

Social Bond EUR 500 mn 0,1% due July 2021 launched July 2017 XS1644451434

## Elegibility criteria

- ✓ SME Under European Commission's definition
- ✓ Regions with GDP per capita below the national average
- ✓ Excluded activities either social or environmentally unfriendly (e.g. Alcohol, Tobacco, Gambling,...).

## ICO's Third Social Bond

Our Third Social bond has attracted a range of new investors:

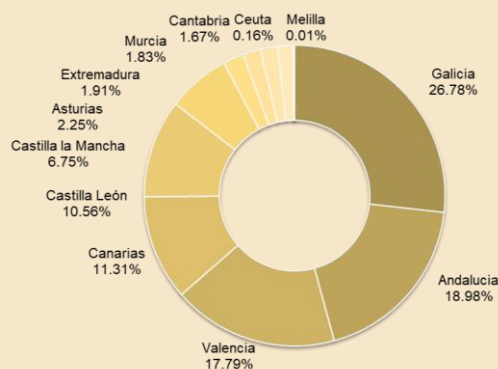
- ✓ ESG supporters accounted for 49% of the Final book
- ✓ International investors accounted for 63% of the Final book

## Proceeds allocation

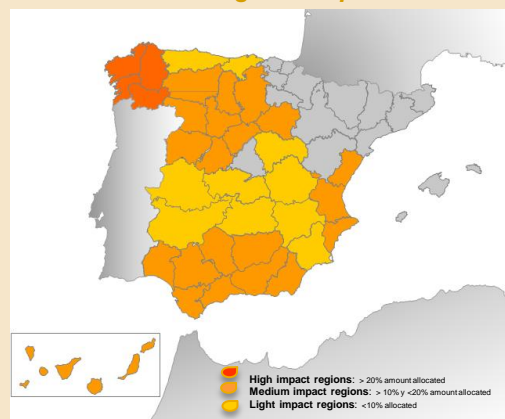
The allocation of the **proceeds (EUR 500 mn)** has been channelled to **10,092 projects** which fulfilled the requirements already mentioned. The average profile of the recipients is a **small company**, likely sited in **Galicia**, applying for around **EUR 50,000 loan** and with **4,84 years maturity**.

## Total amount distribution

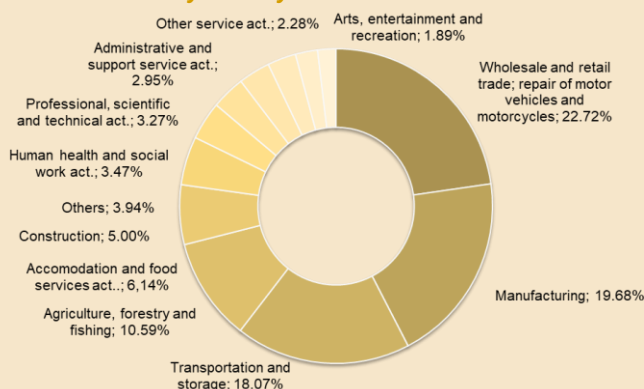
### By region



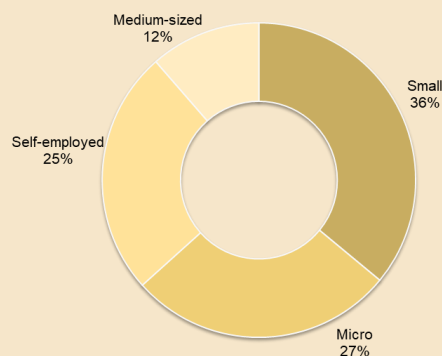
### Regional impact



### By activity sector<sup>1</sup>



### By type of company



<sup>1</sup> According to sections defined in Statistical Classification of Economic Activities in the European Community (NACE)

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### About the ICO Social Bond

The aim of the bond is to generate measurable social impact alongside a financial return. In this sense, and as a result of this funding in 2017 by an amount of EUR 500mn, it is estimated 54,894 jobs were created or retained.

Taking into account EPA (Spanish labour force survey figures), the estimated job impact accounts for 0.54% in the selected regions in 2017.

### About the methodology

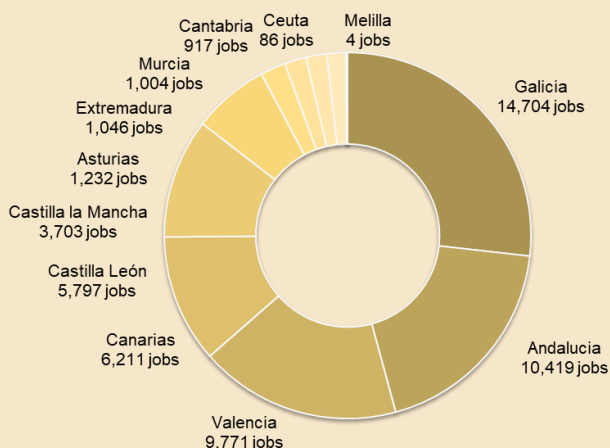
ICO has developed an analysis for the quantification of the macroeconomic impact generated by its financing activity linked to the Social Bond. The analysis is based on the input-output tables of the National Accounts, combined with econometric and statistical methods.

This methodology calculates the impact in the employment created and/or maintained and it also makes possible to calculate direct, indirect and induced impacts on the employment of the Autonomous Communities with a per capita income below the national average. A more complete detail of the methodology is available in [www.ico.es](http://www.ico.es).

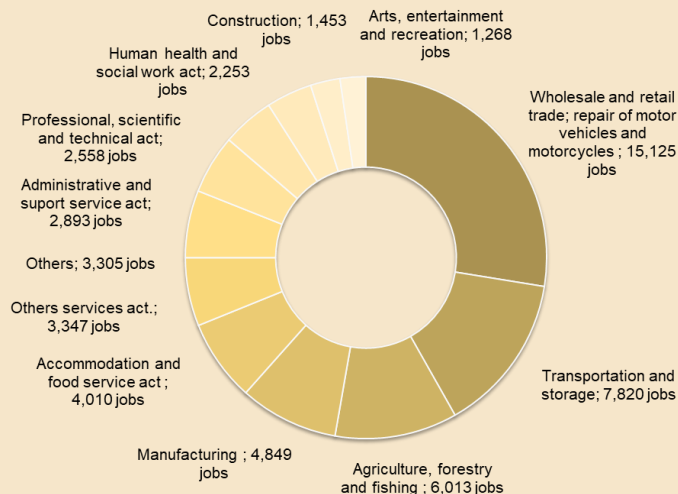
|   |               |
|---|---------------|
| Amount channelled                         | EUR 500 mn    |
| Number of projects                        | 10,092        |
| <b>Estimated jobs created or retained</b> | <b>54,894</b> |

## The ICO-Social Bond Impact on Spanish Employment

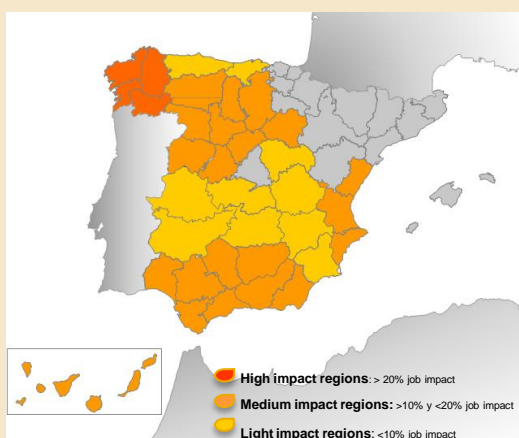
### By region



### By activity sector<sup>1</sup>



### Regional impact



<sup>1</sup> According to sections defined in Statistical Classification of Economic Activities in the European Community (NACE)

# Social Bond Reporting

July 2018

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## Sustainalytics report

*“Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, ICO’s Third Social Bond, issued to fund eligible projects through ICO’s second floor facilities, is not in conformance the Use of Proceeds and Reporting Criteria outlined in the ICO Social Bond Framework. ICO has disclosed to Sustainalytics that the proceeds of the social bond were fully allocated as of July 2018*

ICO LOAN PORTFOLIO REVIEW July, 16th 2018

## Case Study: Adele Robots S.L.

Adele Robots S.L is a social robotics company located in Asturias and founded in 2010 by some entrepreneurs who believe that robotics and artificial intelligence will create a new society paradigm.

The company is engaged in designing, manufacturing and commercialising robotic solutions that improve people’s quality of life. Its main asset is FIONA, an Artificial Intelligent platform used to make robots more intelligent.

Currently, Adele Robots has its headquarters in Asturias, but also has subsidiaries in Hong Kong, the United States of America and China where recently Adele Robots obtained a business license to commercialise its products in this huge market.



- ✓ Investment purpose: ICO’s funds has been used to financing the development of a **new educational robot** for children from 3 to 6 years old.
- ✓ As a result of this new investment **three new employees were added** to this branch.

## ICO commitment to SRI

ICO views Corporate Social Responsibility as a set of strategies, policies and actions that all companies should implement to ensure their activity is environmentally, economically and socially sustainable, encompassing the Institute itself as well as those groups of stakeholders that interact with it in undertaking its business activities.

| Stats on ICO second-floor activity 2017   |  |     |
|---|--|-----|
| Company size of those SME receiving funds from ICO, according to number of employees      | Arithmetic mean  | 12  |
|   | Nº new SME loans / total loans   | 99% |
| Capillarity of ICO's lending activity   | Nº new ICO loans amount ≤ 25.000€ /Nº of total new ICO loans   | 53% |
|   | Amount to long term investment (≥ 4 years)   | 58% |
| ICO's contribution to the funding of those SME that export on a regular basis             | Funding to exporting companies/ Funding Total volume   | 15% |
| ICO's contribution to those regions with a GDP per capita lower than the national average | Nº new ICO loans with Spanish regions with a GDP per capita* lower than the average / Nº total new ICO loans     | 56% |
| ICO's contribution to those regions with a higher unemployment rate                       | Nº new ICO loans with Spanish regions with a unemployment rate* higher than the average / Nº total new ICO loans | 38% |

\*According to Spanish Regional Accounting, last quarter 2017 GDP

\*\* EPA (Spanish labour force survey)

When designing its financing products, **ICO shall observe the particular circumstances present in Spain and in those international markets where Spanish companies operate at any given time.** Acting with subsidiarity vis a vis other private banking institutions, **ICO funding lines facilitate access to bank loans for the self-employed and small and medium-sized companies** and, where applicable, to those companies operating in regions where the GDP is below the national average, fostering their consolidation and supporting their international expansion.

**ICO will likewise ensure it remains exemplary and transparent in its operations and that it continues to apply international best practices.** Likewise, ICO shall bear in mind social responsibility values and principles when providing loans in order to instal them in the companies granted financing or ICO products. To this end, ICO has defined a set of social and environmental indicators to monitor the impact stemming from its activities. A summary of impact stats on ICO second-floors activity 2017 is displayed.

## 2017 ICO SRI Milestones

- In its internal direct financing procedures, ICO has implemented all management measures undertaken under **the Equator Principles**.
- ICO has signed the Fundación Tomillo agreement for the integration of **disadvantaged groups**
- ICO has signed the Spanish Red Cross agreement to promote actions **to help refugees**
- ICO has signed the Leukemia and Lymphoma Foundation agreement
- ICO has signed the Fundación Carmen Pardo-Valcarce- Campvs Project (2nd edition) agreement – a project whose purpose is **to employ disabled people in the company**
- ICO received the "Clover Solidarity" award from Down España for participating in the XTUMIRADA campaign working towards the **integration of disabled people**
- ICO participates in the **Transparency, Good Governance and Integrity Cluster, the Climate Change Cluster and the Social Impact Cluster**



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## Contact us

Investors will find further information at: [http://www.ico.es/en/web/ico\\_en/investor-relations](http://www.ico.es/en/web/ico_en/investor-relations)

Please e-mail us if you have any queries or requests: [investors@ico.es](mailto:investors@ico.es)

Bloomberg site: ICO <GO>





## ICO's Social Bond contribution to the achievement of the Sustainable Development Goals (SDGs)



As a State-owned bank and State Financial Agency, ICO's main role is to promote economic activities that contribute to the growth and development of the country while improving the distribution of national wealth. ICO's Social Bond contributes to achieve part of the SDGs implemented by the United Nations, through the consecution of the following goals and targets:



**8.1** Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

**8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

**8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all



**9.2** Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

**9.3** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets



**10.1** By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

**10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

