



COFIDES 2025

Compañía Española de Financiación del Desarrollo

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

This self-assessment refers to the five Spanish sovereign funds (hereinafter referred to as the “**Funds**” or “**SWF**”) managed by Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. (hereinafter “**COFIDES**” or “**Fund Manager**”):

1. Fund for Foreign Investments (Fondo para Inversiones en el Exterior, F.C.P.J. -hereinafter “**FIEX**”),
2. Fund for Foreign Investment Operations of Small and Medium Enterprises (Fondo para Operaciones de Inversión en el Exterior de la Pequeña y Mediana Empresa, F.C.P.J. -hereinafter “**FONPYME**”),
3. Fund for the Recapitalization of Companies affected by Covid-19, F.C.P.J. ([Fondo de recapitalización de empresas afectadas por la Covid-19, F.C.P.J.](#) – hereinafter “**FONREC**”),
4. Coinvestment Fund (Fondo de Coinversión, F.C.P.J. -hereinafter “**FOCO**”) and
5. Social Impact Fund (Fondo de Impacto Social, F.C.P.J. -hereinafter (“**FIS**”)

The Funds share the following common legal features:

1. were created and are regulated by statute of law;
2. are formed as funds without legal personality (“*fondo carente de personalidad jurídica*” – F.C.P.J.), therefore not as a corporation, company or any sort of separate legal entity, but rather established as a separate pool of assets (“*patrimonio separado*”);
3. the Spanish State is the sole unitholder, as the only contributor. Consequently, the Funds are wholly-owned by the Spanish State and, for public law purposes, form part of the Spanish public sector.

Spanish legal framework of the Funds:

(i) FIEX and FONPYME

FIEX and FONPYME were created pursuant to Articles 114 and 115, respectively, of Law 66/1997 of 30 December, on Fiscal, Administrative and Social Order Measures (hereinafter “**Law 66/1997**”).

Law 66/1997 provides for the main features of these Funds. Additionally, and as development of said law, these Funds’ activities and operation are in more detail regulated by the Spanish Royal Decree 1226/2006 of 27 October (hereinafter “**Regulation 1226/2006**”, also referred to as its “**Implementing Regulation**”)

Specifically, FIEX and FONPYME are assigned to the Secretariat of State for Trade (“*Secretaría de Estado de Comercio*” -hereinafter “**SEC**”), which currently belongs to the Ministry of Economy, Trade and Enterprise.

As per Article 116 Law 66/1997, (i) the governing body of each of these SWF corresponds to its respective Executive Committee (hereinafter, individually, the “**EC**” and jointly, the “**ECs**”), whose composition and key features are provided by the Implementing Regulation; (ii) COFIDES is designated as Fund Manager for these Funds, acting for such purposes in its own name and on behalf of the Funds.

See referred legal framework at (available in Spanish only):

<https://www.boe.es/eli/es/l/1997/12/30/66/con>

<https://www.boe.es/eli/es/rd/2006/10/27/1226/con>

(ii) FONREC

FONREC was created by Article 17.1 of Spanish Royal Decree-Law 5/2021, of 12 March, regarding extraordinary measures to support corporate solvency in response to the Covid-19 pandemic (hereinafter “**Law 5/2021**”).

Law 5/2021 provides for the main features of the Fund, entrusting its management to COFIDES under Article 17.5, which acts for such purposes in its own name and on behalf of the Fund, and establishing its governing body – the Technical Investment Committee, or **TIC**– under Article 17.6.

Additionally, and as development of said law, the Fund’s activities and operational framework are further regulated by the Resolution of 15 June 2021, of the Secretary of State for Trade, publishing the Agreement of the Council of Ministers of 15 June 2021 (“**ACM 15/6/2021**”).

See referred legal framework at (available in Spanish only):

<https://www.boe.es/eli/es/rdl/2021/03/12/5/con>

[https://www.boe.es/eli/es/res/2021/12/13/\(1\)](https://www.boe.es/eli/es/res/2021/12/13/(1))

FONREC is also attached to the Ministry of Economy, Trade and Enterprise through the SEC.

(iii) FOCO

FOCO was created pursuant to Article 5 of Spanish Royal Decree-Law 8/2023, of 27 December, adopting measures to address the economic and social consequences of the conflicts in Ukraine and the Middle East, as well as to mitigate the effects of drought (hereinafter, “**Law 8/2023**”). Its management is entrusted to COFIDES under Article 9 and its governing body – the Interministerial Technical Investment Committee, a collegiate body attached to the Ministry of Economy, Trade and Enterprise (hereinafter, “**FOCO’s CITI**”)– is established in paragraph 8, Article 9.

Additionally, the Fund’s activities and operational framework are further regulated by the Resolution of the Secretary of State for Trade of 24 May 2024, publishing the Agreement of the Council of Ministers of 16

April 2024 (hereinafter “**ACM 16/4/2024**”, the Fund’s Implementing Regulation).

FOCO was initially outlined in Component 13, Investment 8 of the Addendum to the Recovery, Transformation, and Resilience Plan (“**PRTR**”, in its Spanish acronym) approved by the Council Implementing Decision of 2 October 2023 (“**CID 2/10/2023**”). The PRTR is Spain’s national plan financed entirely through the European Union’s Recovery and Resilience Facility (“**RRF**”, in its acronym), the central instrument of the EU’s NextGenerationEU initiative (established by the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021).

See referred legal framework at (available in Spanish only):

<https://data.consilium.europa.eu/doc/document/ST-13695-2023-ADD-1/en/pdf>

<https://www.boe.es/eli/es/rdl/2023/12/27/8>

[https://www.boe.es/eli/es/res/2024/05/24/\(2\)](https://www.boe.es/eli/es/res/2024/05/24/(2))

(iv) FIS

FIS was created pursuant to Article 10 of Spanish Royal Decree-Law 4/2024, of 26 June, extending certain measures to face the economic and social consequences derived from the conflicts in Ukraine and the Middle East and adopting urgent fiscal, energy and social measures (hereinafter, “**Law 4/2024**”). Its management was entrusted to COFIDES under Article 14.1 of said law and its governing body is established under Article 14.8 –the Interministerial Technical Investment Committee, a collegiate body attached to the Ministry of Inclusion, Social Security and Migration (hereinafter, “**FIS’ CITI**” and, together with the FOCO’s CITI, the “**CITIs**”)–.

Additionally, the Fund’s activities and operational framework are further regulated by the Resolution of the General Secretary for Inclusion of 24 July 2024, publishing the Agreement of the Council of Ministers of 23 July 2024 (hereinafter, “**ACM 23/7/2024**”, the Fund’s Implementing Regulation).

FIS was initially outlined in Component 22, Investment 6 of the Addendum to the PRTR, approved by the CID 2/10/2023 and thus its funding is provided by the RRF in the context of the EU’s NextGenerationEU initiative.

See referred legal framework at (available in Spanish only):

<https://data.consilium.europa.eu/doc/document/ST-13695-2023-ADD-1/en/pdf>

<https://www.boe.es/eli/es/rdl/2024/06/26/4/con>

[https://www.boe.es/eli/es/res/2024/07/24/\(5\)](https://www.boe.es/eli/es/res/2024/07/24/(5))

For the purposes of this document, the abovementioned entities –ECs, TIC and CITIs– shall be individually referred to as “**Governing Body**” and collectively as “**Governing Bodies**”.

COFIDES ownership is:

1. 53.68% Spanish public stake held by ICEX (Spanish Institute for Foreign Trade), ICO (state-owned bank, attached to the Ministry of Economy, Trade and Enterprise) and ENISA (public institute for start-up financing).
2. 45.18% private stake held by Spanish commercial banks (Banco Santander, BBVA and Banco Sabadell).
3. 1.14% held by CAF-Corporación Andina de Fomento (Development Bank of Latin America and The Caribbean)

Principle 2

2. The policy purpose of the SWF should be clearly defined and publicly disclosed.

FIEX: In accordance with the provisions of section one of Article 114 of Law 66/1997 this Fund aims to promote the internationalization of Spanish enterprises, and, in general, of the Spanish economy, through temporary and minority equity investments in Spanish companies, their affiliates located abroad or through other any participative financial instruments.

FONPYME: In accordance with the provisions of section one of Article 115 of Law 66/1997, this Fund has the same mandate as FIEX butin relation exclusively to the internationalization of the activity of small and medium-sized Spanish enterprises, and, in general, of the Spanish economy.

FONREC: In accordance with the provisions of section two of Article 17 of Law 5/2021, this Fund provides temporary public support under criteria of profitability, risk and impact on sustainable development, in order to strengthen the solvency of companies headquartered in Spain that are experiencing temporary hardship as a result of the Covid-19 pandemic.

FOCO: in accordance with the provisions of Article 6 of Law 8/2023, this Fund seeks to attract foreign investments to support projects in Spain that strengthen the country's long-term economic growth, including job creation, boosting public and private investments, modernizing the productive sector, accelerating the green and digital transitions, and enhancing social and economic resilience.

FIS: in accordance with the provisions set forth in Article 11 of Law 4/2024, this Fund is designed to address social and environmental challenges that are insufficiently served by private capital markets. It aims to generate additional impact through tailored financial instruments adapted to the specific characteristics of the impact economy, thereby attracting private investors to finance socially and environmentally impactful economic activities.

Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

The combined assets of the Funds under management by COFIDES are not considered significant within the general macroeconomic policy instruments of Spain. Moreover, the governance structure, policy alignment and environmental safeguards embedded in the legal and operational frameworks of these Funds –further detailed throughout this document– ensure that their operations remain consistent with Spain's fiscal and economic strategy.

The industries, geographical scope and different instruments invested by FIEX and FONPYME are directed by the respective EC, formed by public servants from different Spanish ministries. As the Funds are assigned to the SEC, EC decisions are aligned with the general Spanish trade policy in force from time to time. Daily management of the Funds is driven by the Operational Guidelines approved by the EC (see section 18). In particular, members of the EC check the financial support from different public entities to be applied to a specific project.

FONREC, created in response to the Covid-19 crisis, has targeted sectors directly affected by the pandemic. Its governing body, the TIC, is composed of members of the Secretary of State for Industry, the Secretary of State for Economy and Business Support, the SEC, the Secretary of State for Tourism and other public entities.

FOCO and FIS are explicitly framed to support Spain's macroeconomic response to geopolitical and climate-related shocks, as well as to foster the development of the impact economy. The Funds' investment policies are tightly bound to the national PRTR and must comply with the European Union's "Do No Significant Harm" ("DNSH") principle. This ensures that the activities of FOCO and FIS are not only economically aligned with Spain's policies and strategic priorities, but also environmentally sustainable.

Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

FIEX and FONPYME's source of funding, aside from income generated by the Funds –which is reinvested pursuant Article 18.2 of Royal Decree 1226/2006–, is the annual General State Budget, in accordance with Article 20 of the same Regulation. The "**General State Budget**" is prepared by the Spanish Central Government, enacted annually by the Spanish Parliament, and publicly disclosed in the Spanish Official Gazette ("*Boletín Oficial del Estado*").

Each year, COFIDES submits a funding proposal to the corresponding EC's of FIEX and FONPYME. These Governing Bodies examine the proposal and make a decision based on the Funds' financial needs in accordance with FIEX and FONPYME's business forecasts. After approval by the ECs, the proposals are studied by the Spanish Central Government for potential inclusion in the annual General State Budget. FIEX and FONPYME have consistently been funded through allocations from this annual Budget.

FONREC was endowed upon its constitution pursuant to Law 5/2021. No additional endowments are foreseen, as it was created during the Covid pandemic without a revolving nature. In accordance with Article 17.3 of Law 5/2021, its resources were singularly financed through an extraordinary credit charged to the Spanish General State Budget.

FOCO was endowed upon its creation pursuant to Article 5 of Law 8/2023 via the Spanish General State Budget, as established in the same article.

All returns generated by FOCO are reinvested in accordance with its investment policy.

The initial endowment of FOCO may be increased through additional allocations to the General State Budget. Each year, the SEC submits, at the request of COFIDES as Fund Manager, proposals relating to the increase in the Fund's endowment for inclusion in the General State Budget Law.

FIS was endowed upon its creation pursuant to Article 10 of Law 4/2024 via the Spanish General State Budget through an allocation charged to the budget of the Ministry of Inclusion, Social Security and Migration. All returns generated by FIS are reinvested in accordance with its investment policy.

The initial endowment may also be increased through additional allocations charged to the same ministerial budget. Each year, the General Secretary for Inclusion submits, at the request of COFIDES as Fund Manager, proposals relating to the increase in the Fund's endowment for inclusion in the corresponding yearly General State Budget Law.

The Funds' assets are consolidated within the Spanish General State Budget. They are independent pools of assets with their own annual financial statements and are subsequently consolidated. Therefore, it is possible

to identify the extent to which they contribute to each line item of the balance sheet or income statement of the Spanish General State Budget. At such budgetary level, each Fund and its corresponding budget line are presented in detail.

Figures are publicly disclosed once the financial statements are approved. The General Intervention Board of the State Administration (“IGAE”) (which is (i) the internal supervisory agency of the state public sector and (ii) the direction and management center for public accounts), publishes them in a specific registry of annual accounts for the public sector.

Link to IGAE’s database for financial statements (Spanish only):

pap.hacienda.gob.es/Recuenta/Views/Buscador.aspx

Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

The Funds report the following statistical data both to the OECD via the Ministry of Foreign Affairs, European Union and Cooperation and yearly to the State via the Secretary of State for Trade.

- Investments abroad
- Number of employees of investee companies
- Investments per country
- Investments per industry
- Total investments of the year
- Total divestments of the year
- Assets Under Management

The Funds’ transactions, as mainly addressed to foreign entities, are also reported for statistical purposes to the Spanish Central Bank (cross-border financing) and the Ministry of Economy, Trade and Enterprise (foreign equity investments)

FOCO and FIS, as instruments under the European Union’s Recovery and Resilience Facility (RRF), are subject to additional reporting obligations aligned with Regulation (EU) 2021/241. These include:

- Financial metrics such as total investments, divestments, assets under management and breakdowns by industry.
- ESG-related disclosures: environmental and social rating reports, sponsor quality, and governance indicators.
- Progress tracking against Milestones and Targets defined under Spain’s PRTR.

Environmental and social datasets are also required, including compliance with the DNH principle and alignment with the EU’s Taxonomy Regulation.

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

As generally described in section I.1 *in fine*, Funds are administrated by their respective Governing Bodies and managed by COFIDES.

The division of roles and responsibilities are clearly established by the Regulation 1226/2006 (see sections 8 and 9) for FIEX and FONPYME.

In general terms, the EC is responsible for the final decision on investments and disinvestments, the review of the portfolio, the approval of the Funds Annual Accounts and Report, and the oversight over Manager's activity. EC meetings are held on a monthly basis.

For FONREC the division of roles and responsibilities are clearly established by the Law 5/2021 which establishes the TIC, a collegiate interministerial body attached to the Ministry of Economy, Trade and Enterprise. The TIC controls and monitors the operations carried out by COFIDES as Fund Manager of FONREC.

Annex IV of the ACM 15/6/2021 describes the composition (Section 2) and responsibilities (Section 3) of the TIC, which, in short, are the approval of investment, divestments, review of the portfolio and oversight of COFIDES activity.

The governance framework of both FOCO and FIS follows a sequential two-tier veto structure that aims to ensure both technical and institutional oversight.

First, COFIDES, acting as Fund Manager, brings the investment proposals to a Panel of Independent Experts (PEI) which examines and emits an opinion on the viability and impact of each investment proposal.

Once the PEI issues a favorable opinion, COFIDES submits the proposal to CITI of either FOCO or FIS. These CITIs are composed of representatives of different ministries and are chaired by the Secretary of State for Trade in the case of FOCO, and the General Secretary for Inclusion, in the case of FIS.

Once a proposal reaches its respective CITI, this Governing Body issues either a confirmation of non-objection or a veto.

As Fund Manager, COFIDES is responsible for the day-to-day running of the portfolio, including, inter alia, the execution of investments and disinvestments approved by the corresponding Governing Body, the monitoring of portfolio companies, accounting, depositary functions, and other related administrative tasks.

Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

The objectives of the Funds are laid down in their respective legal frameworks and, therefore, may only be modified through amendments to the respective laws passed by the Spanish Parliament.

Oversight by the Funds' owner (i.e. the Spanish Central Government/State) is developed by the State agencies that audit the public sector (IGAE and the Court of Auditors -*Tribunal de Cuentas*-, as this term is defined under Section 12).

Likewise, structural changes to the Funds can be made only by means of an amendment enacted by the Spanish Central Government.

For FIEX and FONPYME, the composition of the EC is directly set up by the Implementing Regulation. They are formed by:

- A president, who by legal provision is the Secretary of State for Trade.
- A first vice president, who is, by legal provision, the general director of International Trade and Investments.
- A second vice president, who by legal provision is the president of COFIDES.
- Twelve additional committee members:
 - Five representatives of the General Directorate of International Trade and Investments
 - One representative of the General Directorate of Industry and of the Small and Medium Enterprises.
 - Two representatives of ICEX Spain Export and Investment.
 - One representative of the General Secretariat of the Treasury and Financial Policy
 - One representative of the State Secretariat for Budgets and Expenditures.
 - One representative of the Official Credit Institute, ICO
 - One representative of the General Secretary of the Industry and of the Small and Medium Enterprises.
- A secretary, without voice nor vote.

Except for the president and first and second vice-presidents, whose appointment as members of the Committees is automatic because of their position within the Spanish Central Government, the remaining members must be appointed by the Minister of Economy, Trade and Enterprise, at the proposal of the Secretary of State for Trade.

The mandate of the members of the Committees, except for those who are due to their position (president and vice-presidents), is renewable every two years.

One of the functions of the EC is the reporting to the Spanish Central Government, on the following items:

Annual Accounts and Report of the Fund.

Proposal on Fund's allocation to be included in the General State Budget.

From time to time, proposals on any change deemed necessary in the Fund's regulation.

For FONREC, the TIC is formed by 9 members:

- The President, who will be the person in charge of the SEC, of the Ministry of Economy, Trade and Enterprise. The meetings of the TIC shall always be chaired by the Chairperson or the person who deputizes for her/him.
- The person in charge of the Directorate General for Trade Policy of the SEC, who shall be the First Vice-Chairman of the TIC.
- The person in charge of the General Directorate of International Trade and Investments of the SEC.
- The General Director of Industry and Small and Medium Enterprises of the General Secretariat of Industry and Small and Medium Enterprises.
- 2 representatives of the Secretariat of State of Economy and Support to the Company.
- A representative of the Secretariat of State of Tourism.
- A representative of the SEPI
- The President of COFIDES.

In the case of FOCO, oversight and monitoring responsibilities lie with the FOCO's CITI.

It is chaired by the Secretary of State for Trade and composed of 11 representatives from various ministries and public institutions:

- The General Director of Foreign Trade and Investment of the SEC
- The General Director of Industrial Strategy and SME, of the Secretary of State for Industry and SMEs
- An additional representative from the SEC
- A representative of the Secretary of State of Economy and Business Support

- A representative from ICEX
- A representative from the Ministry of Ecological Transition and Demographic Challenge
- A representative from the Ministry of Digital Transformation and Public Function
- A representative from the Ministry of Science, Innovation and Universities
- A representative from the Ministry of Defense
- A representative from the Office of Economic and G20 Affairs of the Office of the President of the Spanish Central Government
- The President of COFIDES

Additionally, and before reaching the FOCO's CITI, investment proposals must be reviewed by a Panel of Independent Experts (PEI), composed of 3 to 9 reputable professionals from the private sector with diverse technical expertise appointed by the Fund Manager under fixed-term service contracts.

FIS governance also follows a two-tier structure.

Investment proposals are first reviewed by a tailored Panel of Independent Experts (PEI) composed of 3 to 9 professionals with diverse technical expertise. These experts are appointed by COFIDES under fixed-term service contracts. This PEI is specific to FIS and operates independently from the PEI established for FOCO.

Only proposals endorsed by the PEI are then submitted to the FIS' CITI, chaired by the General Secretary for Inclusion and composed of representatives from the following 6 ministries:

- Ministry of Inclusion
- Ministry of Economy, Trade and Enterprise
- Ministry of Labour and Social Economy
- Ministry for Ecological Transition and the Demographic Challenge
- Ministry of Social Rights, Consumer Affairs and Agenda 2030
- Ministry of Finance

COFIDES' President attends the meetings of FIS' CITI in an advisory capacity, without voting rights.

Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

The Governing Bodies of FIEX and FONPYME are their respective ECs (one for each, but with the same members for both bodies), as per Article 116.1 Law 66/1997 for FIEX and FONPYME.

Role and responsibilities of the ECs are defined in Articles 3 (FIEX) and 11 (FONPYME) of the Implementing Regulation, including a list of administration functions:

- Evaluate and approve or deny the operations proposed by the Manager.
- Analyze and assess the evolution of the portfolio investments and approve, if required, the measures considered appropriate to ensure the smooth running of said operations to fulfil the objective of the Funds.
- Propose to the Government, through the Secretary of State for Trade, any proposals deemed necessary to ensure the proper functioning of the Fund
- Approve and send to the Minister of Economy, Trade and Enterprise and to IGAE the annual accounts of the Fund, as well as the annual report.
- Establish a financing limit per operation under operational criteria and to avoid excessive concentration of risks, based on the annual increase in the Fund's endowment, as well as any other operational limits deemed necessary to establish, to ensure the proper functioning of the Fund and risk monitoring.

- Evaluate and approve the collaboration agreements.
- Approve the preliminary draft annual budgets of the Fund for submission to the Minister of Economy, Trade and Enterprise in accordance with the provisions of Article 33 of Law 47/2003, of 26 November, General Budget.
- Verify the adequacy of the Manager's remuneration set by Law 66/1997.
- Approve due diligence cost.
- Request from the Manager any information necessary to assess the risks assumed by the State as well as to determine the economic-financial information that must be sent specifically or periodically to the EC.
- Establish the eligibility criteria for investments.
- Any other inherent in the administration of the Fund.

Role and responsibilities of the TIC (Governing Body of FONREC) are defined in Article 3 of ACM 15/6/2021, including a list of administration functions:

- Approve investments
- Evaluate the evolution of the portfolio and take appropriate measures to ensure the smooth running of the Fund and compliance with its objectives
- Approve execution of certain actions, including but not limited to divestments, reductions and waivers, accession to creditors' agreements, refinancing, restructuring, renegotiations, acknowledgments of debt or judicial or extrajudicial transactions
- Approve submission to arbitration or other means of conflict resolution of disputes, the abandonment of legal actions already initiated or the temporary waiver of the exercise of legal actions
- Propose to the Spanish Central Government, through the Directorate General for Commercial Policy, any actions that may be considered necessary for the purpose of ensuring the correct operation of the Fund.
- Establish a risk appetite framework
- Verify the correct application of the criteria for calculating the Manager's remuneration, as well as to ratify the payment of such remuneration.
- In general, to carry out the control and monitoring of the transactions carried out by the Manager with charge to the Fund, as well as to exercise any other powers deriving from the provisions of the Royal Decree-Law.

The role and responsibilities of FOCO's CITI are set out in Article 9.8 of Law 8/2023 and its Implementing Regulation, including, inter alia, the following functions defined in Article 4.8 of ACM 16/04/2024:

- Clearance (non-objection) to investments approved in principle by the Fund Manager
- Monitor the evolution of operations executed under the Fund
- Review and update divestment timelines when delayed
- Recommend actions to the Spanish Central Government via the Secretary of State for Trade to ensure proper Fund performance
- Define eligibility requirements and approve the Operational Guideline of the Fund at the Fund Manager's proposal
- Request financial and risk-related information from the Fund Manager for control and monitoring purposes
- Authorize the Fund Manager's involvement in company management roles
- Authorize arbitration or other extrajudicial mechanisms, and legal action management (initiation, withdrawal, waiver)
- Review the Fund's financial statements prior to their approval and verify the Fund Manager's remuneration proposals and payments
- In general, monitor all operations approved under the Fund and exercise any other powers derived from Law 8/2023.

The role and responsibilities of FIS' CITI are set out in Article of Law 4/2024 and its Implementing Regulation, including, inter alia, the following functions defined in Article 3.8 of ACM 23/07/2024:

- Clearance (non-objection) to investments approved in principle by the Fund Manager
- Monitor the evolution of operations executed under the Fund
- Recommend actions to the Spanish Central Government via the General Secretary for Inclusion to ensure proper Fund performance
- Approve the Fund's Operational Guideline at the Fund Manager's proposal
- Request financial and risk-related information from the Fund Manager for control and monitoring purposes
- Authorize the Fund Manager's involvement in company management roles
- Authorize arbitration or other extrajudicial mechanisms, and legal action management (initiation, withdrawal, waiver)
- Verify and ratify the Manager's remuneration according to ministerial provisions
- In general, monitor all operations approved under the Fund and exercise any other powers derived from Law 4/2024.

The Governing Bodies of all the Funds under COFIDES' management approve their respective Operational Guidelines, which are a compendium of investment and divestment procedures, including eligible investments, operating issues and reporting activities.

Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

COFIDES is the designated Fund Manager for FIEX and FONPYME (under Article 116.2 of Law 66/1997), FONREC (under Article 17.5 of Law 5/2021), FOCO (under Article 9 of Law 8/2023) and FIS (under Article 14 of Law 4/2024), acting in all cases in its own name and on behalf of each of the Funds.

Operational management role and responsibilities of COFIDES, as Fund manager, are listed in Articles 5 (FIEX) and 13 (FONPYME) of the Royal Decree 1226/2006; Annex III of the ACM 15/6/2021 (FONREC); Annex III of the ACM 16/4/2024 (FOCO); and Annex III of the ACM 23/7/2024 (FIS), including *inter alia*:

- Evaluate investment proposals
- Submit proposals to the Governing Bodies and, where applicable, to the PEI
- Perform legal and financial closing of operations
- Monitor portfolio investments
- Represent the Funds in the decision-making bodies of portfolio companies.
- Monitor the activity of capital expansion funds or private equity funds participated by the Funds and participate in their decision-making or administration bodies, provided this does not entail direct management of the underlying companies.
- Act as custodian of the financial documentation of investments.
- Carry out administrative tasks with the strictest principles of financial prudence.
- Propose divestments to the Governing Bodies.
- Act legally in the interest and on behalf of the Funds.
- Sign collaboration agreements with other investors who may wish to participate in the activities of the Funds.
- Propose to the Governing Bodies a risk exposure limit per investment, as well as any other operational limits considered necessary to ensure the proper functioning of the Funds and risk monitoring.
- Act as Secretary of the Governing Bodies.
- Undertake differentiated and independent accounting for each Fund.

- Prepare the annual budgets of the Funds
- In general, the Manager will carry out all those actions and initiatives that are necessary for the proper functioning of the Funds and will provide the Governing Bodies with all the information and documentation it requests.

For the execution of these management activities, COFIDES' organizational structure includes:

- Chairman /CEO, General Manager and General Secretary, usual roles for the positions.
- Business development: identification of new investment opportunities
- Investment and Portfolio management: analysis of investment opportunities, negotiation of investment terms and conditions, legal and financial closing of investments, monitoring throughout the investment life and divestment
- Risk management: second opinion on every investment decision, monitoring and divestment; portfolio review to direct the business development effort (i.e. countries, industries, size of investee companies)
- Impact and Sustainability: review of impact, environment and social risk of invested companies.
- Finance department: accounting and treasury management
- Department for internal controlling, auditing and quality: standard compliance role.

COFIDES' Board of Directors is composed of representatives from its shareholders (with the Spanish public State holding a majority stake).

COFIDES Steering Committee is composed of the chairman /CEO of COFIDES, the General Director and the directors of each area.

It is the responsibility of the Steering Committee to analyze and approve/deny all those issues that must be presented to the Governing Bodies of the Funds and those that are strategic, routine or specific that are relevant for the proper functioning of the Funds, among which are:

Documents and reports that must be submitted to the instances referred to in the previous paragraph or to other instances. By way of example and not limitation, the following should be noted:

- Proposals for investment operations, divestment, refinancing, and other in the portfolio companies.
- Proposal for a Strategic Plan, Commercial Plan, portfolio companies monitoring, E&S monitoring plan.
- Economic-financial information - Activity Reports, Financial Statements, budgets, other accounting and management documents.
- Other matters such as Country Reports, four-monthly updates of the price grid, project reports with judicial proceedings in progress.
- Corporate management issues: Objectives and monitoring of Objectives, HR, IT, legal compliance matters, Internal Control and quality including updates of Operating Procedures, Internal and external audits, authorization of contracting of suppliers
- Any other issues, initiatives or weekly priorities deemed appropriate to address the proper functioning of the company.

Each COFIDES director is responsible for implementing in their department the decisions taken by the Governing Body and the Steering Committee.

COFIDES Steering Committee's tasks and responsibilities are set in the internal management regulations of COFIDES and publicly disclosed for all COFIDES employees.

Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

As mentioned in sections 6 to 9, the accountability framework of each Fund is defined in its corresponding law and implementing regulation:

FIEX and FONPYME – Law 66/1997 and Royal Decree 1226/2006

FONREC – Law 5/2021 and ACM 15/6/2021

FOCO – Law 8/2023 and ACM 16/4/2024

FIS – Law 4/2024 and ACM 23/7/2024

Additionally, in the case of FOCO and FIS, their monitoring, control and audit systems follow the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021, establishing the Recovery and Resilience Facility (RRF), as well as other relevant European and national implementing legislation.

Therefore, no other incorporation/constitutive legal documents or management agreements exist.

Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

The Funds annual report and financial statements include in its management report, a brief monitoring of the portfolio companies only disclosed to the Governing Bodies of the Funds and IGAE (which is the auditing entity of public companies and entities - see section 12).

The Funds' financial statements are prepared under Spanish GAAP for funds.

The financial statements of the Funds include information about contingent liabilities and off-balance sheet items.

Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

The financial statements are subject to yearly auditing procedure of IGAE. Those statements, including the audit report, are public for review.

As a supervisory agency, IGAE is responsible for verifying, through previous monitoring of legality, continuous financial control, public audits, and financial control of subsidies that the state public sector's economic and financial activity complies with the principles of legality, economy, efficiency and effectiveness.

As a center for the management of public accounts, it is responsible for providing reliable, complete, professional and independent accounting information about public management. In this regard, it is responsible for drafting the public sector's financial accounts according to the methodology of the European System of National Accounts, the most specific result of which is the determination of the public deficit, which is essential to the nation's economic life. It calculates the deficit for both the Spanish Central Government and each of its sub-sectors.

<http://www.igae.pap.hacienda.gob.es/sitios/igae/en-gb/Paginas/Inicio.aspx>

Additionally, on demand, the Court of Auditors (*Tribunal de Cuentas*) audits the operational activity of the Funds.

The “**Court of Auditors**” is the external audit body recognized by the [Spanish Constitution](#), which is configured as the supreme audit body of the accounts and the financial management of the public sector, without prejudice to its judicial function focused on the prosecution of accounting liability incurred by those who are responsible for the management of public funds.

<https://www.tcu.es/tribunal-de-cuentas/en/>

Aside from the above, in the case of FOCO and FIS, since they are part of the PRTR funded by the RRF, their financial statements are additionally subject to the supervision of the European Anti-Fraud Office and the Court of Auditors of the European Communities.

Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF’s governing body(ies), management, and staff.

Members of the Governing Bodies of the Funds – namely the ECs, TIC and the CITIs– are subject to the general liability regime for Spanish civil servants, which include the submission to the Code of Conduct provided by Chapter VI Title III of Law 5/2015. Additionally, the presidents and first vice-presidents of the Governing Bodies, as senior official of the central administration (“*alto cargo*”), are subject to special duties of care in the exercise of their public activity, as provided by Law 3/2015. Specifically, all members of these Governing Bodies must refrain from participating in any decisions in cases of conflict of interest.

Most Governing Body-members are career top civil servants. Under the Spanish public system, civil servants accede via competitive process and career to become in a top civil servant is based on knowledge and professional merits. As mentioned in section 7 above, the composition of the Governing Bodies is directly set up by the Implementing Regulation of each Fund.

COFIDES staff (not civil servants) is largely recruited from private sector selected by a competitive process.

The recruitment and recruitment processes are regulated by internal procedures and guarantee compliance with the criteria of transparency, publicity, concurrence, equality, capacity and merit.

Members of the Steering Committee –which oversees internal management and prepares matters for all the Funds’ Governing Bodies– are usually selected from among senior staff when the necessity arises and based on experience, capacity and seniority.

COFIDES has a Code of Ethics applicable to all employees and approved by its Board of Directors, which forms part of its corporate governance, regulatory compliance, criminal prevention and social responsibility policies.

The Code of Ethics includes both the conduct that COFIDES expects from its professionals as well as the Company's actions towards its stakeholders, serving as a deontological guide that establishes the values and commitments governing professional activity in the Company. It is publicly available at:

<https://www.cofides.es/en/about-us/governance>

Members of the Governing Bodies of the Funds and of COFIDES’ Board of Directors and Steering Committee are covered by insurance.

Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

COFIDES has internal procedures to deal with third parties with regards to:

- Suppliers and services providers hiring manual, based on the principles of publicity, concurrence, transparency, confidentiality, equality and non-discrimination, in accordance with Law 9/2017 on Public Sector Contracts.
- Money laundering prevention manual
- Anti-corruption manual
- Conflicts of Interest manual
- Anti-fraud measures manual
- Corporate's liability prevention manual
- Confidentiality manual
- Tax Policy

Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

The Funds' investments are conducted in compliance with all eventual and applicable regulatory and reporting requirements in host countries.

FIEX's and FONPYME's investments are linked to internalization of Spanish companies, and mandatorily minority investments, so in principle do not affect host countries from a strategic or macroeconomic point of view.

In contrast, FONREC, FOCO and FIS are purely domestic, with no activity outside Spain.

Principle 16

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

For FIEX and FONPYME, their governance framework is based on Law 66/1997 and Implementing Regulation, which are legal provisions of public domain.

For FONREC, its governance framework is based on Law 5/2021 and ACM 15/6/2021, which are legal provisions of public domain.

FOCO's governance framework is based on Law 8/2023 and its implementing regulation –the ACM 16/4/2024–, which are legal provisions of public domain.

FIS' governance framework is based on Law 4/2024 further developed by ACM 23/7/2024, which are legal provisions of public domain.

In the same sense, independent operation of the Funds by COFIDES is public as set up in such legal framework.

See referred legal framework at (available in Spanish only):

<https://www.boe.es/eli/es/l/1997/12/30/66/con>

<https://www.boe.es/eli/es/rd/2006/10/27/1226/con> <https://www.boe.es/eli/es/rdl/2021/03/12/5/con>

[https://www.boe.es/eli/es/res/2021/12/13/\(1\)](https://www.boe.es/eli/es/res/2021/12/13/(1))

<https://www.boe.es/eli/es/rdl/2023/12/27/8>

[https://www.boe.es/eli/es/res/2024/05/24/\(2\)](https://www.boe.es/eli/es/res/2024/05/24/(2))

<https://www.boe.es/eli/es/rdl/2024/06/26/4/con>

[https://www.boe.es/eli/es/res/2024/07/24/\(5\)](https://www.boe.es/eli/es/res/2024/07/24/(5))

Principle 17

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

Funds' financial statements are published on COFIDES' web page (available in Spanish only):

<https://cofides.es/en/about-us/corporate-information>

On COFIDES' web page success stories are also published with non-sensitive data.

<https://www.cofides.es/en/our-work/success-stories>

Pillar 3: Investment

Investment and Risk Management Framework.

Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

The Funds investment policy is included in the Operational Guidelines.

For FIEX and FONPYME, the Operational Guideline is approved by the EC and was initially established in 2005. Since then, it was reviewed in 2011, 2015, 2017, 2019, 2021 and 2024.

The Operational Guidelines states that FIEX and FONPYME can invest in:

- Viable private investment projects or commercial implementation abroad promoted by Spanish private companies.
- Viable private investment projects abroad promoted by private companies from other countries, provided there is “Spanish interest”.
- Viable projects of private investment abroad that the Spanish Trade Administration deems appropriate in response to reasons of general interest.
- Support to Spanish companies for internationalization, which can be linked to the fulfillment of an internationalization objective. Such compliance may be verified through the systematic observation of an internationalization variable, such as maintaining a certain amount of international equity or obtaining a certain international EBITDA.
- Investment in expansion capital funds that promote the internationalization of the company or the Spanish economy.

For FIEEX and FONPYME the investment policy adjusts tightly to the objective contemplated in Law 66/1997:

- Promote the internationalization of the activity of companies, and, in general, of the Spanish economy, through temporary and minority direct participations in the social capital of Spanish companies for their internationalization or of companies located abroad, and, in general, through participations in the own funds of the aforementioned companies and through any participatory instruments. Temporary and minority direct participations may also be taken in vehicles such as expansion capital funds that promote the internationalization of the company or the Spanish economy.
- Risk matrix is included in the same Operational Guidelines (see section 22).

For FONREC the Operational Guideline was approved by the TIC and was established in 2021.

The Operational Guidelines states that the purpose of FONREC is:

- to strengthen and recover, in an agile and efficient manner, the solvency of medium-sized non-financial companies in any sector with a net turnover of between 15 and 400 million euros at the consolidated level and which, not having had viability problems prior to the Covid-19 crisis and being viable at medium and long term, the effects of the pandemic on their balance sheets and markets are affecting them. Strengthening solvency will also help to secure jobs, maintain and strengthen the productive net and promote the competitiveness of the Spanish economy.
- The Fund will provide temporary public support under criteria of profitability, risk and sustainable development impact.

FOCO’s Operational Guideline was approved and established in 2024 and reviewed in 2025 by FOCO’s Governing Body. The Operational Guideline for FOCO states that the purpose of the Fund is:

- to attract foreign investment and promote productive modernization, sustainable growth, and the ecological and digital transition of the Spanish economy. It supports co-investment by the Spanish State in private companies—established in the EU with operational centers in Spain dedicated to managing their investments—developing projects aligned with job creation, economic resilience, the promotion of public and private investment, modernization of Spain’s productive fabric, and the ecological and digital transitions.

FIS’ Operational Guideline was approved and established in 2024 and reviewed in 2025 by FIS’ Governing Body. The Operational Guideline for FIS states that the purpose of the Fund is:

- to strengthen Spain’s impact economy ecosystem, boost private initiative in this field, and ultimately support the development of new investments with measurable social and/or environmental impact. FIS may finance entities or companies with operational centers in Spain dedicated to managing their investments, developing projects aligned with impact-driven goals in the country.

None of the Funds under COFIDES' management uses any kind of leverage or speculative derivatives.

The Funds/COFIDES have never used external investment managers to decide on their transactions. External Due Diligence is requested following market standards.

A description of the Funds investment policy and how to apply to receive financial support is publicly disclosed in COFIDES' web page:

<https://www.cofides.es/en/financing/internacionalization>
<https://www.cofides.es/financiacion/instrumentos-financieros/fondo-coinversion-foco>
<https://www.cofides.es/financiacion/instrumentos-financieros/fondo-impacto-social-fis>
<https://www.cofides.es/en/node/5039>

Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

FIEX and FONPYME objective is to foster the internationalization of Spanish companies and Spanish economy, and such main objective is set on COFIDES' web page. Together with the main strategic objective of the Funds, the Operational Guidelines set a financial and profitability objective disclosed as:

Given that the FIEX and FONPYME investment returns are reinvested; in order to maximize the potential of the Funds, investments must be carried out in viable projects with a medium- and long-term profitability objective. The investment proposals shall have an adequate risk return profitability.

Investment and divestment proposals, as well as portfolio monitoring, are undertaken by the investment department and reviewed by the risk management department. No proposal can be submitted for approval, without the countercheck of the risk management department. The review includes a risk return analysis.

FONREC's investments are supported by credit reports from an external credit rating agency approved by ESMA (European Securities and Markets Authority). Its credit rating report serves as the main basis for TIC decision making.

FOCO's and FIS' investments are reviewed and endorsed by their respective Panels of Independent Experts (PEIs) before being submitted to their corresponding CITIs for final consideration. This first expert review by the PEIs ensures the technical viability of the investment proposals submitted to the Governing Bodies of FOCO and FIS.

On top of it, the Compliance Department carries out periodical performance reviews.

Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

COFIDES, on behalf of the Funds, always acts following the additionality principle, by which the offer of the Funds must be additional to the private financial sector and there is thus no concurrence with it.

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

COFIDES always exercises ownership rights in a manner that is consistent with its investment policy to protect the financial value of the Funds' investments.

The Funds do not invest in public listed companies, do not hold majority investments and cannot, following their legal framework, manage the investee companies.

Thus, ownership rights are limited to the main corporate governance issues to protect its minority position, such as approval of financial statements, appointment of auditors, change of business, etc.

Voting rights are delegated to COFIDES, and usually a senior analyst of the investment department represents COFIDES in the investee's board of directors.

The vote is either issued directly or by a proxy.

As the Funds do not invest in listed entities, they do not publish the general approach of ownerships rights. The investment policies of the Funds under COFIDES' management focus on private equity and structured financing, where governance engagement is addressed contractually rather than through public shareholder actions.

Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

Each one of the Operational Guidelines includes the risk matrix to be reviewed for each investment proposal.

Main risks to be considered and reported to the Governing Bodies of the Funds are the following: market risk, political and regulatory risk, technology risk, operational and construction risk, environmental and social risk, exchange rate risk, reputational risk, holding company credit risk and risk concentration.

These categories are consistent across FIEX, FONPYME, FONREC, FOCO and FIS, although each fund may apply specific thresholds or mitigation strategies depending on its mandate and investment profile. (e.g.: FIS has strengthened environmental and social risk evaluations)

The Operational Guidelines include diversification limits as well. Those are (where applicable): industry diversification limit max. of 35% of committed amount; country limit max. 25%; company or group of companies limit max. 10%; exchange risk max. 30% global and 7,5% per currency.

In 2021, COFIDES acquired a Standard and Poor's Financial Rating tool and hired the corresponding support service. Each investment is thus assigned a rating that is linked to the probability of default and leads to a portfolio value adjustment. This rating is assigned prior to the investment and is reviewed at least yearly during the life of the investment. Additionally, an internally developed Impact, Environmental and Social rating, as well as a Governance rating is assigned to each investment proposal.

COFIDES reports the risks associated with a particular investment opportunity and its mitigating factors to the Governing Bodies, as part of the documentation for approval.

Every portfolio company is reviewed at least once a year, and a comprehensive follow-up report is submitted to the Steering Committee (after having been reviewed by the risk department) for approval and to the Governing Bodies for information. In special situations, COFIDES may increase the monitoring frequency, moving from semi-annual to monthly reporting as needed.

The Funds approach to risk management is internally available to COFIDES employees as set in the Operational Guidelines, the Rating Guide, the Divestment Guide and the Private Equity Funds Guide. As the investment of the Funds is analyzed case by case and financing is structured tailor made (including collateral), a general case cannot be made public.

Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

There is a permanent review of investments in the portfolio and a review of the portfolio metrics.

Each investment is reviewed at least once a year and a check of the main financial, Impact E&S and any other risk is performed. Those risks are valued in the Rating tool and new rating and scoring are assigned.

As indicated above, in special situations COFIDES may increase monitoring frequency, moving from semi-annual to monthly reports as needed.

Portfolio reports with key indicators are presented to the Steering Committee on a monthly basis and to the Governing Bodies each quarter.

Key indicators are new investment and divestment of the current year, portfolio average rating, diversification by country (where applicable), industry, ticket amount and investment product.

An abstract of the main key indicators is included in the annual report and published on COFIDES' web page:

<https://www.cofides.es/en/biblioteca-de-documentos/2024-cofides-integrated-annual-report>

Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

Preparation and implementation of the GAPP is led by the General Manager of COFIDES.

A review of the implementation of the GAPPs will be done as required.