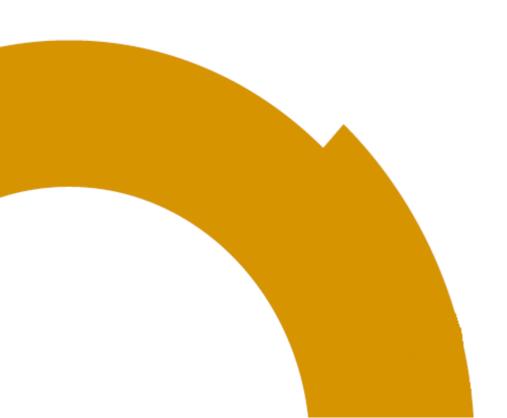


SOCIAL BOND FRAMEWORK

October 2025





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Introduction: ICO Group

Instituto de Crédito Oficial (ICO) is a public bank with the legal form of a state-owned enterprise (Entidad Pública Empresarial in Spanish). In legal terms, ICO is a credit institution and is considered a State Financial Agency, having its own legal personality, assets and treasury, as well as management autonomy to fulfil its purposes.

ICO is financed through capital markets and loans. Its debts and obligations related to fundraising are guaranteed by the Spanish State.

Attached to the Ministry of Economy, Trade and Business, the Secretary of State for Economy and Business Support is responsible for the strategic direction of ICO, as well as for the evaluation and control of the results of its activity.

The nature, legal regime, purposes and functions of ICO are defined in its Statutes, initially approved by Royal Decree 706/1999 and subsequently amended by Law 40/2015 on the Public Sector Legal System, Royal Decree 1149/2015 and Royal Decree 390/2011.

The Institute plays a key role in the Spanish financial system, combining its double function. On the one hand, it has a traditional countercyclical function, as it acts as a support in times of crisis of various kinds (social, health, natural, etc.), having economic and financial repercussions by providing liquidity and reducing credit risks. On the other hand, ICO plays a non-cyclical role focused on promoting strategic initiatives by identifying market failures and reorienting the Group's business model to foster economic growth in scenarios of stability.

ICO Group is composed of:



Instituto de Crédito Oficial. Entidad Pública Empresarial (ICO)



AXIS Particinaciones Empresariales, S.G.E.L.C., Fundación ICO, which sole S.A., S.M.E. (hereinafter, AXIS), fully invested by ICO



promoter is ICO

The headquarters of ICO are in Madrid, where all the Group's entities are located. Although the bulk of its activity takes place in Spain, ICO plays an active role in financing and supporting the internationalisation of the Spanish economy and supports investments outside Spain.

ICO's mission

The aims of Instituto de Crédito Oficial are to support and promote economic activities that contribute to the growth and improved distribution of national wealth and, in particular, of those that, due to their social, cultural, innovative or ecological importance, deserve to be encouraged.

ICO's vision

To achieve these objectives, ICO acts as a National Promotional Bank, financing large companies, SMEs and the self-employed, both in Spain and internationally (on-balance sheet operations), and as a State Financing Agency, managing funds and guarantees on behalf of the State (off-balance sheet).



ICO seeks to be a leading international organisation and a benchmark domestic institution in terms of transparency, solvency and credibility, and to be recognised, especially by SMEs and financial institutions, as a strategic ally for economic growth and the creation of jobs and wealth. This commitment is underpinned by a highly qualified, motivated, efficient and committed team, who carry out their functions in an environment of trust and collaboration.

Commitment to both the green and digital transitions

For ICO Group, sustainability is a fundamental pillar integrated across all its activities. It encompasses both its asset and liability operations as well as the internal management of the organisation, from the perspective of governance and corporate social responsibility.

The medium-term growth of the Spanish economy must be based on the green and digital transitions. In this context, ICO promotes initiatives that strengthen the productive sector, promoting a low-carbon, resource-efficient and circular economy. These efforts are key to ensuring long-term competitiveness, preserving climate balance and biodiversity, and protecting human rights.

Digitalisation is also a key driver for modernising the economy and improving business competitiveness. ICO is committed to digital transformation as a tool for streamlining internal processes, improving operational efficiency and fostering innovation in the financial and manufacturing sectors. This includes the adoption of emerging technologies, such as artificial intelligence and data analytics, facilitating access to financing, encouraging the internationalisation of businesses and improving client experience.

ICO is firmly committed to long-term sustainable development, based on three main lines of action:

- Signposting role: Act as a benchmark for other market players, encouraging them to share sustainability objectives and commitments.
- Combating climate change: Actively contributing to the protection of natural capital and the reduction of greenhouse gas emissions.
- Promoting a just and inclusive transition: Fostering economic development that strikes
 a balance between social progress and environmental protection, ensuring that the
 benefits of transition reach all echelons of society.

ICO's functions

According to its Statutes, ICO's functions are the following:

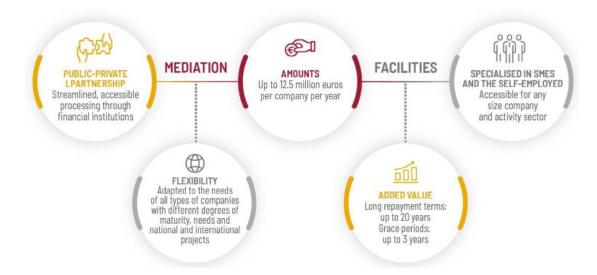
- Contribute to alleviating the economic effects produced by situations of serious economic crisis, natural catastrophes or other similar events, in accordance with the instructions of the Council of Ministers or the Government Delegate Commission for Economic Affairs.
- To act as an instrument for the execution of certain economic policy measures, following the fundamental lines established by the Council of Ministers, the Government Delegate Commission for Economic Affairs or the Ministry of Economy, Trade and Enterprise, and subject to the rules and decisions agreed by its General Council in this respect.



ICO as a national promotional bank

ICO, as a credit institution, provides financing to companies, and in particular to SMEs, the self-employed and entrepreneurs, through mediation facilities (channelling public-private partnership financing through financial institutions), direct financing products (requested from ICO directly by companies themselves), the purchase of bonds issued by companies in regulated markets, and financing through venture capital/private equity funds, most of them managed by AXIS.

ICO Mediation Facilities (also known as Second Floor Facilities) function by giving these programmes a greater degree of capillarity, allowing companies of all sectors, sizes and regions to tap into this financing.



ICO Direct Financing activity, both nationally and internationally, is aimed especially at projects developed by medium and large companies, with a special focus on those that generate a positive social and/or environmental impact. In direct financing programmes, ICO has continued to work so that companies can diversify the sources where they tap into resources, offering different solutions linked to the acquisition of project bonds or corporate bonds and promissory notes issued by Spanish companies in regulated markets, prioritising those that are certified as responsible issuers or that are listed in sustainability indices.

Axis, ICO's venture capital subsidiary, promotes complementary bank financing options through the four funds it manages: ICO Next Tech Fund, ICO Global Fund, ICO Sustainability and Infrastructures Fund and ICO SME Fund. The investments AXIS makes through these instruments contribute to the growth of start-ups and scale-ups and the development of projects that combine innovation and entrepreneurship.



2. ICO's Sustainability approach

Sustainability and the transition to a low-carbon, more resource-efficient and circular economy that safeguards climate balance, biodiversity and human rights are key to ensuring long-term competitiveness and our development as a society.

Hence, ICO Group integrates sustainability as a basic pillar into all its activities in a crosscutting manner, both in its asset and liability operations and in its internal management from the perspective of governance and corporate social responsibility. ICO's sustainability commitments are set out in the Sustainability Policy, which was reviewed and updated in 2023, and a new version was finally approved by the General Council in January 2024.

The public commitment to long-term sustainable development is thus maintained, balancing economic development, social development and environmental protection. Three main lines of action have been adopted: the signalling role to other agents who are encouraged to share objectives and commitments; the fight against climate change and the protection of natural capital, and the promotion of a just and inclusive transition.

ICO finances directly, or through financial institutions or Axis (its venture capital manager) projects that promote the ecological transition and the environmental, social and governance (ESG) sustainability of the business fabric. The purpose of the operations to be financed focuses, among others, on: sustainable mobility, development of renewable energies, renewable hydrogen, energy efficiency, circular economy, water treatment, improved energy efficiency and sustainability of buildings, improved accessibility in buildings and housing, urban and rural regeneration and renovation, transport infrastructure projects, hospitals, homes for the elderly or education with public and private companies, and construction and rehabilitation of social or affordable housing.

ICO Group and the Sustainable Development Goals

The 2030 Agenda and the Sustainable Development Goals must be fundamental pillars of all public action. ICO Group fully aligns its actions with these goals, both at the level of its financial activity, as well as in other initiatives with external projection, and in its internal management, as described in the different parts of this document.





































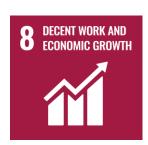




Given the nature of our core business, the direct impact of our activities stems from one main purpose: to contribute as much as possible to SDG8 on decent work and sustainable economic growth.

Support for projects and activities that promote SDG8 is complemented by the contribution to other relevant SDGs through different actions, such as 7 and 13, which are particularly relevant to our financial activity. In any case, all the SDGs to which we contribute are interconnected and mark the roadmap that ICO Group offers towards sustainability and social responsibility.







In addition, and in order to encourage SMEs to learn about, apply and promote the Sustainable Development Goals, in 2019 a joint initiative was launched with the Spanish Global Compact Network and with the support of the High Commissioner for the 2030 Agenda https://icopymeods.ico.es/, which is still in force. This initiative aims to involve Spanish SMEs in their alignment with the SDGs, as well as the business opportunities it can bring them.

With this initiative, ICO Group takes another step forward in its commitment to the sustainability of Spanish SMEs, informing them of the changes that companies must adopt to align themselves with the 2030 Agenda, offering a series of resources to build a strategy oriented towards the SDGs.



ICO's Sustainability Policy

<u>ICO's Sustainability Policy</u> aims to publicly declare the **commitment of the institution to sustainability**, incorporating it in the mission, strategy and values of our institution, based on the conviction that its integration responds to the challenges and generates opportunities and benefits for the environment and society.

It is applicable to its activity and management practices and establishes guidelines and a general framework for action that is complemented by the rest of the internal policies that govern ICO's activity, and in particular:

- Environmental Policy
- Direct Financing Policy
- CSR Policy
- Equality Plan
- Code of Ethics and Conduct
- Internal Code of Conduct in the Stock Market

The Sustainability Policy has the following main lines of action:

- Serve as a benchmark for the design and implementation of the activities undertaken by ICO in matters of sustainability, encouraging its stakeholders to share their objectives and commitments in this area.
- Combat climate change and protect natural capital, in accordance with best international practices, and in particular, the European Union's principle of "Do No Significant Harm" (DNSH).
- Foster a fair and inclusive transition, in such a way that ICO becomes a decisive agent of change, making new opportunities available to all.

ICO integrates in its management and internal procedures the following general **principles of action**:

- Promote transparency by following the best market practices.
- Apply the value chain approach to promote positive impacts and minimize negative environmental and social impacts in own- and third-party activities.
- Gradually include sustainability-related opportunities and challenges in the strategy, processes and risk management.
- Always comply with the legislation applicable, ensuring respect for human rights.
- Facilitate the transition to more sustainable business models.

Taking into account the definition of the policy and the principles of action, the sustainability **objectives** and the commitments derived from them are defined below:

- Objective I. Contribute to establishing standards and creating benchmarks, both in its operations (assets) and in the equity market (liabilities) and in its venture capital business.
- Objective 2. Increase sustainable activity: encouraging the channelling of financing flows towards sustainable or transition activities, mainly in long-term investments.



- Objective 3. Foster relations and the creation of long-term assets for its main stakeholders: streamline the transfer of knowledge and experience between peers, and ensure there is a responsible relationship with our clients and suppliers.
- Objective 4. Reach a net-zero carbon emission goal for 2050 in accordance with national and European legislation.

ICO plays a key role as a transmitter of sustainability within the financial system, working in public-private partnership for the development of sustainable finance. ICO promotes environmental, social and governance (ESG) sustainability as a core element of its strategy and all its **activities**:

- In its asset activity, financing or investing in sustainable activities (Green Loan; Sustainability Linked Loan; participations in sustainable funds such as FondICO Sustainability and Infrastructure registered under article 8 of the SFRD, etc.) and measuring risks and opportunities, as well as supporting digitalisation and innovation in collaboration with the private sector and the rest of the public sector.
- In its liability activity, issuing green and social bonds aligned with sustainable objectives and impact measurement to contribute to the development of the sustainable bond market, as well as the implementation of European funds aimed at supporting investments that promote the green and digital priorities of Spain and the EU.
- In terms of internal management, through responsible management and good governance, collaborating with other national and international agents for the dissemination of a shared sustainable strategy.
- The development of specific training initiatives on sustainable finance to provide SMEs with the necessary tools and resources to develop the opportunities offered by the transition to a more sustainable growth model.

ICO incorporates best practices in good governance, transparency and internal management, as well as in improving its information, indicators and reporting. In particular, those related to sustainability and its contribution to the achievement of the SDGs and Agenda 2030, the Paris Climate Agreement and European legislation on Sustainable Disclosure.

ICO prepares its annual integrated report, which is published on its website before the 30th June, providing stakeholders with relevant information about its structure, activity and management, as well as its main impacts. The integrated report is based on the information contained in the Statement of Non-Financial Information / Sustainability Report. The information is verified by independent experts in accordance with the regulations in force at any given time. Internationally recognised frameworks are used, currently the GRI standards and the UN Global Compact Principles to which ICO adheres and is committed to core principles in areas such as human rights, labour standards, the environment and the fight against corruption in all its forms, including extortion and bribery.

ICO undertakes to work on adapting its sustainability information in accordance with the evolution of regulations and standards, always responding to the principle of transparency.

All ICO areas shall incorporate in their rules and procedures, at the time of their approval or updating, the necessary aspects for the achievement of the Sustainability Principles and Objectives established in the Sustainability Policy.



3. Rationale for ICO Social Bond Framework

Its public nature and mission require ICO to promote and encourage best management practices which contribute to a sustainable business fabric in line with the SDGs. By adhering to these standards, ICO is positioned among the leading banks in the drive towards sustainable and responsible financing.

ICO is fully committed to Sustainable Finance, having played a key role in the Social Bond Market by issuing a series of Social Bonds in different currencies thus far, and has the intention to go further on the contribution to the development of a sustainable financial market.

ICO released its first Social Bond Framework in 2015 and was later updated in 2020. This present 2025 update of the framework is in line with the Social Bond Principles 2025 and its four core components, as well as its recommendation for External Review.

Use of Proceeds

Process for Project Evaluation and Selection

Management of Proceeds

Reporting

External review

Under this Framework, ICO can issue:

- "Social Bonds for general social purposes" an amount equal to the net proceeds will be allocated to projects within any or all the Eligible Project categories determined in this Framework.
- "Thematic Bonds", promoting solutions to address a specific social challenge an amount equal to the net proceeds will be allocated to projects within one of the Eligible Project categories determined in this Framework.

ICO commits to continue updating its Social Bond Framework with the goal of adhering with the most recent best market practices.



4. Use of Proceeds

ICO's Social Bond proceeds will be allocated to its Mediation facilities, Direct financing loans and private capital activities that meet the following Project Categories:

- Affordable basic infrastructure
 - Water and sanitation
 - Connectivity and digital access
 - Energy
- Access to essential services
 - Healthcare
 - Education
 - Professional training
 - · Financing for companies and individuals facing natural / health disasters
- Affordable housing
- Employment generation and preservation
- Food security and sustainable food systems
- Socioeconomic advancement and empowerment

4.1 Affordable basic infrastructure

Water and sanitation

Development and maintenance of infrastructure improving access to:

- Clean / drinking water
- Sanitation services





Social Objective

Providing safe and affordable basic services to all

Target populations

Underserved areas

Excluded and/or marginalized populations and/or communities

Connectivity and digital access

Improvement of connectivity and digital access in rural areas:

Deployment of ICT infrastructure including but not limited to 5G



¹ Spain has been recognized to face risk of high water stress level by the World Resources Institute: https://www.wri.org/insights/highest-water-stressed-countries



Social Objective

Fighting challenges of connectivity in the concerned areas²

Target populations

Underserved areas

Excluded and/or marginalized populations and/or communities

Energy

Construction, expansion, repair and/or maintenance of energy infrastructure



Social Objective

Improve universal access

Improve quality of access and service to underserved areas

Target populations

Underserved areas

Excluded and/or marginalized populations and/or communities

4.2 Access to essential services

Access to healthcare

Development and provision of medical care and health services, including:

- Construction/renovation/extension of multi-disciplinary public health centres
- Purchase of healthcare materials and adequate provision of healthcare professionals
- Equipment of medical and health establishments in the deployment of e-medicine
- Research and development to improve care and develop new treatments
- Training of doctors, midwives, pharmacists, dentists, healthcare executives, nurses and other health professionals.
- Public infrastructure and equipment for the provision of emergency medical care and of disease control services.

³ GOOD HEALTH AND WELL-BEING

² Digital access and connectivity under ICT industry were recognized as one of the 7 transversal objectives under the National Strategy for demographic challenge (Estrategia Nacional frente al Reto Demografic) in 2019 https://www.lamoncloa.gob.es/consejodeministros/Paginas/enlaces/290319-enlace-reto.aspx.



Social Objective

Improve the availability and quality of medical care

Reduce territorial and social health inequalities

Improve population health

Target populations

Hospitals / Healthcare facilities (non for profit or participating in the public health system)

Senior healthcare centres/homes

Access to education

Development and provision of education, including:

- Preschool facilities
- Primary and Secondary Education
- Universities



Social Objective

Increase capacity and availability of educational institutions

Target population

Public education system (non for profit or participating in the public education system)

Access to professional training

Delivering of professional and technical training by organizations, including:

- Professional and technical training supporting the integration of unemployed population to the workforce
- · Training for sectors experiencing shortages of workforce



Social Objective

Increase capacity and availability of educational institutions

Target populations

People with socio-professional integration difficulties (all ages), long-term unemployed

Young people with educational difficulties (deschooling, learning difficulties)

People in sensitive or priority areas or in a vulnerable situation (peri-urban and rural areas, migrants).



Access to financing for companies and individuals facing natural / health disasters

Access to financing for companies, self-employed and individuals facing natural and/or health disasters including but not limited to: pandemics, earthquakes, floods, droughts.



Social Objective

Support to employment preservation and generation in the concerned area

Development of territorial competitiveness in the concerned area

Reduction of regional inequalities

Enhanced financial resilience/security of individuals and companies

Target populations

Companies, self-employed and individuals located in regions affected by a natural/health disaster

4.3 Affordable housing

Social housing

Development and provision of Social Housing, including:

- Renovation, maintenance and improvements of social housing projects
- Provision of social housing with adapted financial conditions to disadvantaged populations



Social Objective

Fighting housing exclusion by providing affordable housing and shelter to disadvantaged populations

Target populations

Eligible beneficiaries according to socioeconomic requirements set by competent authorities³

³ Socio economic requirements could contemplate: income level, number of family members, ownership of other real estate assets, relevant immigrant background of the family, violence experienced by women in households, refugee or asylum status, etc.



4.4 Employment generation and preservation through SME funding

Employment generation and preservation through SME funding

Funding of SMEs established in either economically underperforming regions of Spain, or municipalities experiencing depopulation, as described in Appendix I.

To be eligible, loans must be made to SMEs and self-employed meeting each of the following criteria:

- Be a small, medium or microenterprise (SME) as defined by European Union's definition and categorization of SMEs
- Not be engaged in any business activity described under the Exclusionary Criteria described in Appendix 2



Social Objective

Employment preservation and generation in the concerned area

Development of territorial competitiveness in the concerned area

Reduction of regional inequalities

Target populations

SMEs in line with European Union's standards located in economically underperforming regions of Spain defined as regions with GDP per capita lower than the Spain's national GDP per capita

SMEs in line with European Union's standards located in municipalities in Spain that (I) experience population decrease and (2) are below the national average population growth rate, over the last 10 years as reported by the INE (National Statistics Institution) census data.

4.5 Food security and sustainable food systems

Food security and sustainable food systems

Agricultural projects which:

- Improve training among farmers
- Ensure access to quality agricultural inputs such as equipment or upgraded technology
- Enhance food security and reduce food loss along the value chain







Social Objective

Increase productivity in the food value chain through professional training and updated technology

Ensure sustainable and safe food systems

Target populations

Smallholder farmers

Underserved areas

Excluded and/or marginalized populations and/or communities

4.6 Socioeconomic advancement and empowerment

Socioeconomic advancement and empowerment

Programs that support socioeconomic advancement and empowerment:

- Projects aiming at supporting, integrating and providing basic services to vulnerable population.
- Projects developing job security/basic needs/equal opportunities.
- Investments in Social Funds providing funding to social enterprises



Social Objective

Promote local social solidarity and economic development

Target populations

Elderly/disabled individuals

Companies with a high proportion of disabled persons in the workforce

Victims of gender violence, risk population and minorities

Migrants and/or displaced persons

Social Funds and Social start-ups recognized as European social entrepreneurship fund, aligned with the European Union regulation for Social entrepreneurship funds⁴

⁴ REGULATION (EU) No 346/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 17 April 2013, on European social entrepreneurship funds https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R0346&from=es



5. Process for Project Evaluation and Selection

ICO commits to ensure that all eligible projects comply with the sustainability policies ICO has adopted, including the Corporate Social Responsibility (CSR) Policy, the Environmental Policy, as well as other standards ICO adheres to (i.e. Equator Principles, UN Global compact), and that these are not subject to any major controversy.

Regarding the process of identifying and managing perceived social and environmental risks associated with the identified projects, ICO, as an <u>Equator Principles signatory</u>, is committed to follow a series of guidelines and procedures when financing projects with a significant impact (those that fall within the scope of the Equator Principles). For these projects, ICO assesses the environmental and social risks and impacts, promoting responsible practices and guaranteeing that the projects are developed in a sustainable manner and that the negative impact on the environment and local communities is minimized.

The process for Project Evaluation and Selection will be coordinated by the team in charge of Sustainable Finance on a regular basis and implies the participation of the different units involved in the projects, considering the sustainable commitment across the organization. According to this procedure:

- The Loan Portfolio Management Area will make a list including the projects susceptible to being classified as Social.
- Further information about each specific Project is collected from the Reporting Area as well as other areas directly involved in the financing of the particular Project.
- The team in charge of Sustainable Finance will select the Eligible Projects that meet the eligibility criteria and fit the Social Project Categories identified in the framework, verifying its traceability and compliance

In the event that a loan does not continue to meet the eligibility criteria, or there are early loan repayments, ICO will use its best efforts to replace such loans with new loans selected according to the eligibility criteria of the social bond, as soon as feasible once a suitable substitution option has been identified.

Mechanisms for responsible management

ICO Group has internal regulations focused on the monitoring and responsible management of risks, ensuring that they are controlled in accordance with the highest standards. The management of these risks is approached holistically, involving the entire organisation and ensuring the application of high standards in corporate social responsibility and ethics. Both the General Council and senior management are regularly informed of these matters and are actively involved in monitoring them within their respective competencies. The most relevant policies are approved by the General Council, which receives regular information on business activities, sustainability, internal control and anti-fraud. ICO has an organisational structure with established units and bodies specialised in risk management, whose main roles are described below.



Risk management structure

- Directorate of Risk Management: Designs and proposes internal risk policies and risk analysis, management and monitoring methodologies.
- Sustainability Department: Defines sustainability guidelines and promotes a responsible management model.
- Internal Audit and Compliance: Cover key functions in risk processing
- General Council: Oversees strategic policies and sustainability performance monitoring and accountability.

Integrated risk management

The Risk Policies Area, which is part of the Directorate General of Financing and Risks, is responsible for defining and promoting the policies and methodologies for admitting and monitoring credit risk in one-off and standardised direct operations and new products. It also verifies compliance with these guidelines in the risk assessment carried out in the operations of ICO's various financial instruments.

In matters of sustainability, this area is responsible, in coordination with the Sustainability Department, for developing proposals for credit risk assessment models that encompass the integration of ESG risks.

Sustainability governance

Sustainability governance is coordinated by the Strategy Directorate, which reports directly to the Chairman and leads the integration of sustainability within the institutional strategy. As part of this framework, the Department of Sustainability, Business Development and Assessment defines ICO's commitment to sustainability, monitors regulatory compliance and supports strategic development in this area.

Within this structure, the Sustainability Methodology and Development Area is responsible for defining the sustainability criteria applicable to ICO's different activities, monitoring the commitments made and channelling the relevant information to the decision-making bodies. This model ensures the adequate oversight and accountability of sustainability.

Sustainability Committee

The Sustainability Committee, headed by the Chairman of ICO and comprising members from all Directorates General, AXIS and Fundación ICO, meets at least three times a year, with the possibility of extraordinary meetings when so required. Its main functions include:

- Defining ICO Group's concept of sustainability.
- Raising awareness about the sustainability strategy and conveying it internally.
- Developing and monitoring ICO's position on sustainable activity.
- Identifying and coordinating the implementation of new sustainability legislation.
- Promoting and overseeing sustainability initiatives in ICO Group.



Environmental Policy

To ensure its activity is environmentally friendly and seeks the prevention of environmental impacts, ICO Group has an Environmental Policy aligned with the requirements of the ISO 14001 Environmental Management Systems standard, in force since 2020, and a code of good environmental practices.

ICO Group's commitment to environmental sustainability is materialised through its adherence to various international initiatives and agreements, such as:

- The 10 Principles of the United Nations Global Compact.
- The Equator Principles.
- The 2030 Agenda and the 17 Sustainable Development Goals.
- The Paris Agreement (COP-21).
- Since 2021, ICO's Environmental Management System has been certified by European Quality Assurance (EQA). Although the scope of the certificate issued covers ICO's activity, the management system applies to the entire Group.
- The PCAF initiative.
- The GRI Standards.



6. Management of Proceeds

Net proceeds from the social bond will be placed in ICO's treasury and managed by the Treasury Area using existing internal tracking systems. ICO commits to invest the net proceeds yet to be invested in cash, cash equivalent or money market products.

The team in charge of Sustainable Finance will periodically review loans funded to identify those that meet the eligibility criteria and allocate the bond proceeds from the treasury to these loans.

ICO, on a best-efforts basis, will allocate all the social bond proceeds to eligible projects and loans within a year from the date of issuance of the bond.

Unallocated proceeds will not be invested in excluded activities as stated in Annex 2.



7. Reporting

ICO commits to provide the following reporting information with regard to its social bonds on a dedicated report publicly available in ICO's website.

Reporting can be referred to an individual social bond or, alternatively, there can be a single annual report for all social bond issuances under this framework.

Allocation reporting

ICO will provide investors with information on the allocation of the Social Bonds' proceeds one year after the issuance, and yearly thereafter until all proceeds have been allocated. Alternatively, information on the allocation might be published within the end of the calendar year as a single annual report. The allocation reporting will include:

- Total amount allocated with a breakdown by category, target population, region and sector.
- · Share of new financing and refinancing.
- Total amount of unallocated proceeds, if any.

Impact reporting

Until full allocation, ICO will also provide an annual impact reporting on the social benefits of the projects financed through the Social Bond issuance.

This report could include the following sample output metrics and impacts:

Project category	Output metrics	Impact
Affordable basic infrastructure (I) Water and sanitation	 Number of water infrastructure Projects built/upgraded 	 Access to clean, affordable water and sanitation Safe and affordable access to basic services to all
Affordable basic infrastructure (2) Connectivity and digital access	 Rate of coverage in concerned areas Number of companies / public institutions subscribed in concerned areas 	 Reduction in the digital gap between rural and urban communities Fight against connectivity challenges in the concerned areas
Affordable basic infrastructure (3) Energy	Number of direct beneficiariesNumber of households benefited	Improvement in access to energy infrastructure Reduction of regional inequalities





Project category	Output metrics	Impact
Access to essential services (I) Access to healthcare	 Number of projects Number of projects in areas with health offer shortages Number of patients benefitting from healthcare or medical treatment Number of hospital beds Number of hospitals and other healthcare facilities built/upgraded Live births in hospitals 	 Improvement in quality of life Increase in life expectancy Reduction of mortality Improvement in healthcare accessibility Reduction of maternal mortality rates Improvement in public health Improvement in the availability and quality of medical care Reduction of territorial and social health inequalities Improvement in population health
Access to essential services (2) Access to Education	 Number of projects Number of students benefited Number of education facilities and/or initiatives Increase in School/University capacity 	 Improvement in quality of education Increase in percentage of population who has graduated from tertiary education Increase in capacity and availability of educational institutions
Access to essential services (3) Access to professional training	 Number of beneficiaries trained/ graduated Number of beneficiaries successfully reintegrated into working force 	 Reduction of unemployment rate Improvement in quality of education Social and professional Integration of young and unemployed population
Access to essential services (4) Access to financing for companies and individuals facing natural / health disasters	Number of companies/ individuals affected by natural/ health disasters provided with access to financing	 Support to employment preservation and generation in the concerned area Development of territorial competitiveness in the



Project category	Output metrics	Impact
	Number of beneficiaries	concerned area Reduction of regional inequalities Enhancement of financial resilience/security of population Fight against housing
Social housing	among the target population Number of residences	exclusion by providing affordable housing and shelter to disadvantaged populations
Employment generation through SME Funding (I) Economically underperforming regions	 Estimated jobs created or retained in the concerned area Number of SMEs financed 	 Increase in GDP in the concerned areas Employment preservation and generation in the concerned area Development of territorial competitiveness in the concerned area Reduction of regional inequalities
Employment generation through SME Funding (2) Depopulation	 Estimated jobs created or retained in the concerned area Number of SMEs financed 	 Support to employment preservation and generation in the concerned area. Development of territorial competitiveness in the concerned area. Reduction of regional inequalities
Food Security and sustainable food systems	 Agricultural workers benefiting from professional training Number of people provided with access to affordable, safe, nutritious and sufficient food Number of people benefiting from agricultural projects and using improved farming technology 	 Increase of productivity in the food value chain through professional training and updated technology Access to sustainable and safe food systems Increase in share of population benefiting from adequate and improved food safety systems



Project category	Output metrics	Impact
		Reduction in per capita food waste
Socioeconomic advancement and empowerment	 Number of final beneficiaries among the target population Number of social enterprises receiving financing solutions from social funds Number of Social Funds receiving funding 	Promotion of local social solidarity and economic development



8. External review

ICO Social Bond Framework has obtained an External Review in the form of a Second Party Review from Sustainalytics to confirm its alignment with the Social Bond Principles as of June 2025. The external review will be made available on ICO website.



Appendix I. Definitions for SME Funding facilities

Small, medium, and micro enterprises

ICO adheres to the <u>European Union's definition and categorization of SMEs</u> which is described below:

- The category of small, medium, and micro-sized enterprises (SMEs) is made up of enterprises with fewer than 250 employees and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
- Within the SME category, a medium enterprise is defined as an enterprise with fewer than 250 employees and whose annual turnover does not exceed EUR 50 million and/or its annual balance sheet does not exceed EUR 43 million. A small enterprise is defined as an enterprise with fewer than 50 employees and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million. A micro-enterprise is defined as an enterprise with fewer than 10 employees and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Enterprise category	Headcount	Turnover	Balance sheet total
Medium	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million

SME Funding - Economically underperforming regions of Spain

ICO defines economically underperforming regions of Spain as regions with GDP per capita in 2024 lower than the Spain's national GDP per capita, as per <u>Spanish Regional Accounts</u>.

These economically underperforming regions are also characterized by an unemployment rate of 8% or greater. Based on GDP per capita criteria, economically underperforming Spanish regions eligible for SME loans under the social bond framework are listed below, with their corresponding GDP per capita and unemployment figures. Please refer to Appendix 4 for a map which illustrates the eligible regions listed.

Eligible regions	GDP per capita (2024)		Unemployment Rate (2024)
MELILLA	€	21.128	28,33%
CEUTA	€	23.228	27,45%
ANDALUCÍA	€	24.566	16,46%
EXTREMADURA	€	25.227	15,51%
CANARIAS	€	25.925	13,76%
MURCIA, REGIÓN DE	€	26.572	12,73%
CASTILLA - LA MANCHA	€	26.588	13,34%
COMUNITAT VALENCIANA	€	27.611	12,62%
ASTURIAS, PRINCIPADO DE	€	29.658	10,12%
CANTABRIA	€	29.791	7,84%
GALICIA	€	30.105	9,37%
CASTILLA Y LEÓN	€	31.149	9,41%



SME Funding - Depopulation: The Empty Spain

ICO understands the phenomena referred as "Empty Spain" as the observed depopulation in multiple municipalities in Spain, included but not limited to rural areas. Current trends in internal migration led to a concentration of the Spanish population on a limited surface of the country: according to Spain's ministry for territorial policy, 90% of the population was concentrated in only 30% of the territory⁵ by June 2018.

Municipalities facing depopulation experience (amongst other issues):

- Progressive ageing population
- Decrease in job opportunities
- Costly maintenance and decrease in quality of essential services (education, health centres, public transportation and infrastructure) due to low density and high level of dispersion of the inhabitants.

By financing SMEs and entrepreneurs established in depopulating municipalities, ICO supports the development of these areas and mitigates the trend of population decline. Through employment preservation and generation, this financing encourages entrepreneurs, professionals and young people to move to these communities, and fosters economic and social advancement of the target municipalities.

The Municipalities of Spain eligible for SME lending under the depopulation criteria under the social bond framework are listed in the following link:

 $\frac{https://www.ico.es/documents/20124/39727/Municipalities+of+Spain+facing+depopulation+table}{e.pdf/ff06b6e5-479f-5792-a35b-64dc2f67f24e}$

Appendix 2. Exclusionary criteria

The list of excluded activities for issuances under this framework is the following:

- Gambling
- Tobacco
- Alcohol
- Weapons, ammunition and lethal dual-use material
- Mining
- Nuclear power generation
- Fossil fuel-based energy
- Carbon related activities
- Oil and gas

⁵ Ministerio de Política Territorial y Función Pública, 2018



Appendix 3. GDP per Capita by regions in Spain

Spanish Regional Accounts - Statistical Revision 2024

Unit: Euros		2021			2022			2023 (P)			2024 (A)	
Autonomous Community	Value	Index España = 100	Interannual Variation Rate									
ANDALUCÍA	19.591	75,1%	10,2%	21.532	74,8%	9,9%	23.199	74,9%	7,7%	24.566	75,3%	5,9%
ARAGÓN	29.144	111,7%	7,9%	32.707	113,6%	12,2%	34.484	111,3%	5,4%	36.446	111,7%	5,7%
ASTURIAS, PRINCIPADO DE	23.446	89,9%	11,3%	26.552	92,2%	13,2%	28.136	90,8%	6,0%	29.658	90,9%	5,4%
BALEARS, ILLES	25.807	98,9%	14,1%	31.029	107,8%	20,2%	33.922	109,5%	9,3%	36.011	110,4%	6,2%
CANARIAS	19.021	72,9%	10,3%	22.218	77,2%	16,8%	24.337	78,6%	9,5%	25.925	79,4%	6,5%
CANTABRIA	24.303	93,1%	9,1%	26.512	92,1%	9,1%	28.362	91,6%	7,0%	29.791	91,3%	5,0%
CASTILLA Y LEÓN	25.020	95,9%	9,1%	27.509	95,5%	9,9%	29.474	95,2%	7,1%	31.149	95,5%	5,7%
CASTILLA - LA MANCHA	21.515	82,5%	9,4%	24.152	83,9%	12,3%	25.297	81,7%	4,7%	26.588	81,5%	5,1%
CATALUÑA	30.360	116,3%	9,2%	33.043	114,8%	8,8%	35.579	114,9%	7,7%	37.426	114,7%	5,2%
COMUNITAT VALENCIANA	22.944	87,9%	9,4%	24.732	85,9%	7,8%	26.464	85,4%	7,0%	27.611	84,6%	4,3%
EXTREMADURA	20.363	78,0%	11,0%	22.244	77,3%	9,2%	23.849	77,0%	7,2%	25.227	77,3%	5,8%
GALICIA	23.927	91,7%	9,4%	26.571	92,3%	11,1%	28.599	92,3%	7,6%	30.105	92,3%	5,3%
MADRID, COMUNIDAD DE	35.703	136,8%	8,7%	39.278	136,4%	10,0%	42.660	137,7%	8,6%	44.755	137,1%	4,9%
MURCIA, REGIÓN DE	22.087	84,6%	9,8%	24.281	84,3%	9,9%	25.265	81,6%	4,1%	26.572	81,4%	5,2%
NAVARRA, COMUNIDAD FORAL DE	31.486	120,7%	8,6%	34.726	120,6%	10,3%	37.011	119,5%	6,6%	39.076	119,7%	5,6%
PAÍS VASCO	32.898	126,1%	9,2%	36.300	126,1%	10,3%	38.962	125,8%	7,3%	41.016	125,7%	5,3%
RIOJA, LA	27.365	104,9%	6,7%	30.431	105,7%	11,2%	32.696	105,6%	7,4%	34.475	105,6%	5,4%
CEUTA	19.661	75,3%	8,1%	21.299	74,0%	8,3%	22.573	72,9%	6,0%	23.228	71,2%	2,9%
MELILLA	17.891	68,6%	6,6%	19.455	67,6%	8,7%	20.565	66,4%	5,7%	21.128	64,7%	2,7%
National Total	26.094	100,0%	9,4%	28.792	100,0%	10,3%	30.976	100,0%	7,6%	32.633	100,0%	5,3%

(P) Provisional estimate

(A) Estimated advance

Notes:

- For the calculation of GDP per capita and as a consequence of the agreement between the EU Member States and Eurostat, the value of the GDP of the Extra-Regio is not distributed among the rest of the regional territories.
- (*) Annual average population residing in Spain. Sources: Annual Population Census, INE; Continuous Population Statistics, INE. Units: Thousands of persons

Appendix 4. Economically underperforming regions of Spain

Economically underperforming regions of Spain (in Yellow):

