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V. ICO CORPORATE GOVERNANCE IN 2015
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It is with great pleasure that I present the Corporate Governance Report of Instituto de Crédito Oficial (ICO) for 2015. As part of this report, which was first released in 2013, ICO firmly recommits to transparency and the principles of corporate good governance, seeking to raise awareness of the Institute among our investors, customers and employees.

Respect for best corporate governance practices undoubtedly represents a fundamental element in ensuring confidence in the markets, promoting financial stability and sustainable economic growth. Furthermore, in the case of ICO, a public credit institution and a State Financial Agency, which plays an important role as the government's instrument of economic policy, ensuring good governance is an essential priority.

In 2015, significant progress has been made in strengthening ICO's corporate governance:

Firstly, in October, the composition and functionality of the General Board was amended, strengthening the autonomy of the Institute and aligning it to the best European standards. Specifically, the number of Board members was increased from nine to ten and four independent members were introduced, a milestone amongst public institutions in Spain. The new figure of independent Board members plays a key role in the functionality of the Board, as they retain a double vote for financial transactions that form part of ICO's core business, meaning they enjoy a majority.

Furthermore, in December 2015, an amendment to the Institute's by-laws was approved, implementing the changes introduced by its highest governing body. Amongst other aspects, objective criteria were set for the selection of independent Board members, such as prestige and professional knowledge in ICO's sphere of activity. Furthermore, a system of incompatibilities applicable to said Board members was established, limiting their mandate to three years, which can be extended for another three years on just one occasion. In addition, the amendment of the by-laws introduced other changes, most notably a reduction in the time frame for approving the financial statements from six to four months, in line with the Securities Market Act.

Another of the Institute's milestones in 2015 was the launch of the first “social bonds” for the sum of €1 billion, the first of its kind in Spain.

The funds raised by this issue were employed to finance SMEs in regions with a per capita GDP below the national average, in order to help them maintain and create employment. To this end, ICO not only positions itself at the forefront of current trends
on capital markets, but it underlines its firm commitment to corporate social responsibility and socially responsible investment.

Another key aspect was the amendment of the Code of Ethics and Conduct at the Institute, which has reinforced the regulations previously in place to introduce, amongst other aspects, a new chapter dedicated to the duties of Board members and very strict regulations on conflicts of interests. The Code of Ethics is fundamental to the Institute’s values and missions, to promote the highest standards in terms of the ethical behaviour and professional excellence of Board members, directors and employees.

There have also been significant steps forwards in other important areas. In terms of the prevention of money laundering, the “Expert Group on the Prevention of Money Laundering”, was created as a technical unit under the Technical Committee for Regulatory Compliance to rigorously analyse information regarding all suspicious money laundering activities. In addition, the first ICO equality plan was approved, reinforcing the strategic principle that already represents a priority focus in terms of corporate culture and human resources.

In short, 2015 has been a decisive year concerning corporate governance at ICO, with very significant developments that strengthen our organisation's commitment to transparency, efficiency and good performance in fulfilling its important duties, which is essential in order to ensure public confidence.

Emma Navarro Aguilera
II. CORPORATE INFORMATION

II.1 IDENTIFICATION DETAILS

- **Company name**
  Instituto de Crédito Oficial (ICO)

- **Tax ID (CIF)**
  Q-2876002-C

- **Registered address**
  Paseo del Prado, 4, 28014-Madrid

- **Company website**
  www.ico.es

- **Contact individuals for the purposes of this report**
  
  Ms. Carmen Pileño
  Area Head
  Regulatory Compliance
  carmen.pileno@ico.es

  Mr. José Montes
  Specialist
  Regulatory Compliance
  jose.montes@ico.es
II.2 LEGAL FORM AND SYSTEM, PURPOSE AND FUNCTIONS

The legal form and system of ICO, in addition to its purposes and functions, are defined in Articles 1 to 4 of its by-laws, approved by Royal Decree 706/1999, of 30 April (BOE No. 114 of 13 May 1999). The original version of this provision has been subject to changes and the consolidated text includes amendments set out in Law 40/2015, of 1 October, on the regulation of the public sector (BOE No. 236, of 2 October 2015), Royal Decree 1149/2015, of 18 December (BOE No. 1, of 1 January 2016), and Royal Decree 390/2011, of 18 March (BOE No. 77, of 31 March 2011).

- Legal form and system

ICO is a public sector company attached to the Ministry of Economy and Competitiveness via the State Secretariat for the Economy and Business Support. From a legal point of view, it is a credit institution and is treated as a State Finance Agency. It has its own legal status, assets and treasury, as well as an independent management body to carry out its activities.

The State Secretariat for the Economy and Business Support is responsible for strategic management at Instituto de Crédito Oficial, in addition to assessing and controlling the results of its activities.

- Purposes and functions

The purpose of the Instituto de Crédito Oficial is to sustain and promote economic activities that contribute to growth and to improving the distribution of national wealth, and particularly those that are should be promoted due to their social, cultural, innovative or ecological importance.

The functions of Instituto de Crédito Oficial are to:

1. Contribute to mitigating the economic effects resulting from serious economic crises, natural disasters or other similar circumstances, in line with guidance from the Council of Ministers or the government's Executive Committee for Economic Affairs.

2. Act as an instrument to take certain economic policy measures following the fundamental lines established by the Council of Ministers, the government's Executive Committee for Economic Affairs, the Ministry of Economy and Competitiveness, subject to the rules and decisions set out to this end by the General Board.

To perform the functions entrusted to ICO, the Institute is structured around two main lines:
State Financial Agency

The Institute formalises, manages and administers various instruments to support the external sector: the Corporate Internationalisation Fund (FIEM), the Development Promotion Fund (FONPRODE), the Water and Sanitation Cooperation Fund (FCAS) and the Reciprocal Interest Adjustment Contract (CARI).

Furthermore, it manages the Regional Governments Financing Fund and the Local Authorities Financing Fund, created by Royal Decree-Act 17/2014, of 26 December, on financial sustainability measures for the regions and local authorities in addition to other economic measures.

State-owned investment bank

As a state-owned bank, ICO offers medium and long-term financing for productive investments made by companies established in Spain or Spanish companies established abroad.

ICO provides financing for SMEs, the self-employed and individuals through “second-floor facilities”, with the support of Spanish banks, to allow its products to reach the greatest possible number of beneficiaries in a dynamic and effective manner.

Larger companies and regional governments, meanwhile, are funded directly by ICO, where the objective, among others, is to fund major public or private investment projects which, by nature, require large amounts of capital and long repayment periods. ICO studies, agrees and assumes the risk of the transactions applying the standard market economic and financial criteria and assessing the socio-economic and environmental impact of the investments it funds.

II.3 HOLDINGS IN VENTURES, COMPANIES AND FUNDS

ICO has a stake in the capital of companies and funds aimed at development or environmental improvement or conservation. There are no credit transactions, guarantees or any other type of consolidation between ICO and its investee companies.
At 31 December 2015, ICO held an interest in the following companies and funds:

<table>
<thead>
<tr>
<th>COMPANY/FUND</th>
<th>Stake</th>
<th>ICO members in the investee company</th>
</tr>
</thead>
<tbody>
<tr>
<td>AXIS Participaciones Empresariales</td>
<td>100.00%</td>
<td>9</td>
</tr>
<tr>
<td>Compañía Española de Reafianzamiento (CERSA)</td>
<td>24.15%</td>
<td>2</td>
</tr>
<tr>
<td>Compañía Española de Financiación del Desarrollo (COFIDES)</td>
<td>20.31%</td>
<td>2</td>
</tr>
<tr>
<td>EFC2E Gestión S.L.</td>
<td>50.00%</td>
<td>1 (*)</td>
</tr>
<tr>
<td>European Investment Fund (EIF)</td>
<td>0.67%</td>
<td>--</td>
</tr>
</tbody>
</table>

(*) Director with authority to represent the company acting jointly with other directors
III. BASIC REGULATORY FRAMEWORK

III.1 EXTERNAL REGULATORY FRAMEWORK

Legislation (some key pieces)

- Royal Legislative Decree 5/2015, of 30 October, approving the consolidated text of the Law on the Basic Statute of Public Employment.
- Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Law on the Securities Market.
- Law 40/2015, of 1 October, on the Regulation of the Public Sector.
- Law 25/2015, of 28 July, on the second-chance mechanism, reducing the financial burden and other social order measures.
- Law 22/2015, of 20 July, on Account Auditing.
- Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment service firms.
- Law 5/2015, of 27 April, on the promotion of corporate financing.
- Royal Decree 1/2015, of 27 February, on the second-chance mechanism, reducing the financial burden and other social order measures.
- Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions.
- Royal Decree-Act 8/2014, of 4 July, passing urgent measures for growth, competitiveness and efficiency.
- Law 10 2014, of 26 June, on the regulation, supervision and solvency of credit institutions.
- Royal Decree 304/2014, of 5 May, implementing Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.
- Law 19/2013, of 9 December, on transparency, access to public information and good governance.
- Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.
• Royal Decree 706/1999, of 30 April, adapting the Instituto de Crédito Oficial to Law 6/1997, of 14 April, on the organisation and operation of the central state administration and approving its articles of association.

• Law 6/1997, of 14 April, on the Organisation and Operation of the central state administration (Administración General del Estado). *(Rule revoked, effective 2 October 2016, by the sole repeal provision c) of Law 40/2015, of 1 October.)*

• Royal Decree-Act 12/1995, of 28 December, on urgent budget, tax and finance measures.

**Regulations**

**Banco de España Circulars.** As a credit entity, ICO has to comply with certain reporting obligations to the Banco de España:

• Bank of Spain Circular 7/2015, of 25 November, creating and amending files containing personal data.

• Bank of Spain Circular 4/2015, of 29 July, amending Circular 4/2004, of 22 December, to credit institutions, regarding rules on public and classified financial information and financial statements, Circular 1/2013, of 24 May, on the Risk Information Centre and Circular 5/2012, of 27 June, to credit institutions and payment service providers, on the transparency of banking services and responsibility in the concession of loans.


• Bank of Spain Circular 4/2014, of 30 July, creating and amending files containing personal data.


• Circular 4/2013, of 27 September, amending Circular 3/2008, of 22 May, to credit institutions, on determining and controlling minimum own funds.

• Circular 1/2013, of 24 May, on the Spanish central credit register (Central de Información de Riesgos) and amending Circular 4/2004, of 22 December, to credit institutions, regarding rules on public and classified financial information and standard financial statements (amended by Circulars 5/2013 and 5/2014).

• Circular 6/2012, of 28 September, establishing new reporting requirements in relation to refinanced or restructured transactions.

• Circular 1/2012, of 29 February, to payment services providers, regarding rules on reporting international financial transactions. Repeals Circular 15/1992, of 22 July, on reporting payments in euros to non-residents and in any currency to residents and non-residents (NRP).

• Circular 1/2010, of 27 January, on the interest rate statistics applicable to deposits and loans for households and non-financial companies (amended by Circular 5/2014).

• Circular 3/2008, of 22 May, to credit institutions, on determining and controlling minimum own funds (amended by Circular 4/2013).


**Spanish Securities Market Commission Circulars.** As an issuing entity, ICO is subject to certain standards of conduct in the securities market:

• Spanish Securities Market Commission Circular 5/2015, of 28 October, amending Circular 1/2008, of 30 January, on periodic information from issues with securities admitted for trading on regulated markets regarding half-yearly financial reports, interim management statements and, where applicable, quarterly financial reports.

• Spanish Securities Market Commission Circular 7/2011, of 12 December, on rate information booklets and the content of standard contracts.

III.2 INTERNAL REGULATORY FRAMEWORK

Employee relations

Labour relations at ICO are regulated by the 6th Collective Bargaining Agreement (effective from 1 January 2011, Official Community of Madrid Gazette no. 9, of 11 January 2014), and, as regards any matters not covered by that agreement, by the provisions of the Spanish labour code (Estatuto de los Trabajadores).

Internal operating standards

ICO has documented a wide range of internal regulations to ensure that the structure and activities of different institutional departments are aligned with the corporate strategy approved by the Institute's governing bodies.

• **Circulaturs from the Chairperson’s office.** General rules issued and approved by the Chairmanship of ICO.

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Last revised on</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIR-02/2013</td>
<td>Circular 2/2013 on Internal Instructions for Procurement</td>
<td>22/03/2013</td>
</tr>
<tr>
<td>CIR-2014</td>
<td>Internal Operational Regulations for Presenting Transactions to ICO's Decision-making Bodies</td>
<td>23/04/2014</td>
</tr>
<tr>
<td>CIR-2015</td>
<td>General Board Agreement on the delegation of powers</td>
<td>24/04/2015</td>
</tr>
<tr>
<td>CIR-01/2015</td>
<td>Circular 1/2015 on Organisational Structure</td>
<td>27/07/2015</td>
</tr>
<tr>
<td>CIR-02/2015</td>
<td>Circular 2/2015 on Collegiate Bodies</td>
<td>27/07/2015</td>
</tr>
</tbody>
</table>

As at 31 December 2015, there were five Chairperson Circulars in effect, two on the organisational structure of operating units, one regulating management and internal control bodies, and another on adapting internal procedures to the Public Sector Contracts Act. The agreement regarding the delegation of powers taken by the General Board at ICO is also considered a “Circular”.

• **Company policies.** Standards designed to regulate ICO’s strategic policies and approved by the General Board or the Operations Committee at the proposal of the Institute's Director Generals.
At 31 December 2015, 28 company policies were in force, of which three were prepared and approved during the year (POL-23, POL-27 and POL-29), and 8 were reviewed and updated during the same period.

**Procedures/Processes.** Rules approved by the Operations Committee at the proposal of the Organisation department that regulate the conduct of internal activities. They are applied generally or specifically and are implemented in the long term.

ICO has developed and implemented a process-based management model that ultimately aims to guarantee that it conducts its business according to principles of efficiency and effectiveness, respecting the principles of separation of duties. The Institute has developed a Process Map that identifies the strategic, operational and support processes needed to carry out the activities, and which identifies the departments responsible for each function, and internal and external relationships.
At 31 December 2015, 25 documented procedures were in effect, of which one was approved during the year (PE.28) and two were revised and updated before the end of the year.

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Last revised on</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE-08</td>
<td>Income Tax: Deductions and Payments on Account</td>
<td>07/05/2008</td>
</tr>
<tr>
<td>PE-09</td>
<td>Capital: Deductions and Payments on Account</td>
<td>07/05/2008</td>
</tr>
<tr>
<td>PE-10</td>
<td>Capital: Income</td>
<td>07/05/2008</td>
</tr>
<tr>
<td>PE-11</td>
<td>Corporation Tax</td>
<td>07/05/2008</td>
</tr>
<tr>
<td>PE-12</td>
<td>Value-Added Tax</td>
<td>07/05/2008</td>
</tr>
<tr>
<td>PE-05</td>
<td>Handling Complaints and Suggestions</td>
<td>19/09/2008</td>
</tr>
<tr>
<td>PE-04</td>
<td>Rights of Access, Rectification, Cancellation and Opposition</td>
<td>04/11/2008</td>
</tr>
<tr>
<td>PE-01</td>
<td>Classification of a Client as Doubtful</td>
<td>15/12/2008</td>
</tr>
<tr>
<td>PE-19</td>
<td>Handling Authorisations</td>
<td>13/03/2012</td>
</tr>
<tr>
<td>PE-20</td>
<td>Donating Computer Hardware</td>
<td>10/07/2012</td>
</tr>
<tr>
<td>PE-02</td>
<td>Access to Applications</td>
<td>28/11/2012</td>
</tr>
<tr>
<td>PE-23</td>
<td>Travel Applications, Authorisation and Payment</td>
<td>19/03/2013</td>
</tr>
<tr>
<td>PE-25</td>
<td>Outsourcing Activities or Services</td>
<td>24/09/2013</td>
</tr>
<tr>
<td>PE-24</td>
<td>Due Diligence for Exchanging Codes</td>
<td>20/12/2013</td>
</tr>
<tr>
<td>PE-26</td>
<td>Secured Transactions Portfolio Management</td>
<td>04/03/2014</td>
</tr>
<tr>
<td>PE-27</td>
<td>Risk Management Map</td>
<td>08/07/2014</td>
</tr>
<tr>
<td>PE-03</td>
<td>General Archive</td>
<td>30/09/2014</td>
</tr>
<tr>
<td>PE-30</td>
<td>Maintaining the Database of Individuals</td>
<td>07/10/2014</td>
</tr>
<tr>
<td>PE-35</td>
<td>Action on Workplace Harassment</td>
<td>26/11/2014</td>
</tr>
<tr>
<td>PE-34</td>
<td>ICO settlements - Ministries/Bodies</td>
<td>09/12/2014</td>
</tr>
<tr>
<td>PE-31</td>
<td>Information Classification</td>
<td>09/12/2014</td>
</tr>
<tr>
<td>PE-28</td>
<td>Effectiveness of contractual management agreements</td>
<td>22/09/2015</td>
</tr>
<tr>
<td>PE-06</td>
<td>Identification and Application of Due Diligence Measures to Clients</td>
<td>23/12/2015</td>
</tr>
<tr>
<td>PE-15</td>
<td>Operations Suspected of Involving Money Laundering</td>
<td>23/12/2015</td>
</tr>
</tbody>
</table>
There are also 28 first-level processes, of which two were reviewed in 2015.

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Last revised on</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRO-05</td>
<td>Direct Transactions Monitoring</td>
<td>23/07/2003</td>
</tr>
<tr>
<td>PRO-11</td>
<td>Transaction Administration and Recovery</td>
<td>23/01/2004</td>
</tr>
<tr>
<td>PRS-02-01</td>
<td>User Help Desk: Handling IT Incidents and Technology Service Requests</td>
<td>23/06/2004</td>
</tr>
<tr>
<td>PRO-06</td>
<td>FAD</td>
<td>13/06/2005</td>
</tr>
<tr>
<td>PRO-01</td>
<td>Admission of Direct Transactions</td>
<td>26/02/2007</td>
</tr>
<tr>
<td>PRS-04-01</td>
<td>Drafting, Issuing and Updating Internal Regulations</td>
<td>07/11/2007</td>
</tr>
<tr>
<td>PRO-02</td>
<td>Issues</td>
<td>13/12/2007</td>
</tr>
<tr>
<td>PRS-08</td>
<td>Risk Definition, Measurement and Control</td>
<td>12/09/2008</td>
</tr>
<tr>
<td>PRS-22</td>
<td>Building Access Control</td>
<td>06/11/2008</td>
</tr>
<tr>
<td>PRS-20</td>
<td>Creating, Amending and Removing Personal Files</td>
<td>10/11/2008</td>
</tr>
<tr>
<td>PRO-07</td>
<td>CARI</td>
<td>19/11/2008</td>
</tr>
<tr>
<td>PRS-01</td>
<td>Accounting</td>
<td>21/11/2008</td>
</tr>
<tr>
<td>PRS-21</td>
<td>Transferring/Accessing Information on Solvency and Credit</td>
<td>21/11/2008</td>
</tr>
<tr>
<td>PRO-04</td>
<td>Contracts and Administration for Other Sources of Financing</td>
<td>10/12/2008</td>
</tr>
<tr>
<td>PRO-12</td>
<td>Formalising and Administering International Microcredit</td>
<td>20/10/2009</td>
</tr>
<tr>
<td>PRS-18</td>
<td>New Employees/Employees Leaving/Changing Jobs</td>
<td>02/11/2009</td>
</tr>
<tr>
<td>PRS-16</td>
<td>Payroll Management</td>
<td>09/12/2009</td>
</tr>
<tr>
<td>PRS-13</td>
<td>Travel and Business Expenses</td>
<td>14/12/2009</td>
</tr>
<tr>
<td>PRO-08</td>
<td>Economic Policy Operations</td>
<td>14/12/2009</td>
</tr>
<tr>
<td>PRO-09</td>
<td>Second-floor facilities. Supervision</td>
<td>18/12/2009</td>
</tr>
<tr>
<td>PRO-10</td>
<td>Cash Management</td>
<td>21/09/2011</td>
</tr>
<tr>
<td>MP</td>
<td>Process Mapping</td>
<td>22/09/2011</td>
</tr>
<tr>
<td>PRO-03</td>
<td>Second-floor facilities</td>
<td>17/11/2011</td>
</tr>
<tr>
<td>PRS-05</td>
<td>Procurement</td>
<td>11/11/2013</td>
</tr>
<tr>
<td>PRO-05-01</td>
<td>Handling Disposals</td>
<td>04/04/2014</td>
</tr>
<tr>
<td>PRE-02</td>
<td>Approval of New Asset Products</td>
<td>05/05/2015</td>
</tr>
<tr>
<td>PRS-14</td>
<td>Inventory</td>
<td>16/06/2015</td>
</tr>
</tbody>
</table>

- **Work instructions.** Rules issued by one or several departmental Director Generals. They affect the day-to-day management of their departments and do not require the approval of any decision-making body. They regulate specific operational considerations or short-term aspects of their department.
At 31 December 2015, 21 working instructions were in force, of which one (INS-29) was approved during the year and one was reviewed and updated during the same period.

### IV. CORPORATE GOVERNANCE GUIDING PRINCIPLES

#### IV.1 CORPORATE GOVERNANCE STRUCTURE

The governance structure of the Instituto de Crédito Oficial is set out in its articles of association, approved by Royal Decree 706/1999, of 30 April (BOE No. 114, of 13 May 1999), with the amendments set out in Law 40/2015, of 1 October, on the regulation of the public sector (BOE No. 236, of 2 October 2015), in Royal Decree 1149/2015, of 18 December (BOE No. 1, of 1 January 2016), and in Royal Decree 390/2011, of 18 March (BOE No. 77, of 31 March 2011).
The governance structure is completed by the internal operating and control bodies, approved by ICO's Chairperson under the powers vested in that figure by the by-laws. The relevant internal regulation in effect as at the date of this report is the organisational Circular 2/2015, of 27 July 2015, which establishes the Institute's collegiate bodies and, along with Circular 1/2015 of the same date, forms ICO's sole organisational structure.

ICO's corporate governance structure is defined as follows:

<table>
<thead>
<tr>
<th>Governing bodies</th>
<th>General Board</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chairman</td>
</tr>
<tr>
<td>Management bodies</td>
<td>Management Committee</td>
</tr>
<tr>
<td></td>
<td>Operations Committee</td>
</tr>
<tr>
<td>Internal Operating Bodies</td>
<td>Internal operational bodies</td>
</tr>
<tr>
<td></td>
<td>Internal regulatory bodies</td>
</tr>
</tbody>
</table>

IV.1.1 Governing bodies

General Board

The composition of ICO's General Board, its functions, meeting and agreement systems are defined in its By-Laws, approved by Royal Decree 706/1999, of 30 April (BOE No. 114, of 13 May 1999).

Royal Decree 390/2011, of 18 March (BOE No. 77, of 31 March 2011) reduced the number of Board Members from ten to nine. Subsequently, in 2015, the Second Final Provision of Law 40/2015, of 1 October, on the regulation of the public sector (BOE No. 236, of 2 October 2015), and the sole Article of Royal Decree 1149/2015, of 18 December (BOE No. 1, of 1 January 2016), restored the tenth member.

In addition, the aforementioned Law 40/2015 and Royal Decree 1149/2015 includes, for the first time as a milestone in the public sector, and implements the figure of independent members on the General Board. Strengthening the autonomy of the Institute and aligning it with the best European standards. Specifically, the number of Board members was increased from nine to ten and four independent members were introduced. The new figure of independent Board members plays a key role in the functionality of the Board, as they retain a double vote for financial transactions that form part of ICO's core business, meaning they enjoy a majority.
Powers

Under Article 7.1 of the By-Laws, the General Board is responsible for representing and managing ICO. Its powers include, but are not limited to, the following:

a) Setting the Board's rules of internal procedure governing all matters not included in the Articles of Incorporation.

b) Proposing amendments to the Articles of Incorporation to the Minister of Economy and Competitiveness.

c) Approving the Institute’s annual accounts, report and management report.

d) Adopting the rules and decisions needed to execute certain economic policy measures following the guidelines outlined by the Council of Ministers, the Government Committee for Economic Affairs or the Minister of Economy and Competitiveness.

e) Approving partnership agreements with other bodies or organisations belonging to different Spanish and European Union public organisations, as well as any other public or private, national or international bodies.

f) Approving the creation of new financial companies by ICO, or the investment in existing companies related directly or indirectly to the activities of the Institute.

g) Deciding on the conduct of and conditions governing the Institute’s activity and other directly or indirectly related activities, and more specifically, grant, amend and settle credit transactions, authorise the issue of securities, grant loans and award guarantees of any type or class.

h) Authorising any activity related to the management, disposal or ownership of any kind of asset.

i) Approving annually, with reference to 31 December of the previous year, the inventory of assets and rights of the Institute of attached thereto.

j) Agreeing to bring any legal or administrative actions or appeals available to the Institute to defend its interests before the courts and other general government bodies.

k) Deciding on any issues submitted by the Chairperson.
• **Delegation of powers**

The General Board may delegate powers, temporarily or permanently, to its Executive Committees, the Chairperson and the Operations Committee, under whatever terms it considers appropriate, except for the powers referred to in paragraphs a), b), c) and d) of the aforesaid article 7.1 of the articles of association.

• **Structure and Composition**

The General Board is formed of the Chairperson of the Institute, who is also the Chairperson of the Board, and ten members. The Chairperson is assisted by the Secretary and, when necessary, by the Deputy Secretary. The Secretary is not considered a board member, and may attend meetings but has no vote.

Following the amendment introduced by Law 40/2015 in Royal Decree-Act 12/1995 and by Royal Decree 1149/2015, of 18 December, mentioned above, the appointment and termination of Members of the General Board is the responsibility of the Council of Ministers, by Agreement, at the proposal of the Ministry of Economy and Competitiveness, who will be selected based on their professional renown and competence in the scope of ICO's activities.

The appointment of members to the Board shall comply with the following terms:

a) Four members must be independent, and as such, must not be public servants. Independent members are appointed for a term of three years and may only be re-elected once.

b) Six members will be appointed from amongst individuals of recognised competence from within the public sector, depending on the nature of the position held. A maximum of two members will be selected from the Ministry of Finance and Public Administrations, whilst at least two public members will be selected from the Ministry of Economy and Competitiveness.

• **Calls for meetings. Procedure. Calling extraordinary meetings and proxy voting**

The General Board meets, having been called at the behest of the Chairperson, or at the request of at least half of its members, as often as it considers necessary for the proper functioning of the organisation and, generally, once a month.

Except in cases considered by the Chairperson to be urgent, the General Board meeting will be called with at least forty-eight hours' notice, and the notice includes the meeting agenda. Quorum is reached when the simple majority of board members are present and represented at the meeting.
General Board members can appoint the Chairperson or any other member as their proxy; such appointment must be submitted to the Chairperson in writing.

- **System for adopting resolutions. Chairperson's casting vote**
  Resolutions are adopted by a majority of the members present or represented. In the event of a tie, the Chairperson has the casting vote.

  One new element is that each of the independent members will have two votes solely for resolutions relating to the financial asset and liability transactions that form part of ICO’s core business, as set out in the Sole Article of Royal Decree 1149/2015.

  Proxy voting is not allowed in the adoption of agreements in terms of the exercise of Board the powers considered absolutely non-delegable in Article 7, paragraph 2 of the By-Laws.

- **Legal basis for remuneration/expenses for attending Board meetings**
  General Board members, the Secretary and Vice-secretary are entitled to receive financial compensation, to be set by the Board itself, for attending the meetings, complying with the regulations in force.

  In accordance with current applicable legislation, ICO must deposit with the Spanish treasury the salaries or allowances for attending board meetings received by board members who are high-ranking officials.

  As regards the rest of its members, they will receive allowances for attending board meetings as provided for in Article 28 of Royal Decree 462/2002, of 24 May, on service expenses.

- **Loans and social benefits for Board members**
  General Board members may not benefit from loans or any other social benefits provided by ICO.

**Chairman**

The Chairperson of the Instituto de Crédito Oficial is appointed by Royal Decree agreed by the Council of Ministers at the proposal of the Minister of Economy and Competitiveness.
**Responsibilities of the Chairman**

As established in Article 12 of the By-Laws, the Chairman's responsibilities are:

a) To represent the Instituto de Crédito Oficial and its General Board before all kinds of persons and bodies.

b) To guide the Institute's activities, ensuring it complies with applicable regulations and follows the basic guidelines set by the Council of Ministers, the Delegate Committee for Economic Affairs and the Ministry of Economy and Competitiveness.

c) To ensure compliance with the By-Laws.

d) To direct the activities of the General Board, call meetings, set the agenda, chair and oversee its deliberations, make use of the Chairperson's casting vote and adjourn meetings.

e) To implement the resolutions adopted by the General Board.

f) To appoint and remove Directors General and Assistant Directors of the Institute, the Secretary of the Board and, where applicable, the Deputy Secretary of the Board.

g) To have ultimate responsibility for the staff of the Instituto de Crédito Oficial.

h) To prepare the Institute's annual accounts and submit them for the approval of the General Board, in addition to creating the proposal to allocate profits, providing notice to the Board.

i) To report to the General Board on the progress of the operations of the Instituto de Crédito Oficial and its financial position, on a quarterly basis or when the General Board requests information of any kind.

j) Order expenses or payments which exceed the scope of any unit of the organisation.

k) To determine the staffing structure of the Institute at any given time.

l) To submit the activity, investment and financing programme of the Institute, along with other legally required plans and budgets, to the Government for approval, and reporting to the General Board.

m) Carry out all other duties assigned to him by these Articles of Association, those expressly delegated to him by the General Board, as well as any which are not assigned to the Board.

n) The Chairman will serve as the procurement body at the Institute.
• **Delegation of powers**

The Chairman may delegate certain functions to the Deputy Chairman (a role that currently does not exist), to members of the Board, to the Operations Committee, to the general Directors and the heads of units into which the institution is divided, in addition to granting special or general powers, within the scope of his own or delegated responsibilities, as appropriate.

Responsibilities delegated to the Chairman by the General Board cannot be delegated, nor can those specifically assigned to the Chairman in paragraph f) and h) of the Responsibilities of the Chairman section above.

**IV.1.2 Management bodies**

**Management Committee**

The Management Committee is the body that assists the Chairman in the pursuit and development of the corresponding functions and responsibilities, facilitating coordination between the different Directorate Generals at ICO.

The functions, structure and composition of the Management Committee are defined in a Chairmanship's Circular regarding management, internal organisation and control bodies.

Functions. The basic functions of the Management Committee are to guide ICO's activities by determining, maximising and coordinating:

- The **objectives** of ICO, in addition to management of the processes in place to achieve them.
- The Institute's **strategic lines**, with COPER responsible for their translation into action.
- **Implementation programmes** at the different organic units of ICO and the assessment of their results pursuant to the corporate purpose and functions of ICO.
- The **positioning** of ICO both nationwide and internationally.
- The Management Committee shall debate organisational, HR and IT systems strategies to improve motivation and professional performance in the pursuit of the approved objectives.

**Structure and Composition.** The Management Committee is formed by the Chairperson, Director Generals of the Institute and the Head of Legal Counsel. Committee meetings are also attended by the head of the Chairperson's Office.
Remuneration for Management Committee members. Management Committee members receive no specific remuneration for attending meetings.

ICO Director Generals receive remuneration in accordance with the provisions of Royal Decree 451/2012, of 5 March, which regulates the remuneration of senior executives in the public business sector and other public entities.

Calls for meetings. The Management Committee holds regular weekly meetings, although meetings may also be called at any time if required by a pressing issue.

Operations Committee

The Operations Committee, as a management body, is defined in Article 15 of ICO’s Articles of Association and its structure, composition and duties are stipulated by a circular from the Chairperson’s office. As at 31 December 2015, it is governed by Circular 2/2015, of 27 July 2015.

Functions. As a collegiate management body, it exercises such decision-making and advisory powers as are delegated to it by the General Board or the Chairman in the terms and within the limits of such delegation.

Structure and Composition. The Operations Committee is formed of the Chairperson, the Director Generals of the Institute and the Head of Legal Counsel, who acts as the Committee Secretary.

Calls for meetings. The Operations Committee holds regular weekly meetings, although meetings may also be called at any time if required by a pressing issue.

IV.1.3 Internal operating bodies

- Internal operational bodies

ICO has five internal operating bodies responsible for different operational matters.

- Credit Committee
- Committee on Assets and Liabilities
- Monitoring Committee
- Strategic Committee
- International Affairs Committee

Internal operating bodies are generally headed by the relevant Director General and are formed of the corresponding assistant directors and middle managers involved in the procedure in question.
• Regulatory internal operating bodies

In order to carry out proper internal control in relation to particularly sensitive matters, ICO has six collegiate bodies responsible for the aspect of regulation relevant to them.

• Procurement Committee
• Audit and Compliance Committee
• Regulatory Compliance Technical Committee
• Information Security Committee
• Business Continuity Committee
• Code of Conduct Compliance Committee.

IV.2 PRINCIPLES OF GOOD CORPORATE GOVERNANCE

IV.2.1 Ethical conduct

ICO has documented the following policies and procedures in order to ensure ethical conduct in its business activities:

Code of Ethics and Conduct: The purpose of ICO's Code of Ethics and Conduct is to define and implement basic principles of conduct and the guidelines necessary to ensure that the individual actions of its employees, directors and Board members reflect the principles of the Institute as regards its internal relations in addition to its external relations with its clients, suppliers and third parties, and its activity on financial markets.

The current version of the Code of Ethics and Conduct was approved at ICO's General Board meeting on 21 December 2015.

This section on the regulation of the Code of Ethics summarises the internal policies approved or updated in 2015, such as corporate gifts, entertainment expenses, corporate credit cards and CSR.

Ethics channel: A means by which employees can, in confidence but not anonymously, report potentially significant irregularities in relation to the Code of Ethics and Conduct. It was approved on 12 April 2012 by the Code of Conduct Compliance Committee.

Internal Rules of Conduct on the Securities Market: These regulations identify the ICO units that engage in activities related to the securities market and define the segregation measures they must take to avoid possible conflicts of interest or the misuse of privileged information.

The current version of the Rules was approved at ICO's General Board meeting on 24 February 2012.
Money laundering prevention policy and procedures: This defines appropriate rules and control and reporting systems to prevent unsuitable people or groups accessing the Institute, and establishes customer acceptance policies and procedures to prevent money laundering.

IV.2.2 Regulatory compliance

The Instituto de Crédito Oficial is not an investment firm, nor does it provide investment services; however, as a credit institution and, as such, as an issuer of securities, it is subject to the regulation established for such institutions in EC and national regulations (see section III.1. "External regulatory framework"). Therefore, except as regards operations characteristic of investment firms - carrying out investment services on behalf of third parties - the Institute must comply with certain rules which affect its activity.

In this context, to comply with the regulations set out above, the Instituto de Crédito Oficial organisational Circular, of 28 May 2013, was approved, agreeing, among other matters, to the creation of the Regulatory Compliance Area, assigning it the following duties: assessing and proposing improvements to the Code of Conduct and submitting them to the Code of Conduct Compliance Committee; identifying and directly managing risks attributable to failure to comply with current regulations and assessing and reporting on the implications of new regulations applicable to the Institute; ensuring the prevention of money laundering and terrorist financing, carrying out the due diligence process, for exchanging codes; ensuring the correct application of legislation on data protection and conduct in the securities market; coordinating relations with regulators and supervisors and promoting the application of corporate governance best practice.

The Regulatory Compliance Area was also designated coordinator of the Institute's operational risk map.

IV.2.3 Risk identification, control and management

As a credit entity, ICO is exposed to financial (credit, liquidity and market) and operational risks. A further three types of “other risks” are also taken into consideration: reputational risk, strategic risk and business risk.

Identifying, managing and controlling risks is a priority task for Instituto de Crédito Oficial. This is mainly based on the Risk Policy Manual approved by the General Board on 21 December 2005, the latest version of which is dated 13 December 2013. The handbook gathers together different methodologies, applicable regulations, procedures and organisational structure.

A detailed description of the risks faced by the Institute as part of its activities, and how they are handled, can be found in the Audit Report. Consolidated Financial Statements and Consolidated Management Report for 2015 (note 5) available at www.ico.es.
Risk management is based on the following principles:

- Active participation and supervision of ICO's governing bodies: the Board is involved in the approval of general business strategies and is responsible for defining risk acceptance and management policies, ensuring that appropriate risk monitoring systems, controls and policies are in place and that the lines of authority are clearly defined.

- General internal control environment: reflected in a risk culture, driven by the Board itself, which is communicated throughout the organisation, with a clear definition of the objectives that prevent inappropriate risks or positions being assumed due to the appropriate control systems, procedure or organisation not being in place. Furthermore, it safeguards the appropriate segregation between risk generating units and those responsible for control and monitoring tasks.

- Selection of appropriate risk measurement methodologies: ICO has appropriate methodologies for the measurement of risks, which make it possible to appropriately identify the different risk factors to which it is exposed. In this context, aware of the benefits deriving from the integration of advanced risk identification, measurement and control methodologies, the Institute expects to continue updating and driving its risk management systems.

- Assessment, analysis and monitoring of accepted risks: the continuous identification, quantification, control and monitoring of risks makes it possible to establish an appropriate relationship between the profitability obtained from transactions undertaken and the risks assumed.

- **Financial risks**

Due to the nature and activity of the Institute, credit, liquidity and market risks are subject to the most carefully structured risk management.

**Credit Risk** (at ICO, this concept includes Concentration risk) refers to the risk of not fully recovering during the repayment period the principal and interest due on investments.

**Liquidity Risk** is incurred as a result of a lack of liquidity to fulfil payment obligations.

**Market Risk** includes the impact that adverse changes in relevant financial variables such as national currency or other currency interest rates, exchange rates, stock prices, etc., have on the Institute's income statement and equity value.
• Operational risks

It is increasingly important to measure and control operational risks, especially in view of the "Accord adopted by the Basel Committee on Banking Supervision" (known as Basel II), which regulates them expressly. ICO has identified its operational risks and designed policies and internal procedures to prevent or reduce their negative impact. It has also developed tools which make the task of mitigating operational risk easier.

• Reputational risks

For the last two years, awareness of this risk at ICO has increased. The internal measures implemented, regarding the mitigation of a potential problem in terms of reputation/image based on strict compliance with transaction approval instructions, careful attention to "customer knowledge" processes and the monitoring thereof, and the requirement concerning internal behaviour policies corresponding to financial instructions, companies and/or suppliers.

• Business and strategic risks

Given the nature of ICO's business, management of this type of risk is supported by correct financial and commercial administration (in addition to the appropriate handling of the aforementioned risks). To this end, strategic alternatives in place in terms of the positioning of the institution and the results of the assessment are reflected in ICO guidelines and objectives, maintaining control of risk limits within the limits established by management bodies.

Ethical conduct. To prevent the risk of inappropriate conduct by personnel or to mitigate its negative impact, ICO has approved several internal documents that regulate staff activities. There are also monitoring bodies in charge of enforcing compliance with internal rules, suggesting how these can be updated, and proposing dissemination and training schemes focussed on such rules.

Regulatory non-compliance. To prevent the risk of non-compliance with legal requirements or external and internal regulations ICO uses different tools to identify legal requirements and regulations and to monitor compliance.

Money laundering. To prevent the risk of money laundering or to reduce its negative impact should it occur, ICO has approved various documents that regulate activity in this area. There are also monitoring bodies (Regulatory Compliance Technical Committee) whose role, amongst others, is to ensure compliance with internal regulations, suggest how they can be updated and drive training and information actions in relation to those regulations.
IT security. To protect IT systems and processing facilities, ICO has approved various internal documents that regulate the control, monitoring and management of IT security systems. There are also operational units and decision-making bodies empowered to oversee IT security, propose adaptations and improvements, and to prepare and develop IT security training plans for staff members.

Business Continuity. ICO has developed and implemented a business continuity management system to ensure activity is resumed in the shortest possible time in the event of any kind of catastrophic situation occurring at its facilities or in its sphere of activity. There is also a control and monitoring board in charge of updating and improve existing measures and preventing or reducing risks if any of the situations identified should occur.

IV.2.4 Personal data protection

ICO has had an approved and documented policy on the protection of personal data since May 2012. The fifth revision of the policy was approved in March 2014. This policy has been developed and implemented in internal processes and files by means of a security manual and documented procedures approved by ICO's Operations Committee. The Chairperson's Circular that regulates the existence and functioning of internal management, operating and control bodies establishes that the Technical Regulatory Compliance Commission is responsible for matters corresponding to the proper extension of the data protection policy. This body also serves as the forum for monitoring and controlling personal data handled in information systems and stored on the archives and files created. Its purpose is to prevent the risk of the data being used for purposes other than those for which they were gathered, or to minimise damage if they are misused or stolen.

IV.2.5 The Environment

ICO's business activity has no significant direct impact on the environment. The Institute has, however, defined three lines of action to manage and control its indirect impact on the environment:

- **Employees.** Good environmental management is achieved through the collaboration of the people working in the organisation. Through Internet-based awareness-raising campaigns, it has been possible to control the consumption of resources and more efficiently manage the waste produced.

- **Customers.** Promote financing products for projects with a positive impact on the environment. Commitment to the environment involves addressing the environmental risks of projects just like any another parameter to be analysed. Therefore, as part of the project documentation for analysis, companies must provide a socio-economic and environmental impact report.
• **Suppliers.** Since the Public Administrations Contracts Law came into force, environmental requirements have been included in the supplier selection process. This commitment was underscored in 2013 to include in the tender response process the requirement to provide a report on the social and environmental requirements applicable to each case. In 2015, 51 tender procedures were organised, as part of which bidders were required to hold a certificate demonstrating that they meet the environmental and social requirements associated with the provisions procured.

In 2015, a survey was conducted amongst suppliers to ascertain their degree of commitment to the aforementioned aspects. Responses will be used by ICO to produce a series of indicators on this topic.

**IV.2.6 Employees**

The Institute'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 based on gender, race or religion, diversity and work-life balance are the fundamental principles on which labour relations between ICO and its staff are based.

The Institute respects the principles of workers' rights in terms of health and safety in the workplace.

To catalyse training and facilitate professional development and help achieve objectives, ICO offers employees an annual training programme designed to respond to different personal and institutional needs detected.

Furthermore, the professional development of all employees is based on an objective system that assesses skills and attitudes based on achieving measurable objectives set at the start of the year and communicated to all staff individually.

The implementation of the Management by Objectives (DpO) system in 2007, with a view to steering ICO operations towards a more efficient approach, established a series of yearly objectives that contribute towards generating a culture of assessing the professional merits of employees, to the benefit of the organisation and to improve professional performance, rewarding effort, through compliance with set objectives.

To this end, the Management by Objectives Plan for 2015 was created to serve as a guide for ICO employees and to raise awareness of the how the system works. The implementation of the annual Management by Objectives Plan is subject to authorisation from the Executive Committee of the Inter-ministerial Remuneration Committee (CECIR). In this regard, on 30 March 2015, CECIR authorised the variable remuneration system linked to objectives for assistant directors, middle managers and collective agreement personnel.
IV.2.7 Communications

The Institute is based at a single site and has no branches; as a result, it uses a network of private banks to distribute most of its financing. Therefore, it needs effective internal and external channels and tools of communication in order to disseminate its financing lines and activities and keep its stakeholders fully informed.

- **External communication channels.** For external communication, ICO has the following channels:

  - **Advertising.** ICO organises national and international advertising campaigns, inserting adverts in the press, on the radio and online. All these campaigns are carried out within the framework of Law 29/2005, of 29 December, on Institutional Advertising and Communications, to which ICO is subject as a public sector company.

  - **Press releases.** Information addressed to the media to publicise developments relating to the Institute's activities: lines of financing, economic results, the signing of agreements, etc.

  - **Website.** The Institute supplies all institutional information and details of products of interest on its website www.ico.es. The website has versions in English, Chinese and Japanese, in addition to the different official languages of Spain.

  - **ICO facilities newsletter.** E-newsletter, which serves to inform companies and self-employed individuals regarding news and the main features of its products.

  - **Financial newsletter.** E-newsletter issued by ICO to provide investors with information about the Institute and its financial activities.

  - **Institutional newsletter.** E-newsletter designed to offer an in-depth analysis on economic matters relating to ICO's activities.

  - **Professional networks.** ICO has a presence on the professional network LinkedIn, "ICOinforma" group, to provide information about the Institute's products and activity and receive members' suggestions and comments.
• **Channel for complaints, suggestions and inquiries.** Through this channel, Institute stakeholders, mainly clients of ICO’s financing facilities, can ask questions, forward suggestions or lodge complaints.

• **Freephone customer service.** This service answers all queries on ICO’s funding facilities received from private individuals and companies.

• **Public information desk.** ICO has a customer information desk open to the public at its headquarters.

• **Banc@ico.** This is the IT channel through which ICO and its partner banks offer financing facilities to SMEs and the self-employed.

• **Internal communication channels.** Transparency of information is one of the Institute’s commitments to its staff. In addition to promoting personal and direct communication at all levels of the organisation, it has set up a corporate Intranet, called “Pórtico”, for the use of all Institute employees.

### IV.2.8 Transparency

ICO provides its stakeholders with all the relevant information on its organisational structure and activity. Furthermore, and pursuant to the provisions of the Law on Transparency, it provides direct access to the Spanish government's transparency portal (Portal de la Transparencia del Gobierno de España), via a link available at www.ico.es. Thus, users are able to consult all the information available.

Each year it prepares and publishes the Audit Report on the Consolidated Annual Accounts and Management Report on the website, containing all the financial information and information relating to its activity as a financial institution. The financial statements are audited by an independent expert.

It also publishes the Corporate Social Responsibility Report on the website according to the GRI V4 standard, which is checked by an independent expert to reassure stakeholders. ICO also prepares a Progress Report on the 10 Principles of the United Nations Global Compact.
IV.2.9 Internal and external control systems

- Internal control

Internal control at ICO in relation to Corporate Governance is the responsibility of the internal operating bodies competent in the regulations governing its activities. The relevant information is found on page 52 of this document onwards.

In accordance with the Auditing Guidelines approved by the Operations Committee, the Internal Auditing Department conducts ongoing audits on operating and business procedures, risk management and the internal control system.

Internal control carried out by the Internal Audit Department is reinforced by the actions of the Audit and Compliance Committee, whose duties include promoting measures for the adoption the audit recommendations.

- External control

ICO periodically submits its actions to the control of experts from different national bodies (General Comptroller of the State Administration (IGAE), Ministry of Economy and Competitiveness Services Inspectorate, Court of Auditors, Banco de España, etc.) and the competent Community bodies.
This section describes the latest developments related to the guiding principles of corporate governance in the year referred to in the Report. The same sections and numbers as those used in section IV above have been maintained to enable readers to easily correlate this information with the general information included in that section.

V.1 Corporate governance structure

V.1.1 Governing bodies

- General Board
  - Composition at 31 December 2015

<table>
<thead>
<tr>
<th>Surnames, name Position on the Board</th>
<th>Ministry / Body Position</th>
<th>Date of appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navarro Aguilera, Emma Chairwoman of the Board</td>
<td>Instituto de Crédito Oficial (ICO) Chairwoman</td>
<td>14/11/2015</td>
</tr>
<tr>
<td>Báscones Ramos, Juan Miguel Member</td>
<td>Ministry of Public Works Director General of Economic Programming and Budgets</td>
<td>15/02/2012</td>
</tr>
<tr>
<td>Díaz-Ambrona Medrano, Adolfo Member</td>
<td>Ministry of Agriculture, Food and Environmental Affairs Technical Secretary General (1)</td>
<td>15/03/2012</td>
</tr>
<tr>
<td>Fernández-Martos Montero, Antonio Member</td>
<td>Ministry of Economy and Competitiveness Director General of International Trade and Investments</td>
<td>15/10/2014</td>
</tr>
<tr>
<td>Iglesias Quintana, Jaime Member</td>
<td>Ministry of Finance and Public Administrations Director General of Budgets</td>
<td>15/02/2012</td>
</tr>
<tr>
<td>Madrazo García de Lomana, Rodrigo Member</td>
<td>Ministry of Economy and Competitiveness Director General of Economic Policy</td>
<td>24/07/2015</td>
</tr>
</tbody>
</table>
Equality

All of the members of the General Board are men, with the exception of the Chairwoman, which represents 91% and 9% respectively.

<table>
<thead>
<tr>
<th>Total</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairmanship</td>
<td>1</td>
</tr>
<tr>
<td>Members</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
</tr>
</tbody>
</table>

Legal proceedings against members of the Board

In 2015, no board member reported being involved in court proceedings or having any criminal or civil charges brought against them. Therefore, in 2015, no members of the Board reported a conflict of interest that would disqualify them from fulfilling their duties.

Changes during the year

In 2015, the following changes were made to the composition of the ICO’s General Board:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martín del Campo Sola, Alberto</td>
<td>Ministry of Economy and Competitiveness</td>
<td>09/03/2015</td>
</tr>
<tr>
<td>Espí Martínez, José María</td>
<td>Independent Board Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>Pampillón Olmedo, Rafael</td>
<td>Independent Board Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>Requeijo González, Jaime</td>
<td>Independent Board Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>Reyero García, José Manuel</td>
<td>Independent Board Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>De Rivera García de Leániz, Laura</td>
<td>Instituto de Crédito Oficial (ICO)</td>
<td>02/01/2015</td>
</tr>
</tbody>
</table>

(1) Left the post in line with Royal Decree 1177/2015, of 29 December – BOE 30/12/2015
(2) Not a member of the Board
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date Termination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garrido Valenzuela, Irene</td>
<td>Chairwoman of the Board</td>
<td>14/11/2015</td>
</tr>
<tr>
<td>Cárdeno Pardo, Carmen</td>
<td>Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>Martínez Rico, Felipe</td>
<td>Member</td>
<td>27/07/2015</td>
</tr>
<tr>
<td>Mezquita Pérez-Andújar, Ignacio</td>
<td>Member</td>
<td>24/07/2015</td>
</tr>
<tr>
<td>Navarro Aguilera, Emma</td>
<td>Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>Ponce Huerta, Jaime</td>
<td>Member</td>
<td>03/03/2015</td>
</tr>
<tr>
<td>Arteagabeitia González, Idoya</td>
<td>Secretary of the Board</td>
<td>31/12/2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date of appointment</th>
</tr>
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<tbody>
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<td>14/11/2015</td>
</tr>
<tr>
<td>Madrazo García de Lomana, Rodrigo</td>
<td>Member</td>
<td>24/07/2015</td>
</tr>
<tr>
<td>Martín del Campo Sola, Alberto</td>
<td>Member</td>
<td>09/03/2015</td>
</tr>
<tr>
<td>Espí Martínez, José María</td>
<td>Independent Board Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>Pampillón Olmedo, Rafael</td>
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<td>Independent Board Member</td>
<td>30/10/2015</td>
</tr>
<tr>
<td>De Rivera García de Leániz, Laura</td>
<td>Secretary of the Board</td>
<td>02/01/2015</td>
</tr>
</tbody>
</table>
• **Remuneration/expenses for attending Board sessions**

Royal Decree 462/2002, of 24 May, on service expenses, sets out the payment of allowances for attending meetings held by collegiate bodies of the Administration and public organisations.

Pursuant to Article 10 of Royal Decree 706/1999, on the adaptation of Instituto de Crédito Oficial to Law 6/1997, of 14 April, on the organisation and operation of the central state administration and approving its by-laws, the members of the General Board, the Secretary and the Vice-secretary thereof, will have the right to receive the corresponding economic compensation for attending Board meetings, to be set by the Board itself pursuant to the provisions of the regulations on service expenses for public servants.

Notwithstanding the foregoing, when the Board member is a high-ranking official, service expenses for attending Board meetings shall be paid to the Spanish treasury. For Board members who are not considered high-ranking officials, the maximum compensation authorised per Board member is €11,984.28. The total paid in 2015 to ICO Board members was €113,305.92, of which €87,158.40 were paid to the Spanish treasury and €26,147.52 were paid to Board members not considered high-ranking officials.

• **Changes approved during the year that affect the structure and operation of the General Board**

As previously mentioned in section IV.1.1, in 2015, amendments were made to the number of members and structure of the General Board at ICO.

Thus, Royal Decree 1149/2015, of 18 December, addresses and implements the figure of independent Board members, a new development on the General Board at ICO, strengthening the autonomy of ICO and whose presence is set out in the following terms (Sole Article. Three.)

"Three. Article 6 [of Instituto de Crédito Oficial's by-laws, approved by Royal Decree 706/1999] worded as follows:

"1. *The Instituto de Crédito Oficial shall be governed by a General Board, which is responsible for its management and administration.*

2. *The General Board comprises the Chairperson of ICO, who is also the Chairperson of the Board, and ten members, and is supported by the Secretary and, when necessary, the Deputy Secretary.*

3. *The Spanish cabinet is responsible for appointing and dismissing members of the General Board, upon Agreement, at the proposal of the Minister of Economy and Competitiveness. Members are selected based on their professional renown and competence in the scope of ICO’s activities.*
4. The appointment of members to the Board shall be as follows:

a) Four members must be independent, and as such, must not be public servants.

Independent members are appointed for a term of three years and may only be re-elected once.

b) Six members will be appointed from amongst individuals of recognised competence from within the public sector, depending on the nature of the position held. A maximum of two members will be selected from the Ministry of Finance and Public Administrations, whilst at least two public members will be selected from the Ministry of Economy and Competitiveness.

5. Independent members must fulfil the following suitability criteria:

a) Be of a renowned commercial and professional standing, defined as those who have demonstrated personal, commercial and professional conduct that leaves no doubt regarding their ability to manage the entity in a healthy and prudent manner.

b) Have appropriate knowledge and experience in the sphere of Instituto de Crédito Oficial’s activities, defined as those who have an appropriate level of education and profile, particular within ICO’s scope, and practical experience obtained from previous posts over a sufficient amount of time.

c) Be in a position to commit to good governance of Instituto de Crédito Oficial, bearing in mind potential conflicts of interests and the ability to dedicate sufficient time to perform their functions.

d) Refrain from performing activities on their own account or on behalf of others that represent effective competition, whether current or potential, with Instituto de Crédito Oficial or that, in any other way, places them in a permanent conflict with the interests of Instituto de Crédito Oficial.

e) Not be linked by any trade or employment relationship, nor hold any position as a director or board member at credit institutions; financial credit establishments; investment service firms; group investment institutions, venture capital institutions, other closed group investment institutions and their management companies; nor the branches or group companies to which they belong.

Nor can independent Board members serve as the staff, directors or representatives of associations representing these sectors or entrepreneur or professional associations or any other association related to the business activities undertaken by Instituto de Crédito Oficial.

The assessment of the aforementioned requirements shall be undertaken by Instituto de Crédito Oficial, through its Chairman, considering the criteria
established in Articles 30 to 32 of Royal Decree 84/2015, of 13 February, which implements Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions. To carry out said assessment, the Chairman of Instituto de Crédito Oficial may request the necessary information from candidates.

If the suitability assessment offers negative results, the appointment shall not take place; in the event that issues are identified regarding independent Board members already appointed, the Chairman of Instituto de Crédito Oficial must take the measures necessary to clarify the issues identified so that, where applicable, the proposal for termination is filed with the Minister of Economy and Competitiveness.

- Number of meetings and main resolutions

During 2015, 13 General Board meetings were held, two of which were extraordinary: one in September and another in December.

On a recurring basis, the General Board takes note of the following aspects of ICO activities:

- Chairwoman's Report (concerning turnover, the balance sheet, income statement and ratios)
- Transactions approved by the Operations Committee
- Medium and long-term financing activity report
- Compliance with risk limits
- Quarterly review of exceeding Counterparty facilities
- Major risks in groups of companies by sector and direct recipients of credit
- Quarterly activity of the Fund for the Promotion of Development
- Quarterly activity of the Companies Internationalisation Fund

In 2015, the main agreements (MA) approved and note-taken (NT) relating to the Institute's governance were as follows:

**First quarter of 2015:**
- Implementation of the Regional Governments Financing Fund (MA)
- Implementation of the Local Authorities Financing Fund (MA)
- Management Budget for 2015 (NT)
- Inventory of ICO assets as at 31/12/2015 (NT)

**Second quarter of 2015:**
- ICO Loyalty and Growth facility 2015 (MA)
- General Board Agreement on the Delegation of Powers (MA)
- Audit Reports, Approval of the Financial Statements and Management Report for 2014, and the Distribution of Profit obtained by ICO in 2014 (MA)
Expansion of the ICO financing distribution channel to international banking (MA)
2014 Corporate Governance Report (MA)
Annual review of measurement methodology, control and limits in relation to liquidity risk and PLT (MA)
Update of the ICO's risk limits with financial institutions for treasury operations (MA)
Update of the ICO's risk limits with financial institutions for second-floor operations (MA)
Report of prudential relevance as at 31/12/2014 (NT)
Social Responsibility Policy (NT)

Third quarter of 2015:
ICO facility - ICAA Film Production 2015 (MA)
Yearly review of the calculation and sensitivity limits of balance sheet risk management (MA)
Corporate Social Responsibility (CSR) Report (MA)
Multiannual Action Plan 2016-2018 (NT)
Transactions instructed by CDGAE or the Spanish Cabinet: ICO Facility - Retail Trade 2015 (NT)

Fourth quarter of 2015:
Expansion of the commitment to invest in the Fond-ICO Global FCR (MA)
Strategic lines through the intermediation of financial institutions for 2016 (MA)
ICO funding programme directly to companies via bonds and debentures (MA)
Second-Floor Facility ICO-Turismo FOMIT 2015 (MA)
ICO programme renewal ICO-International Guarantees 2015-2017 (MA)
Update of the ICO's risk limits with financial institutions for treasury operations (MA)
Update of the ICO's risk limits with financial institutions for second-floor operations (MA)
Credit risk. Review of the consumption methodology applied to counterparty facilities for standard derivative products (MA)
Instituto de Crédito Oficial Code of Ethics and Conduct (MA)
Annual report on compliance with the Code of Conduct (NT)
Environmental policy (NT)
V.1.2 Internal management bodies

- Management Committee

- Members

At 31 December 2015, the composition of ICO’s Management Committee was as follows:

<table>
<thead>
<tr>
<th>Full name</th>
<th>Position</th>
<th>Date of appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navarro Aguilera, Emma</td>
<td>Chairwoman</td>
<td>14/11/2015</td>
</tr>
<tr>
<td>Navarrete Rojas, Fernando</td>
<td>Chief Financial Officer</td>
<td>18/01/2012</td>
</tr>
<tr>
<td>Gefaell Chamochín, José</td>
<td>Chief Investment Officer</td>
<td>20/02/2012</td>
</tr>
<tr>
<td>Gimeno Griño, Gerardo</td>
<td>Chief Risk Officer</td>
<td>03/02/2012</td>
</tr>
<tr>
<td>Mogín Barquín, Mª Teresa</td>
<td>Chief Human Resources Officer</td>
<td>02/02/2012</td>
</tr>
<tr>
<td>De Rivera García de Leániz, Laura</td>
<td>Legal Counsel and Secretary of the Board</td>
<td>02/01/2015</td>
</tr>
</tbody>
</table>

Emma Navarro Aguilera, appointed chairwoman of ICO by Royal Decree 1044/2015, of 14 November. She has a degree in law, a master’s degree in EU law from CEU San Pablo University and a joint postgraduate degree in EU law and economics from Madrid’s Complutense University and the Sorbonne in Paris. Since 2005, she has been a member of the State Trade Analysts and Economists Division.

Between August 2014 and until her appointment as chairwoman of ICO, she served as the chief of staff to the Minister of Economy and Competitiveness. Previously, she was adviser to Spain’s representative to the International Monetary Fund (IMF).

She has held various positions of responsibility in different departments of the Administration: the office of the Minister of Economy and Competitiveness; the office of the Second Deputy President and Minister of Economy and Finance; General Secretariat of Budgets and Expenditure at the Ministry of Economy and Finance; Subdirectorate General for EU affairs at the Ministry of Foreign Affairs and Cooperation, amongst others.

Furthermore, she has served as a member of the Board at ICO, at ICEX, the Hipódromo de la Zarzuela and SEGIPSA.
Fernando Navarrete Rojas, Chief Financial Officer, has a degree in economics, winning the university prize in his subject, from Complutense University in Madrid and he is also a Bank of Spain economist on extended leave of absence. Postgraduate studies in Economics and Finance at the Centre for Monetary and Financial Studies (CEMFI) and in Security and Defence at the UCM-Centro Superior de Estudios de la Defensa Nacional (CESEDEN), as well as the Leadership in Public Management Programme at the IESE business school. From 2002 to 2007, he was an economist with the Bank of Spain's Directorate General for Regulation. From 2007 to 2012, he was Director of the Economics and Public Policy Area of the Foundation for Social Studies and Analysis (FAES). He has been editor and on the editorial board of the magazine Estrategia Global and is the author of various scientific articles. He has also lectured on Economic Environment on the Comillas Pontifical University MBA programme and taught at the Ortega y Gasset University Institute.

José Gefaell Chamochín, Chief Investment Officer has a degree in Biochemistry from the University of Navarre and an MBA from the Instituto de Empresa. He has over 25 years’ experience in the private sector, mainly in corporate and investment banking. He began his career in the German firm Roland Berger Strategy Consultants, and in FG Sociedad de Valores y Bolsa. In 1993 he joined Chase Manhattan, where he headed the mergers and acquisitions departments. Between 1997 and 2011 he worked for BNP Paribas Corporate & Investment Banking in Spain, initially as Financial Director and later as Senior Banker in charge of major Spanish corporations.

Gerardo Gimeno Griño, Chief Risk Officer, holds a doctorate in economics and business. Prize awarded to the most outstanding graduate. He also completed the Executive Programme in ESADE and various courses in the IESE and the Instituto de Empresa. He has spent much of his career in the BBVA Group, holding different management positions such as Country Manager in Germany, Director General of Risks and Recovery in Colombia and Mexico, and Director of Risk Monitoring and Recovery in the BBVA Group. He was subsequently appointed Industry Financial Director, complementing his work as a business advisor in the areas of finance, planning and cooperative government. He has taught master’s programmes and spoken at prestigious academic institutions in Spain and Latin America.

Mª Teresa Mogín Barquín, Chief Human Resources Officer, is an economist and civil servant. She has held management positions in different fields and government departments such as the departments of Public Administration, Social Action and Infancy, Patents and Brands Office and as Director General of the Real Madrid Foundation. She has participated as speaker and lecturer in numerous courses, conferences, congresses and summer universities both in Spain and Latin America.
She has recently been a visiting professor at ESADE in the areas of administration and public management.

Laura de Rivera García de Leániz, Legal Counsel and Secretary of the Board, holds a degree in Law from the Complutense University in Madrid and a Master’s degree in Finance from the Instituto de Estudios Bursátiles. She became a member of the Association of State Attorneys in 2003, and has served as State Counsel in Madrid and Barcelona.

Appointed Deputy Director of ICO’s Legal Advisory Department in January 2015, she was previously tasked with positions of responsibility at public organisations (RTVE, Autonomous Region of Madrid).

**Changes during the year**

During 2015, there were changes in the Chairmanship and the Secretary of the Management Committee.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date of termination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garrido Valenzuela, Irene</td>
<td>Chairwoman</td>
<td>14/11/2015 (RD 1042/2015)</td>
</tr>
<tr>
<td>Arteagabeitia González, Idoya</td>
<td>Secretary</td>
<td>31/12/2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date of appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navarro Aguilera, Emma</td>
<td>Chairwoman</td>
<td>14/11/2015 (RD 1044/2015)</td>
</tr>
<tr>
<td>de Rivera García de Leániz, Laura</td>
<td>Secretary</td>
<td>02/01/2015</td>
</tr>
</tbody>
</table>

**Remuneration of high-ranking officials on Senior Management contracts**

Only the Chairman of ICO is considered a “high-ranking” official (Law 3/2015, of 30 March, on high-ranking positions in the Central State Administration). Gross salaries corresponding to the Chairmanship for 2015 were as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Gross salary (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman (January-November) – 10 t -</td>
<td>116,568</td>
</tr>
<tr>
<td>Chairman (November-December) – 3 t -</td>
<td>16,631</td>
</tr>
</tbody>
</table>

Source: [http://transparencia.gob.es](http://transparencia.gob.es)

In the case of senior executives who are also civil servants, the amount received for length of service, the three-yearly increments (t) for the group or subgroup which the individual’s corps or scale has been classified as under Article 20 of the General State Budget Act (LPGE), is included in their gross salary.
Remuneration of senior management at ICO complies with the provisions of Royal Decree 451/2012, of 5 March, regulating the remuneration of senior executives in the public business sector and other entities. The sum of the five senior management positions in 2015 came to €595,411.52. This amount includes variable remuneration corresponding to 2014 objectives paid in 2015 and 50% of the extra pay withheld in 2012 and recovered by the State Budget Act of 2015.

- Operations Committee (COPER)
  - Members

As at 31 December 2015, the composition of ICO's Operations Committee was as follows:

<table>
<thead>
<tr>
<th>Full name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navarro Aguilera, Emma</td>
<td>Chairwoman of the Instituto de Crédito Oficial</td>
</tr>
<tr>
<td>Navarrete Rojas, Fernando</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Gefaell Chamochín, José</td>
<td>Chief Investment Officer and Director General of Business</td>
</tr>
<tr>
<td>Gimeno Griño, Gerardo</td>
<td>Chief Risk Officer</td>
</tr>
<tr>
<td>Mogín Barquín, Mª Teresa</td>
<td>Chief Human Resources Officer</td>
</tr>
<tr>
<td>de Rivera García de Leániz, Laura</td>
<td>Assistant Director General of Legal Counsel</td>
</tr>
</tbody>
</table>

- Number of meetings

The Operations Committee held 56 meetings in 2015.

- Main decisions

The most important matters addressed in 2015 were as follows:

First quarter of 2015:

- Exchange of ICO Kyoto Allowances.
- Amendment to the Methodology for determining the cost of ICO's margin financing in 2015.
Differentials applicable to second-floor facilities in 2015, ICOdirecto y directos
- Request for fund raising
- Compliance with risk limits
- 2015 management budget
- General and investment cost budget for 2015
- Recovery procedure for the JEREMIE Fund and the CDTI guarantee system
- Level of compliance with the security measures set out by the National Security Framework (ENS) Royal Decree 3/2010
- 2015 planned asset divestment schedule
- Inventory of ICO assets as at 31/12/2014

Second quarter of 2015:
- ICO Facility - Loyalty and Growth 2015
- ICO Equality Plan
- International Sanctions lists
- Social Responsibility Policy
- Profile of the direct loans portfolio by risk and sector
- Request for fund raising
- Start of auction to dispose of assets belonging to ICO
- Asset administration, management and disposal policy
- New asset products approval process
- Association of ICO with Spainsif
- External expert monitoring report required regarding certain money laundering and financing of terrorism prevention measures corresponding to 2014
- Time extensions for guarantee operations arranged charged to the JEREMIE guarantee fund
- Annual review of measurement methodology, control and limits in relation to liquidity risk and PLT
- Audit Reports and approval of the 2014 financial statements and management report
- Distribution of profit obtained by ICO in 2014
- Report of prudential relevance as at 31/12/2014
- Expansion of the CSR budget
- Increase in the number of ICO-SEPI scholarships for 2015-2016
- Update of the ICO's risk limits with financial institutions for second-floor operations
- Update of the ICO's risk limits with financial institutions for treasury operations
- Information Security Policy
- Gifts Policy
- Expansion of the ICO financing distribution channel to international banking
- Renewal of documents for issuances on the Japanese wholesale and retail markets
- 2014 CSR report
End of activities under the Post-Kyoto Carbon Fund
2015 agreement with various partners to promote the ICO's second-floor facilities in their respective spheres of operation.
2014 Corporate Governance Report

Third quarter of 2015:
- Multiannual Action Plan 2016 - 2017
- Yearly review of the calculation and sensitivity limits of balance sheet risk management
- Instituto de Crédito Oficial Code of Conduct
- Profile of the loan portfolio
- ICO-ICAA Facility Film Production 2015
- ICO Investment and Growth Facility 2015
- Partial repurchase of ICO Bonds
- GMTN Programme annual update 2015-2016
- Procedure for executing contractual netting agreements
- Update to the “Creation, approval, verification and dissemination of the Information of prudential significance document” policy

Fourth quarter of 2015:
- Expansion of the commitment to invest in the FOND-ICO Global FCR
- Expansion of the partial repurchase of ICO issues exercise
- Strategic lines through the intermediation of financial institutions for 2016
- ICO funding programme directly to companies via bonds and debentures
- Update of the ICO's risk limits with financial institutions for second-floor operations
- Update of the ICO's risk limits with financial institutions for treasury operations
- ICO-FOMIT second-floor facilities 2015
- ICO programme renewal ICO-International Guarantees 2015-2017
- ECP Programme annual update 2015
- Methodology for determining the cost of ICO's margin financing in 2016
- Proposal for offsetting the costs of the JEREMIE Fund for 2014
- Information systems use instructions
- Credit risk: methodology applied to the use of counterparty loans for standard derivatives
- Recruitment of a support centre for Instituto de Crédito Oficial's information systems
- Instituto de Crédito Oficial Code of Ethics and Conduct
- Annual report on compliance with the Code of Conduct
✓ Differentials applicable to second-floor facilities in 2016
✓ Amendment to the outsourcing regulations
✓ Entertainment expenses and corporate credit cards use policy
✓ Update to the travel policy
✓ Environmental policy
✓ Money laundering prevention policy

Over the course of the year, on a recurring basis
✓ Request to raise Funds from the Assets and Liabilities Committee
✓ Differentials applicable to second-floor facilities in 2015, *ICOdirecto y Directos*
✓ Monthly assets and liabilities report
✓ Portfolio profile
✓ Compliance with risk limits
✓ Decisions regarding specific loans (corporate/structured financing) and ICO restructuring
✓ Decisions regarding specific ICOdirecto loans
✓ Contracts awarded by the Public Procurement Committee (quarterly)
✓ Collaboration Agreements with public financial institutions and other national and foreign organisations (see point V.4 for details).

V.1.3 Internal operating bodies

Internal operational bodies

As at 31 December 2015, the following operational internal operating committees were in place:

**Credit Committee**, responsible for analysing, discussing and selecting financing operations involving direct risk customers, in addition to potential amendments, escalated to the corresponding decision-making body for acceptance or rejection, overseeing compliance with the institution’s risk policy and objectives.

The Credit Committee is chaired by the Chief Risk Officer. The Committee is coordinated by the Assistant Risk Director, who also acts as Secretary.

The Committee meets weekly, unless the importance of the issues to be addressed require an extraordinary meeting.

In 2015, the Credit Committee met on 65 occasions. The most relevant issues addressed by the Committee were:
New operations presented by the following ICO areas, prior to being submitted to the Operations Committee:

- Financing and International Guarantees Area
- Corporate Finance and Restructuring Area
- Public Policy Area
- Regional Financing Area
- Second-Floor Facilities Area

Amendments to the financial conditions of operations arranged previously
- Restructuring
- Methodological review and update to the standard support model in terms of the economic-financial analysis of customers and customer groups

**Asset and Liability Committee (COAP),** responsible for defining and preparing proposals for adequate management of liquidity, interest rate, foreign exchange and counterparty risk, analysing the ICO’s present and future exposures at the various limits, in order to optimise, stabilise and determine the financial margin in relation to the expected market and activity scenarios.

To this end, it makes proposals concerning fund raising, reference prices, balance sheet hedges and provides information on the parameters affecting the financial margin, situation and forecasts compared to the limits.

The Asset and Liability Committee is chaired by the Chief Risk Officer. The Committee is coordinated by the Head of Budgets, who is also the Secretary.

The Committee meets monthly, unless the importance of the issues to be addressed require an extraordinary meeting.

In 2015, the Asset and Liability Committee met on 13 occasions. The most relevant issues addressed were:

- Analysis of the state of the financial markets
- Study of monthly asset and liability reports
- Compliance with risk limits.
- Monthly estimate of liquidity and leverage ratios (Basel III)
- Analysis of the impact of the 2016 financial margin under different mediation differential and volume scenarios
- Simulation of levels of risk in relation to net asset value (NP) and the financial margin (MF)
- Available-for-sale portfolio
Forward-looking estimate of the Net Stable Funding Ratio (NSFR) in 2015
Forward-looking results of the NSFR
Methodology for calculating the cost of ICO financing for second-floor facilities and facilities with financial institutes
Methodology for determining the cost of ICO's margin financing
Methodology for determining the cost of ICO's resources
Repurchase of bonds

Monitoring Committee, responsible for defining and proposing the actions required to mitigate any financial impact resulting from ICO clients breaching their contractual obligations to the ICO for approval by the corresponding body.

Proposals shall address specific provisions, reclassification to write-offs and report on recovery activities, in addition to the credit quality of the portfolio and most relevant risks.

The Monitoring Committee is chaired by the Chief Risk Officer. The Committee is coordinated by the Assistant Risk Director, who also acts as Secretary.

The Committee meets monthly, unless the importance of the issues to be addressed require an extraordinary meeting. In 2015, the Committee held 13 meetings, at which the following matters were dealt with:

- Profile of the direct loans portfolio by risk and sector
- Risk control concerning ICOdirecto and ICO-SGR
- State of the JEREMIE Fund
- Proposed provision allocation
- Proposed declaration of write-offs
- Information on transactions involving: incidents relating to payments, resolved incidents, bankruptcy, affected by changes in the regulatory framework, etc.

Strategy Committee, responsible for analysing and discussing corporate strategy, operational objectives and the scorecard. It is also responsible for analysing the action plans and policies which affect ICO’s different spheres of activity, as well as proposing improvements based on the assessment of the results of the analysis.

Furthermore, it analyses and debates new products, in addition to improvements for products in effect.

The Strategy Committee is chaired by the Chairperson of the Institute. The Committee is coordinated by the Head of Strategy and Assessment, who is also the Secretary. The head of the Chairperson’s Office attends meetings, but is not entitled to vote.
The Committee meets quarterly, unless the importance of the issues to be addressed requires an extraordinary meeting.

In 2015, the Strategy Committee met on four occasions. The most important matters dealt with were:

- ICO Facility - Investment and Growth 2015 – risk line shared with financial institutions.
- ICO Facility - Retail Trade 2015 – line of Chapter 8.
- ICO Facility - Loyalty and Growth 2015.
- ICO-ICAA Facility Film Production 2015.
- New ICO intermediation model for financing from the European Investment Bank for the Regions of Spain.
- Expansion of the ICO financing distribution channel to international banking.
- ICO Group activity strategy for 2016.
- ICO Financing 2016 through financial institutions as intermediaries.
- Proposal regarding the funding programme directly to companies via bonds and debentures.

International Affairs Committee, responsible for ensuring and strengthening ICO's presence in suitable international forums, paying particular attention to the institutional relationships between European organisations and associations, and for developing programmes and actions that promote awareness of ICO's image and its international presence.

The International Affairs Committee is chaired by the Chief Financial Officer. The Head of the International Relations Department is the coordinator and Secretary.

The International Affairs Committee meets monthly, with a total of eight meetings having been held in 2015.

The following matters are usually reported on and discussed:

- International activities carried out since the previous meeting. Information is requested from the different departments with international activity, with documentation usually being presented by the international finance department, AXIS (which has taken part as a guest member since January 2015), the international relations area and, in some cases, by the Legal Advisory Department, the Chairperson's office and Fundación ICO (guest member since July 2015).

- Matters under discussion with international institutions. In addition to the information provided by the International Relations Department, information
is requested from the treasury and finance and assessment and strategy sub-departments, as well as from the other departments.

✓ Status of the staff exchange programmes with other institutions - information prepared in collaboration with human resources.

✓ International activities (of the whole ICO group) which will be carried out until the next meeting.

The Committee addresses, amongst other matters, reports produced for a specific meeting/event/trip/exchange, the text of Agreements signed with other International Financial Institutions (MoUs) or any other document deemed as being of interest and supporting one of the items on the agenda.

- **Regulatory internal operating bodies**

As at 31 December 2015, six regulatory internal operating bodies were in operation:

**Procurement Committee**, whose functions are to act as the ICO's procurement body, according to the rules contained in the Internal Procurement Instructions. In accordance with those instructions, it awards contracts for goods and services based on criteria of suitability and appropriateness. Quarterly, it considers the planning for purchasing and investment projects according to the annual planning of the different units. It communicates purchases that exceed the limits set in the Internal Procurement Instructions to COPER and informs it of all purchases in the quarter.

The Procurement Committee is chaired by the Chief Human Resources Officer. The Secretary, who has the right to speak at meetings but not to vote, is appointed by the Chairman, generally speaking, from amongst the staff of the General Services and Assets Department.

In principle, the Committee meets monthly, unless the importance of the issues to be addressed requires an extraordinary meeting.

During 2015, the Procurement Committee met 25 times, and approved 51 supply or service contracts.

**Audit and Compliance Committee**, in terms of Auditing, is responsible for approving the Annual Audit Plan, proposing measures to speed up and facilitate compliance with the recommendations; overseeing the functionality of internal auditing services; studying the quarterly report on compliance with the recommendations of internal and external audits and preparing reports for the General Board on the annual accounts, the outcome of the external audit and the functioning of the internal audit.
As regards **Regulatory Compliance**, approving the annual report containing the actions of the Compliance Unit in the previous year, as well the activity of the Regulatory Compliance Technical Committee. Approving the Regulatory Compliance Annual Action Plan. Analysing the Corporate Governance Report and submitting it for the approval of ICO's General Board.

Lastly, in relation to the **risk map**, approving newly identified risks presented by the risk map coordinator, as well as supervising the monitoring of already identified risks.

The Audit and Compliance Committee is led by the Chairperson of the Institute. It comprises the General Directors and the Legal Counsel and Secretary of the Board. The Head of the Internal Auditing Department is the coordinator and Secretary, and has the right to speak at meetings but not to vote. The Head of the Compliance Area also attends meetings (no voting right).

The Committee meets quarterly, unless the importance of the issues to be addressed requires an extraordinary meeting.

During 2015, the Audit and Compliance Committee met three times. The meetings are structured into three areas: regulatory compliance, internal audit and the risk map.

Concerning Regulatory Compliance, the Action Plan for 2015 and the implications of the Law on International Treaties and Law 40/2015, on the regulation of the public sector, in relation to the amendment set out by the General Board of ICO were discussed and approved and the level of compliance with Prevention of Money Laundering regulations concerning the ICOdirecto product was monitored. Furthermore, it approved the Training Plan for 2015 concerning the prevention of money laundering.

Concerning Internal Auditing, it monitored the Audit Plan for the year and analysed and monitored the improvements included in the audits conducted in 2015 and previously.

It also approved the internal Audit Plan Preparation manual, which sets out the methodology for defining the work to be audited in the short and long term (over a period of five years).

The final decision-making area of the Audit and Compliance Committee is the risk map. This is one of the pillars of activity for 2015 and beyond, and reports on the condition of the first seven risks selected (in 2014), in addition to the five further risks selected in 2015, are released on a periodic basis within the approval of the corresponding controls, indicators and mitigating actions.

**Technical Regulatory Compliance Committee**, whose responsibilities include: analysing the Regulatory Compliance Action Plan, prior to its escalation to the Audit and Compliance Committee, processing issues relating to the prevention of money
laundering and the financing of terrorism. Considering and applying new regulations that may apply to ICO, and, where appropriate, proposing measures required to implement them internally, taking note of and assessing the suitability of approving new products, both in terms of assets and liabilities; analysing new risks identified and proposing their approval to the Audit and Compliance Committee, and overseeing the monitoring of the action plan for risks identified previously.

The Regulatory Compliance Technical Committee is chaired by the Assistant Director General of Legal Counsel. It has a secretary and a deputy secretary, appointed, by the chairman of the committee, from among the specialists in the Audit Department and the Regulatory Compliance Department.

The Committee meets quarterly, unless the importance of the issues to be addressed requires an extraordinary meeting.

In 2015, the Committee met on four occasions. The most relevant issues addressed were:

- Creation and regulation of a body independent from the Regulatory Compliance Technical Committee, named the Expert Group on the Prevention of Money Laundering (GEPBC), whose mission is to carry out the functions of the Internal Control Body to which the applicable regulation refers. Furthermore, this aspect was demonstrated by the External Expert in his report of February 2015, complying with the specialisation, dedication and appropriate training requirements on the topics subject to analysis provided by the regulations.

- Prevention of money laundering activities concerning the ICO customer portfolio and the arrangement of agreements with BBVA and Santander to facilitate the legally required monitoring to the corresponding departments of ICO regarding the customer portfolio.

- Prevention of money laundering activities concerning the ICO customer portfolio and the arrangement of agreements with BBVA and Santander to facilitate the legally required monitoring to the corresponding departments of ICO regarding the customer portfolio.

- Modelling and establishment of a PML tool in ICO’s “núcleo bancario” (banking core) computer application.

- Amendment to ICO’s internal regulations: Code of Conduct, money laundering prevention policy and procedures, entertainment expenses and corporate credit card use, use of electronic equipment.
Approval of training activities under the ICO training plan on the prevention of money laundering and terrorist financing, in compliance with the provisions of Article 29 of Law 10/2010, of 28 April.

Quarterly information on matches detected by the money laundering prevention computer programme and on transactions with clients with registered addresses in tax havens.

Examination of the ICO risk map Risk selection for internal operations.

**Information Security Committee**, whose duties are: ensuring that security-related activities are carried out according to the information security policy; overseeing the implementation of recommendations and obligations set out by the National Security Framework (ENS) and proceeding with their subsequent supervision and control; identifying deviations and managing corrective measures; proposing methodologies and processes in relation to information security; identifying significant changes in relation to threats and the exposure of information and information processing systems to threats; assessing the suitability and coordination of the implementation of information security controls; promoting education, training and awareness in relation to information security throughout the organisation; assessing the information received from monitoring and reviewing information security incidents and the actions recommended in response to those incidents.

The IT Security Committee is chaired by the Head of Information Systems. The Head of the Systems department is the coordinator and Secretary.

The Committee meets bimonthly, unless the importance of the issues to be addressed require an extraordinary meeting.

During 2015, the IT Security Committee met four times. The most relevant issues addressed were:

- Information on security incidents.
- Report on the status of the external auditor’s recommendations on ICO compliance with the ENS.
- Amendment of the Information Security Policy and the instruction manual for the use of information systems.
- Report on metrics, the inclusion of new parameters and the adaptation of some of the existing ones to the requirements of the report, in line with the experience of preparing the scorecard for security at ICO.
- Recognition of training and awareness raising actions on security matters amongst employees.
- Ethical hacking and cyber security consultancy.
**Business Continuity Committee**, with the fundamental responsibility of managing contingency situations. It also acts as a Management Committee and is ultimately responsible for the Business Continuity Management System.

The Business Continuity Committee is chaired by the Chief Human Resources Officer. The Head of the Systems department is the coordinator and Secretary.

The Committee meets quarterly, unless the importance of the issues to be addressed requires an extraordinary meeting.

In 2015, the Business Continuity Committee met twice, the first time to perform a general test in the ICO backup centre, which was timed to coincide with an evacuation drill at the Paseo del Prado headquarters, in May 2015. At the second meeting, in June, the results of the backup centre test and exercise at ICO headquarters were assessed.

**Code of Conduct Compliance Committee**, whose duty is to respond to queries on the interpretation and application of the Code of Ethics and Conduct, and to receive and deal with complaints forwarded over the ethics channel regarding breaches of the code and take the necessary measures, as required.

The Code of Conduct Compliance Committee is chaired by the Chief Human Resources Officer. The Head of the Internal Auditing Department is the coordinator and Secretary.

The Committee meets yearly, unless the importance of the issues to be addressed require an extraordinary meeting.

In 2015, the Committee did not meet, as there was no reason for it to do so.

**Other Internal Operating Bodies**

**Health and Safety Committee**, responsible for monitoring and preparing proposals related to the prevention of occupational risks.

**Equality Committee**, responsible for applying, interpreting and providing oversight over the content of the current ICO collective bargaining agreement.

**Social Affairs Committee**, reporting on proposals to create new company benefits or make changes to the existing ones.
Training and Career Advancement Committee, analysing and reporting on the Training Plan and preparing the relevant proposals. Also, receiving the draft list of public sector job vacancies each year and issuing a report on the conditions of internal promotion competitions held at ICO.

V.2 PRINCIPLES OF GOOD CORPORATE GOVERNANCE

V.2.1 Ethical conduct

Ethics channel: The channel through which employees can report actions contrary to the ethical principles listed in the Code of Ethics and Conduct.

No reports were forwarded through the Ethics Channel in 2015.

Internal Rules of Conduct on the Securities Market: Approved by ICO’s General Board on 24 February 2012 to prevent possible conflicts of interest in Securities Market units or the use of insider information.

No incidents related to compliance with the above rules were recorded in 2015.

Money laundering prevention policy and procedures: This defines appropriate rules and control and reporting systems to prevent unsuitable people or groups accessing the Institute, and establishes customer acceptance policies and procedures to prevent money laundering.

The current policy (Pol 08 Prevention of money laundering) has been in force since December 2015, when the Operations Committee approved the fourth version of the policy in order to adapt to the regulations in force regarding the Incorporation of the “Expert Group on the Prevention of Money Laundering” into the internal PML/TF structure, in addition to defining a specific method for monitoring customers when ICO forms part of a bank syndicate or operates by means of banking agreements.

Two internal procedures that accompany the policy were also amended, PE-06 on identifying and applying due diligence measures to clients and PE-15 on identifying and reporting operations suspected of involving money laundering, to adapt them to these internal operating changes.

In 2015, in the context of the training plan on the prevention of money laundering and terrorist financing, an in-person course was held on the most important aspects of money laundering and terrorist financing prevention.

The annual monitoring report (stipulated in Article 28 of Law 10/2010, of 28 April) sent by the external expert and studied along with the implementation of the only recommendation made, relating to the need to introduce centralised management of
the ICO customer database, in order to ensure the correct due diligence process in the mandatory customer awareness procedure.

V.2.2 Regulatory compliance

In 2015, there were no incidents recorded in relation to identifying legal requirements and failure to comply with them by ICO, nor were there any SEPBLAC requests regarding ICO clients.

V.2.3 Risk identification, control and management

After the external consultant submitted the ICO risks map document in December 2013, the selection of risks to be handled during the corresponding year was addressed in 2014 and continued in 2015. To this end, in 2015, five risks were selected, which, together with the seven chosen in 2014, comprise a total 12 risks being handled, in terms of actions to mitigate said risks, reflected in the appointment of individuals responsible for improvement actions and the corresponding tasks.

The above actions were established and approved in Pol-26 Policy on the risk management map and its corresponding internal procedure and PE-27 Management Map, which were approved together in July 2015.

More generally, during the course of 2015, ICO's General Board adopted different agreements in relation to the financial risk policy and reviewing limits.

V.2.4 Protection of personal data

As mentioned in the last Corporate Governance Report, in January 2015 the "Prevention of Money Laundering and Terrorist Financing" and "ICO - Code of Conduct" files were registered with the Spanish Data Protection Agency. Both files are mentioned in Order ECC/2549/2014, of 29 December (BOE of 7 January 2015).

In 2015, two data protection incidents were reported, one corresponding to the exercise of the right of access and the other corresponding to the right of opposition. Following the corresponding checks, a response was issued accordingly to the satisfaction of the petitioners.

The definitive report on the biennial personal data protection audit, for the years 2012 and 2013, which ICO is obliged to carry out under Article 96 of RD 1720/2007, of 21 December (RLOPD), was submitted in February 2015. Said report establishes a single recommendation relating to access codes for certain ICO applications.
V.2.5 Employees

- **Workforce.** The ICO workforce as at 31 December 2015 was made up of 317 employees, down 1.2% on the close of the preceding year. 94% of the workforce has a permanent contract. 81% of the workforce are under the Institute's Collective Bargaining Agreement.

  The average age of the workforce in 2015 was 46.74 years. The average salary of the ICO workforce in 2015 was €45,710.59.

- **Non-discrimination.** Women represent 61% of the workforce. By categories, women occupy 36% of management positions, 51% of middle management positions, 59% of technical positions, and 85% of administrative positions.

- **Public Sector Job Vacancies.** In 2015, there were two recruitment drives to cover permanent vacancies at ICO:

  On 24 July 2015, the conditions of entry for the selection tests to cover seven vacancies at ICO amongst permanent civil servants/employees from other departments or state public sector organisms were published. There were 30 applicants. In January 2016, three new employees began at ICO, one in the General Services and Assets Department and two in the Applications Department.

  On 23 September 2015, the start of the selection process to cover four permanent vacancies was authorised (OEP 2015). There were 194 applicants. At the date on which this report was completed, the selection process remained ongoing.

- **Work-life balance.** ICO values, promotes and facilitates balance between the personal and professional lives of its employees, as it boosts workers' motivation, optimism and well-being, which translates into greater productivity and value for the company.

  Work-life balance seeks to balance achieving goals at work with achieving them away from work, by means of flexible formulas which allow for development and success in both spheres. It is, therefore, not just a case of paid leave. It is a way of organising the work environment which makes it easier for men and women to do their work and fulfil their personal and family responsibilities.
Work-life balance is not an absolute and unilateral right, but rather it should be understood such that it satisfies personal needs, while at the same time allowing for the highest standard of public service provision.

For work-life balance to be a real and viable formula, joint responsibility is required in different spheres, towards the organisation, towards colleagues who in some cases have to take on an additional workload and, as public employees, towards society, which requires duties to be carried out correctly and diligently.

As a driver of well-being and in response to the commitment of the individuals who make up the organisations, the ICO's management model aims:

To contribute, through its policies, to removing barriers which impede women and men taking part in their personal life and in the company's processes.

To promote a working environment which is compatible with personal development, which allows workers to balance fulfilment of their work commitments in a public institution such as ICO with the needs of their personal and family life.

The translation of the foregoing can be seen in the 1st ICO Equality Plan, approved by COPER on 21 April 2015.

This Plan demonstrates ICO's commitment to gender equality as a strategic principle of its corporate and human resources policy and is subject to the provisions of Organic Law 3/2007, of 22 March, on effective gender equality.

Before the formal introduction of the Plan, a situation diagnosis was carried out, which generated a number of objectives and action and monitoring measures. Monitoring will be carried out on an annual basis and will allow us to revise and/or include new measures, depending on the requirements identified.

ICO's accreditation as a Family Responsible Company (EFR), awarded on 4 December 2014 by Fundación Masfamilia, is worth particular note. With this certification, the Institute clearly demonstrates both its commitment to work-life balance and equal opportunities and the effective introduction of a system of management and continuous improvement centred on those variables.

Exercising the right to a work-life balance, 41 employees work reduced hours, with their working hours reduced on one of the grounds relating to work-life balance established in the Collective Bargaining Agreement.
• **Occupational health and safety.** ICO regularly informs and trains employees on the risks inherent to each job. There are safety managers on each floor, and regular evacuation drills are held. The group and individual protective equipment is regularly checked.

In 2015, there were 160 medical check-ups. In 2015, 3,700 working hours were lost due to illness and maternity and paternity leave and seven workplace accidents were recorded during the year.

• **Training.** The employee training budget amounted to €350,000. 56% of the employees trained were women.

In total, 15,045 hours were dedicated to staff training, mainly for technical personnel (9,990 hours).

• **Exchange programme.** The Staff Exchange Framework Agreement in place between the European Investment Fund (EIF) and ICO was signed on 11 February 2015. This programme is in addition to two programmes already in place, one with the German Kreditanstalt für Wiederaufbau (KfW) and another with the Italian Cassa Depositi e Prestiti (CDP), arranged in February 2013 and June 2014 respectively.

There were a total of 15 exchanges in 2015, of which 11 were ICO employees sent to other organisations (4 to KfW, 6 to CDP, 1 to EIF) and a further 4 were exchanges received by ICO (1 from KfW and 3 from CDP), as per the following breakdown:

<table>
<thead>
<tr>
<th></th>
<th>Study trips (maximum 2 weeks)</th>
<th>Exchanges (maximum 3 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KfW</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from ICO to KfW</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>from KfW to ICO</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>CDP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from ICO to CDP</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>from CDP to ICO</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td><strong>EIF</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from ICO to EIF</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>
V.2.6 Communications

- External communications.

Advertising: ICO carries out a number of actions to publicise and make the public aware of the different forms of financing available to support Spanish companies, especially self-employed individuals and SMEs. One of its main actions is to carry out commercial advertising campaigns every year on the second-floor facilities approved for that year.

Law 29/2005, on Institutional Advertising and Communications, requires each of the bodies of the Central State Administration to prepare an Annual Advertising Plan covering all the advertising actions planned for the following year and their allocated funding. Every year, ICO, as a public business entity, submits the details of the campaigns it is planning to carry out to be included in that plan, which, once it has been prepared, has to be approved by the Spanish Cabinet.

In 2015, ICO carried out a national advertising campaign to publicise the launch of its different financing facilities for that year. The campaign had two main objectives: on the one hand, to make our target audience - small companies and the self-employed - aware of the financing facilities and, on the other hand, to strengthen ICO's image as a financial institution supporting companies.

The campaign was carried out in two waves: the first in March and the second in June. The aim of the first wave was to inform the target audience that ICO's facilities were in operation and available. The advertisement used in the second wave focused on publicising financing facilities for the international expansion of Spanish companies. The campaign is carried out each year with the collaboration of the credit institutions which distribute these products.

The campaign made use of print media, radio, Internet and foreign media. It was given press coverage by national, economic and regional newspapers. Radio activities focused on national stations broadcasting general content. On the internet, the campaign was visible on the main online media by means of different banners and videos.

The outdoor campaign focused on digital support in high-speed train stations.

Also, as part of the marketing actions intended to publicise the ICO's facilities, more than 2.9 million leaflets and 21,500 information posters were distributed, in the different official languages, through the credit institutions who collaborate with ICO to distribute second-floor facilities and chambers of commerce and other business promotion organisations.
Internationally speaking, with a view to supporting the Institute's role as a reference issuer on capital markets, ICO undertakes advertising and marketing activities aimed at investors.

In 2015, 19 adverts were placed in 11 specialist magazines. Said publications were selected based on their target audience and geographical distribution, placing particular emphasis on the European and Japanese markets.

Furthermore, it consolidated its digital strategy in online media. In terms of online actions, the presence of the Institute in international economic media was catalysed, reaching a wider target audience and increasing knowledge of ICO's brand. In total, 1,595,000 hits were recorded from seven different media.

- **Press releases**: In order to publicise ICO's activity (the launch of its different financing facilities and information on credit granted, agreements signed and operations entered into, issues, courses and events, etc.), the Institute periodically sends information to the media. A total of 54 press releases were sent to the media in 2015 and 3,664 ICO news items were published in print media.

- **ICO facilities newsletter**: electronic newsletter which seeks to inform companies and the self-employed about new features and the main characteristics of the Institute's products. In 2015, four editions were published. This newsletter is emailed to an ICO database containing 384,000 companies and published on the ICO website.

- **Institutional newsletter**: e-newsletter designed to offer an in-depth analysis on economic matters relating to ICO's activities. In 2015, four editions were published and sent via email to 384,000 companies in the ICO database; additionally, they were published on the Institute’s home page.

- **Financial newsletter**: This quarterly newsletter offers up-to-date information for investors. This electronic newsletter is published in English and emailed to the Institute's database of investors and also published on the ICO website.

- **Organisation of and participation in information days**: ICO regularly organises and takes part in information days throughout Spanish territory to explain its different second-floor facilities. These events are attended by businesspeople and representatives of business associations, chambers of commerce and other regional organisations. Furthermore, in 2015, ICO participated in a series of working sessions organised by ICEX España Exportación e Inversiones on "ICO support for Business Internationalisation"; representatives of the Institute presented the catalogue of products developed by ICO, designed to encourage Spanish companies to turn their attention to export markets.

In total, 29 information days were organised in 2015.
Website: The website still represents the Institute's main channel of communication, providing up-to-date information about ICO's activity and information of interest to international investors.

The website meets the requirements regarding transparency for government portals. Furthermore, it has a section on transparency and good governance, where the Code of Ethics and Conduct, the Corporate Governance Report, internal rules in relation to the securities market, ICO Policy on Corporate Social Responsibility, 2012 Global Compact Compliance Report, ICO's Equality Policy and its Environmental Policy can be found.

Lastly, the website includes a contractor profile section where ICO publishes its tenders and contract awards.

In 2015 ICO's website received 723,922 visits. The total number of page visits reached 2.7 million. The most popular content was that relating to ICO facilities aimed at financing the projects of self-employed individuals and companies. The section dedicated to the ICO Entrepreneurs facility is worth particular mention, accounting for 33% of all visits to the page over the course of the year.

The growing interest generated by information on programmes designed to drive the internationalisation of Spanish companies is also worth particular mention. Specifically, the section on the ICO International facility was viewed 29,500 times compared to the 6,200 visits recorded in 2014. In turn, the information on the ICO Exporters facility was viewed 26,700 times in 2015, significantly up on the 4,200 visits generated the previous year.

Professional networks: ICO has a presence on Linkedin.com, through Instituto de Crédito Oficial's corporate page, which offers information on how the state-owned bank operates. In 2015, the page had 1,394 followers. Given the success of this professional network as an employment search engine, ICO used the website to announce vacancies.

Furthermore, since January 2010, "ICO Informa" has been active with a view to providing information on the Institute's activities and promote events and conferences in which ICO representatives participate. In January 2015, this group comprised 171 members.

In 2015, 48 new members were registered, leading to a total of 219 registered users at year-end. Over the course of the year, 57 group debates were published.
• **Channel for complaints, suggestions and inquiries.** 138 complaints and six suggestions were received in 2015. The average response time for complaints was 3.80 working days.

  Meanwhile, 1,075 enquires related to financing products were received. All requests were resolved in an average of 2.17 days.

**Freephone customer service.** In 2015, 13,746 queries were received and answered.

The level of customer satisfaction with the 900 telephone service and the website, measured in 2,215 surveys, was 4.62 out of 5.

**Public information desk.** 746 visits were received in 2015.

• **Internal Communications**

  • Transparency of information is one of the Institute's commitments to its staff. In addition to promoting personal and direct communication at all levels of the organisation, it has set up a corporate Intranet, called "Pórtico", for the use of all Institute employees.

**Corporate Intranet**

  • The three basic functions of the Intranet are:

    • The most frequently used internal communications channel, through which the updated information generated in the Institute for internal and external recipients flows regularly.

    • The framework which houses, in an orderly and intuitive manner, all the applications, tools and documents needed for the effective daily work of employees.

    • The platform where employees can manage their relationship with the company, request courses, consult payments and loans, etc.

Notably, it is also updated daily with content of general interest to the workforce, such as the intranet news section containing notices and daily summaries of the most important news items published about ICO in the leading newspapers.

The content of the Studies Service and International Areas were renewed and improved; the economic-financial studies and publications released by these areas is of great interest in terms of the activities undertaken by the different areas of ICO.
The new intranet was inaugurated on 20 November 2014. Navigation information for 2015 (since 28 January) is as follows:

- No. of visits (number of sessions initiated by all users when accessing the intranet): 227,988
- No. of page views (sections of the intranet accessed): 730,665
- Pages/visit (average number of page views per intranet visit): 3.20
- Average duration of a visit: 7 minutes 29 seconds

V.2.7 Transparency


Also, with the publication of Law 19/2013, of 9 December, on transparency, access to public information and good governance, a multi-departmental working group was set up at the Institute to ensure the successful implementation of the actions necessary to comply with that law, when the rules applicable to the Institute came into effect a year after its publication.

The result of that work is the presence on the ICO website of a link to the external Spanish Government transparency portal (Portal de la Transparencia del Gobierno de España), where different public administration bodies present their data, as required by the applicable law. There is also a “transparency and good governance” tab on the ICO’s own website.

V.2.8 Internal and external control systems

Internal audits, inspections and supervisions carried out or concluded in 2015 were as follows:

Planned audits: audit work included in the 2015 audit plan, approved by the Audit and Compliance Committee on 5 February 2015.
### Auditable Cycles

<table>
<thead>
<tr>
<th>Business Activities</th>
<th>Audit Status</th>
<th>Carried out by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlements with Ministries: Report on settlements for natural disasters pending settlement</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>FIEM - FONPRODE Report</td>
<td>Complete</td>
<td>Inspection of Services</td>
</tr>
<tr>
<td>JEREMIE Report</td>
<td>Complete</td>
<td>European Commission</td>
</tr>
<tr>
<td>Validation report by Internal Audit regarding the amounts recovered from the BBVA portfolio</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>Issuance of a Comfort Letter to renew the GMTN issues programme</td>
<td>Complete</td>
<td>EY</td>
</tr>
<tr>
<td>50%-50% shared risk liquidity facilities</td>
<td>Field work complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>International guarantees (direct)</td>
<td>Field work started</td>
<td>Inspection of Services</td>
</tr>
<tr>
<td>RDL Fund 12/1995</td>
<td>Pending</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>Current accounts and deposits</td>
<td>Pending</td>
<td>Inspection of Services</td>
</tr>
</tbody>
</table>

### Support Activities

<table>
<thead>
<tr>
<th>Business Activities</th>
<th>Audit Status</th>
<th>Carried out by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Systems</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>Procurement and acquisition of goods and services undertaken by ICO</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
</tbody>
</table>

### MANDATORY UNDER EXTERNAL REGULATIONS

<table>
<thead>
<tr>
<th>Business Activities</th>
<th>Audit Status</th>
<th>Carried out by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money laundering and terrorist financing prevention procedures</td>
<td>Complete</td>
<td>Mazars</td>
</tr>
<tr>
<td>Review of the “ICO information of prudential relevance” report for 2014</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>GRI standard reviews of the 2014 Social Responsibility Report</td>
<td>Complete</td>
<td>AENOR</td>
</tr>
<tr>
<td>Report on vulnerabilities in ICO's IT applications and systems</td>
<td>Field work</td>
<td>EY</td>
</tr>
</tbody>
</table>

### Unplanned audits: reports included over the course of 2015. Requested by Management at ICO or announced over the course of the year by external organisations, inspectors, regulators or auditors, for which work has been undertaken.

<table>
<thead>
<tr>
<th>Business Activities</th>
<th>Audit Status</th>
<th>Carried out by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Validation report on settlement data for 2009 Renove Tourism facility</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>Audit on the operations and administration of guarantees for compensation</td>
<td>Complete</td>
<td>Internal Audit</td>
</tr>
<tr>
<td>ICO collaboration in the auditing of accounts corresponding to the State Financial Fund to Modernise Tourism Infrastructures (FOMIT)</td>
<td>Complete</td>
<td>General Comptroller of the State Administration</td>
</tr>
<tr>
<td>Auditing or FONPRODE procedures and management</td>
<td>Field work started</td>
<td>Court of Auditors</td>
</tr>
<tr>
<td>FEDER ICO Jeremie guarantees audit</td>
<td>Field work started</td>
<td>Subdirectorate of Inspection and Control, MINHAP Directorate General of Community Funds</td>
</tr>
<tr>
<td>ICO Innovation Technological Fund FEDER audit</td>
<td>Field work started</td>
<td>Subdirectorate of Inspection and Control, MINHAP Directorate General of Community Funds</td>
</tr>
</tbody>
</table>

### Support Activities

<table>
<thead>
<tr>
<th>Business Activities</th>
<th>Audit Status</th>
<th>Carried out by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>Additional financial statement report issued</td>
<td>General Comptroller of the State Administration</td>
</tr>
<tr>
<td>Audit of regulatory compliance in terms of compensation to high-ranking officials</td>
<td>Pending receipt of provisional report</td>
<td>Court of Auditors</td>
</tr>
<tr>
<td>2015 FFEELL IT audit</td>
<td>Field work started</td>
<td>General Comptroller of the State Administration</td>
</tr>
</tbody>
</table>
### V.3 NOTABLE EVENTS OF THE YEAR

<table>
<thead>
<tr>
<th>Notable event</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue of the “Social Bond”</td>
<td>First issue of the “Social Bond” in Spain, for the sum of €1 billion, to finance SMEs in regions where GDP per capita is lower than the Spanish average, in order to help them to sustain and create employment. This issue and the integration into Spainsif demonstrates ICO’s commitment to CSR and Socially Responsible Investment.</td>
</tr>
<tr>
<td>Changes in the General Board</td>
<td>The introduction of four independent members with a double vote for asset and liability transactions, in addition the definition of the criteria for their selection, represents a significant new development in the amendment of ICO’s; this aspect is an improvement in terms of the corporate governance system at the institute.</td>
</tr>
<tr>
<td>ICO Equality Plan</td>
<td>Approved on 21 April 2015, this initiative reflects the intense work undertaken by ICO with a view to eliminating gender-related inequalities from the company; in particular, the foregoing applies to policies and activities relating to selection, training, professional development, remuneration, occupational health and safety and harassment on grounds of sex and sexual harassment.</td>
</tr>
<tr>
<td>Code of Ethics and Conduct</td>
<td>Approved by the General Board on 18 December 2015, including, amongst other new developments, ethics principles and specific conduct guidelines, supporting improved standards of performance and quality in ICO’s activities to this end.</td>
</tr>
<tr>
<td>Introduction and update of internal policies on the matter of corporate social responsibility.</td>
<td>Reflected in the approval of new documents, or improvement of existing documents, regarding internal regulations on travel, credit card expenses, equality, corporate social responsibility and the environment.</td>
</tr>
</tbody>
</table>
The change resulting from Circular 1/2015 seeks to: strengthen international relationships and underpin ICO’s presence in multilateral organisations; adapt responsibility and functions to the working volume concerning the management of asset and liability operations; and improve the response to commitments acquired in the management of State funds for internationalisation.

V.4 AGREEMENTS APPROVED BY THE GENERAL BOARD / COPER

<table>
<thead>
<tr>
<th>Type</th>
<th>Counterparty</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration</td>
<td>Banco Nacional de Desenvolvimento Económico e Social (BNDES) (Brazil)</td>
<td>Financing and support for Spanish SMEs and co-financing of investment projects</td>
</tr>
<tr>
<td>Educational cooperation</td>
<td>Universidad Pontificia de Comillas</td>
<td>Internships at ICO for Master's degree in International Affairs</td>
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<tr>
<td>Cooperation</td>
<td>Fundación ICO</td>
<td>Financial allocation to contribute to the foundation's activity</td>
</tr>
<tr>
<td>Staff exchange framework agreement</td>
<td>European Investment Fund (EIF)</td>
<td>Regulates the conditions for staff exchanges (duration, selection, remuneration)</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Finéa (Morocco)</td>
<td>Information exchanges, provision of guarantees, co-financing of investment projects</td>
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<tr>
<td>Collaboration</td>
<td>Compagnie Française d’Assurance pour le Commerce Extérieur, office in Spain</td>
<td>Promotion of the expansion of Spanish companies abroad</td>
</tr>
<tr>
<td>Memorandum of Understanding</td>
<td>Latin American Association of Development Financial Institutions (ALIDE)</td>
<td>Exchange and publication of information on investment projects in Latin America and the Caribbean</td>
</tr>
<tr>
<td>Association</td>
<td>Spainsif</td>
<td>Meeting and reference platform in terms of the dissemination of knowledge on SRI</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Compañía Española de Seguros y Reaseguros de Crédito y Caución</td>
<td>Internationalisation of Spanish companies</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Various (Partner Organisations) I Publicising 2015 ICO second-floor facilities</td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>Corporación de Radio y Televisión Española, S.A.</td>
<td>Financing of audiovisual works</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Instituto Gallego de Promoción Económica (IGAPE)</td>
<td>Support for companies in Galicia and facilitating access to financing by means of ICO products</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>General Collaboration</td>
<td>AXIS Participaciones Empresariales SGECR, S.A.</td>
<td>Provision of services</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Various (Partner Organisations) II</td>
<td>Publicising 2016 ICO second-floor facilities</td>
</tr>
<tr>
<td>Addenda</td>
<td>Ministry of Finance and Public Administrations</td>
<td>Creation of the JEREMIE Fund (original agreement December 2009)</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Autonomous Region of Galicia</td>
<td>Financing of companies in Galicia using ICO-EIB funds</td>
</tr>
<tr>
<td>Memorandum of Understanding</td>
<td>Banque Publique d’Investissement (BPI Groupe) (France)</td>
<td>Exchange of information, financing Spanish and French SMEs and co-financing of investment projects</td>
</tr>
<tr>
<td>Memorandum of Understanding</td>
<td>Instituição Financeira de desenvolvimento (IFD) (Portugal)</td>
<td>Exchange of information, financing Spanish and Portuguese SMEs and co-financing of investment projects</td>
</tr>
<tr>
<td>General Collaboration</td>
<td>Fundación ICO</td>
<td>Provision of services</td>
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<tr>
<td>Collaboration</td>
<td>Red Española del Pacto Mundial</td>
<td>Regulation of the “Socially Responsible SMEs” initiative</td>
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<tr>
<td>Educational cooperation</td>
<td>Fundación Pardo-Valcarce</td>
<td>Internships at ICO within the framework of the CAMPVS project</td>
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