personal Data
- Labour relations- Gender Equality Plan
Corporate Governance

Corporate Governance Report

- ICO was the first Public Entity in Spain to issue a Corporate Governance Report (using data from 2012)
- ICO took the initiative to create a model specifically aimed at Public Entities

<table>
<thead>
<tr>
<th>Governing Bodies</th>
<th>Management Bodies</th>
<th>Internal Operative Bodies</th>
<th>Internal Regulatory Bodies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• General Board</td>
<td>• Management Committee</td>
<td>• Credit Committee</td>
<td>• Procurement Committee</td>
</tr>
<tr>
<td>• Chairman</td>
<td>• Operations Committee</td>
<td>• Assets and Liabilities Committee</td>
<td>• Audit and Compliance Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Monitoring Committee</td>
<td>• Technical Compliance Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strategic Committee</td>
<td>• Information Security Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• International Affairs Committee</td>
<td>• Business Continuity Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Code of Conduct Compliance Committee</td>
</tr>
</tbody>
</table>
Transparency and Communication

Multiple communication channels

Website

Institutional Newsletter

Investors Newsletter

ICO at a glance

CRS Report

Press releases

Advertising

Verification following the highest and strictest standards
Stakeholders

- Clients
- Investors
- Social organisations
- Ministry of Economy and Competitiveness
- Analyst
- Media
- Suppliers
- Organisations and institutions involved in the economic and financial markets
- Individuals

Organisations and institutions involved in the economic and financial markets
International strategic partnerships

Map of ICO’s Strategic Partnerships
Gender equality & reconciling work and family life

ICO’s personnel policies are based on respect for the human and labour rights of employees, and on implementing strategies that facilitate and enhance their skills and professional development. Equal opportunities, non-discrimination, diversity and work-life balance are the fundamental principles on which labour relations between ICO and its staff are based.

Gender Equality Plan

<table>
<thead>
<tr>
<th></th>
<th>% of employees by professional category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management team</td>
<td>14%</td>
</tr>
<tr>
<td>Middle management</td>
<td>5%</td>
</tr>
<tr>
<td>Technical Staff</td>
<td>17%</td>
</tr>
<tr>
<td>Clerical Staff</td>
<td>64%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>

Agreements in place
Other initiatives: volunteers

ICO believes it can play a very important role in the development and promotion of social responsibility values, mainly amongst SMEs, self-employed individuals and in the preparation of generations who will occupy management roles in the future. Therefore, the Institute organises initiatives that pursue said objective, in addition to participating in others organised by other public and private institutions.

- **Pymes Solidarias**
  - This initiative was implemented at the end of 2014 (pilot project) in partnership with the Spanish Network of the Global Compact and in collaboration with Fundación Tomillo.
  - The objective of this initiative is to promote the voluntary participation of employees at SMEs in training schemes aimed at groups at risk of exclusion, thus helping them in their preparation for insertion into the labour market.

<table>
<thead>
<tr>
<th>13 SMEs</th>
<th>84 Volunteers</th>
<th>8 Sectors</th>
<th>223 Beneficiaries</th>
</tr>
</thead>
</table>

- **Inicia 2**
  - Inicia 2 is an initiative organised by Fundación Rafael del Pino that seeks to raise awareness of and promote the Principles of the United Nations Global Compact amongst Baccalaureate students at schools in the Autonomous Region of Madrid, using real-life scenarios to encourage debate between the participants of each event.

- **Corporate volunteering**
  - Support of workplace and social integration.
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Activity and Products: State Financial Agency

In this scope of action, ICO is tasked with arranging, managing and administrating, on behalf of the State, economic policy transactions in order to respond to special circumstances. Although these transactions do not form part of the Institute's balance sheet, are strongly aligned with ICO strategy of value generation, positive social and environmental impact.

- FFCCAA: Regional Government Financing Fund
- FFEELL: Local Authority Financing Fund
- FIEM: Company Internationalisation Fund
- FONPRODE: Fund for the Promotion of Development
  - Eradicating poverty, reducing social inequalities among individuals and communities, gender equality, protection of human rights and the promotion of sustainable human development in Latin America and the Caribbean
- FCAS: Water and Sanitation Cooperation Fund
  - Facilitating access to water and sanitation as an indispensable element for human well-being and development
- CARI: Reciprocal Interest Adjustment Agreement

International scope of action
Activity and Products: State-owned Investment Bank

Second-floor facilities

• Designed as funding for SMEs, the self-employed and private individuals.
• **Consolidation of the business fabric, promoting activities that generate most growth and job creation.**
• Using the branch network of virtually all the credit institutions operating in Spain, in order to get ICO loans to SMEs and the self-employed nation-wide.
• Each year ICO signs the corresponding partnership agreements with these institutions.

Financing for large companies, projects and local authorities

• Intended to fund major public or private investment projects which, by their nature, involve high capital requirements and long repayment periods.
• **Driving the Spanish economy within the framework of the sustainable economy and paying special attention to the socio-economic and environmental impact of the investments it finances.**
• ICO studies, grants and assumes the risk of the transactions using the standard economic and financial criteria used by commercial banks.
Activity and Products: Funds

Funds managed by its subsidiary, AXIS, or directly by ICO, which serve as a catalyst to the venture capital sector within the objectives of social equality, job growth and environmental sustainability, making it possible to reach companies subject to specific circumstances excluded from traditional financing.

- **FOND-ICO Global**
  - EUR 1.2 billion
  - Promotion the creation of privately managed venture capital funds which primarily invest in Spanish companies at all stages of development

- **FOND-ICO pyme**
  - Focused mainly on companies which, having reached a certain degree of maturity, wish to finance their expansion, growth and/or internationalisation, and to a lesser extent companies in early stages which, having survived the initial stages, need resources to continue their development.
  - The investment is made jointly with other financial, technological or industrial partners

- **FOND-ICO Infraestructuras**
  - Contribution to the development, construction and co-management of infrastructure projects, focusing on Public-Private partnership schemes
Activity and Products: Other funds

FC2E: Carbon Fund for Spanish companies

- Promoted by ICO and Santander Investment to assist Spanish companies in achieving compliance with regulations on greenhouse gas emissions.

European Capital Fund

- European capital fund designed and structured by ICO in collaboration with the European Investment Bank, KFW Bankengruppe, the European Commission, Cassa Depositi e Prestiti (CDP), Caisse des Dépots et Consignations (CDC) and PKO Bank Polski SA, the objective of which is to mitigate the lack of capital in the European infrastructure project market

- Focused on the following sectors:
  - Transport, especially the Trans-European Transport Networks (TEN-T)
  - Energy, paying special attention to the Trans-European Energy Networks (TEN-E)
  - Renewable energies, including the production of sustainable energy, clean transport infrastructures, energy distribution and systems for hybrid, geothermal, biomass, biogas, hydraulic energy transport and projects for converting waste into energy.

Fons Mediterrània Capital:

- Designed by ICO in collaboration with the Institut Catalá de Finances (ICF) and the European Investment Bank (EIB)
- It has a general and diversified investment mission, carrying out investment operations in Morocco, Tunisia and Algeria
- EUR 65.5 Million
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## ICO economic activity indicators

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<th>Indicator</th>
<th>Explanation</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company size of those SME receiving funds from ICO, according to number of employees</strong></td>
<td>Arithmetic mean</td>
<td>17 employees</td>
<td>16 employees</td>
</tr>
<tr>
<td>No. new SME trades / total trades</td>
<td></td>
<td>99%</td>
<td>98%</td>
</tr>
<tr>
<td><strong>Capillarity of ICO’s lending activity</strong></td>
<td>No. new ICO trades amount ≤ €25,000 / No. of total new ICO trades</td>
<td>54%</td>
<td>54%</td>
</tr>
<tr>
<td>Amount to long term investment (&gt; 5 years)</td>
<td></td>
<td>41%</td>
<td>51%</td>
</tr>
<tr>
<td><strong>ICO’s contribution to the funding of those SME that export on a regular basis</strong></td>
<td>Amount ICO Export Facilities / Total New ICO Amount</td>
<td>34%</td>
<td>36%</td>
</tr>
<tr>
<td><strong>ICO’s contribution to those regions with a GDP per capita lower than the national average</strong></td>
<td>Amount with Spanish regions with a GDP per capita lower than the average / Total New ICO Amount</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>ICO’s contribution to those regions with a higher unemployment rate</strong></td>
<td>Amount to Spanish regions with an unemployment rate higher than the average / Total New ICO Amount</td>
<td>38%</td>
<td>31%</td>
</tr>
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Social Bond issuance
ICO Social Bond platform set up in 2015

ELIGIBILITY CRITERIA

- **SME** Under European Union’s definition

- **REGIONS WITH GDP PER CAPITA BELOW NATIONAL AVERAGE**

- **EXCLUDED ACTIVITIES**
  
  Neither Social nor Environmentally friendly: Alcohol, Tobacco, Gambling, Mining...

2nd OPINION

REPORTING

**EXTERNAL REPORT**
(audited)

**INTERNAL REPORT**
(detail allocation proceeds)

Aim to measure job retention and creation in SMEs

On the 1st anniversary
ICO SOCIAL BOND SEK 500 mm 0.963%
Due September 2022
Issued in September 2017

- First Social Bond issued in Swedish krona
- ICO consolidates its commitment to the social bonds market
- Investor diversification
- High participation of SRI accounts
3rd ICO SOCIAL BOND EUR 500 mm 0.1%
Due July 2021
Issued in July 2017

By Region
- Rest of Europe 6%
- Switzerland 5%
- Italy 5%
- France 6%
- Asia 10%
- Netherlands 12%
- Spain 37%
- Germany & Austria 19%

By Investor Type
- Central Banks & Official Institutions 15%
- Banks 22%
- Fund Managers 34%
- Insurance & Pension Funds 29%
- Fund Managers 34%

By ESG participation
- Rest of Investors 51%
- SRI Investors 49%

Number of SRI investors: 23/60
ICO SOCIAL BOND EUR 500 mm 0.1%
Due September 2018
Issued in April 2016

By Region
- Spain: 36%
- Netherlands: 16%
- Germany & Austria: 18%
- France: 8%
- Rest of Europe: 11%
- Italy: 6%
- Other: 5%

By Investor Type
- Fund Managers: 52%
- Central Banks: 12%
- Insurance & Pension Fund: 15%
- Banks: 21%

By ESG participation
- SRI Investors: 47%
- Rest of Investors: 53%

Number of SRI investors: 23/71

Global Capital SRI Awards
2016 Best Social Bond of the Year
ICO SOCIAL BOND EUR 1 bn 0.5%
Due December 2017
Issued in January 2015

By Region

- Scandinavia 5%
- Americas 1%
- Asia 25%
- Netherlands 7%
- Other Europe 10%
- UK 11%
- France 11%
- Germany 15%

By Investor Type

- Private banks 3%
- Insurance and pension funds 19%
- Banks 15%
- Fund managers 33%
- Central banks and official institutions 30%
ICO Sustainable Bond Forum
2015-2016 Madrid
Contacts

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Rodrigo Robledo
Head of Capital Markets

Arturo Gajón
Sergio Sierra

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